

Registered no: 04320977

Ascot Racecourse Limited  
Annual report  
for the year ended 31 December 2004



# **Ascot Racecourse Limited**

## **Annual report for the year ended 31 December 2004**

	<b>Pages</b>
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 20

## **Directors' report for the year ended 31 December 2004**

The directors present their report and the audited financial statements for the year ended 31 December 2004.

### **Principal activities**

Ascot Racecourse Limited is the principal operating company of the group owning all assets necessary to run the racing at Ascot and all intellectual property assets and associated contracts relating to the practice, protection, development and exploitation of the brand. It uses these assets to run all racecourse operations at Ascot.

### **Review of business and future developments**

On September 30<sup>th</sup> 2004 Ascot racecourse ceased racing and all other activities on site to prepare for major redevelopment.

Racing at Ascot will resume in 2006, and all racing fixtures in the intervening period have been transferred to other venues.

Trading in 2004 was comparable with 2003 and this is reflected in the turnover achieved of £33,142,000 (2003 : £33,713,000).

### **Results and dividends**

The profit for the financial year after tax is £7,218,000 (2003: £8,417,000)

The directors do not recommend the payment of a dividend for the year ended 31 December 2004 (2003: £nil)

The retained profit for the year will be transferred to reserves.

### **Directors and their interests**

The directors of the Company who held office during the year were as follows:

A N Cheyne	(resigned 4 October 2004)
D V Erskine-Crum	
J S Walker	
R J Wilkie	

None of the directors had any interest in the share capital of the company at any time during the financial year.

### **Charitable Donations**

During the financial year the company donated the sum of £55,593 (2003: £34,386) to United Kingdom charitable organisations. £25,000 was donated to "Racing to help" as part of the industries contribution to the Tsunami relief appeal, £28,000 was donated to local Ascot charities as part of the company's 2004 charitable donation scheme and the balance was donated to national charities. No payments were made for political purposes.

## **Directors' report for the year ended 31 December 2004 (continued)**

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

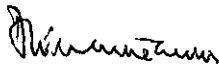
The directors confirm that suitable accounting policies have been used and applied consistently, that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

### **Auditors**

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office as auditors and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



Douglas Erskine-Crum  
**Director**

9<sup>th</sup> March 2005

## **Independent auditors' report to the members of Ascot Racecourse Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

### **Basis of audit opinion**

We conducted our audit in accordance with 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Registered Auditors**  
Reading

*21 March 2005*

# Profit and loss account for the year ended 31 December 2004

	Note	2004 £'000	2003 £'000
<b>Turnover</b>	2	33,142	33,713
Cost of sales		(16,459)	(17,241)
<b>Gross profit</b>		16,683	16,472
Administrative expenses		(6,306)	(5,333)
Exceptional administrative expenses	3	(537)	-
Operating costs		(6,843)	(5,333)
Other operating income		68	74
<b>Operating profit</b>	3	9,908	11,213
Interest receivable		725	571
<b>Profit on ordinary activities before taxation</b>		10,633	11,784
Tax charge on profit on ordinary activities	6	(3,415)	(3,367)
<b>Retained profit for the financial year</b>	14	7,218	8,417

The company's results for the year are derived entirely from continuing operations.

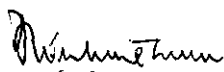
The company has no recognised gains and losses other than the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There are no material differences between the profit on ordinary activities before taxation and the profit for the years stated above, and their historical cost equivalents.

Balance sheet as at 31 December 2004

	Note	2004 £'000	2003 £'000
<b>Fixed assets</b>			
Tangible fixed assets	7	16,869	14,733
<b>Current assets</b>			
Stocks	8	137	380
Debtors	9	23,591	33,024
Cash at bank and in hand		496	1,759
		24,224	35,163
<b>Creditors - Amounts falling due within one year</b>	10	(9,630)	(22,757)
<b>Net current assets</b>		14,594	12,406
<b>Total assets less current liabilities</b>		31,463	27,139
<b>Provisions for liabilities and charges</b>	11	(748)	(794)
<b>Deferred capital grants</b>	12	(4,711)	(7,559)
<b>Net assets</b>		26,004	18,786
<b>Capital and reserves</b>			
Called-up share capital	13	100	100
Share premium account	14	1,340	1,340
Profit and loss account	14	24,564	17,346
<b>Equity shareholders' funds</b>	15	26,004	18,786

The financial statements on pages 4 to 20 were approved by the board of directors on 9 March 2005 and were signed on its behalf by:



Douglas Erskine-Crum  
Director

## **Notes to the financial statements for the year ended 31 December 2004**

### **1 Accounting policies**

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards. The principal accounting policies are set out below.

#### **Turnover**

Turnover, which excludes value added tax, represents income received and receivable in respect of the principal activities of operating and managing the racecourse and its facilities.

Entrance money is recognised on the day of the event to which it relates. Annual membership and box rental income is spread over the term to which it relates. Differences between cash received and income recognised are included within deferred income.

#### **Tangible fixed assets and depreciation**

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Machinery and equipment	3 - 20
Fixtures, fittings and office equipment	10
Motor vehicles	20

Land and buildings and leasehold improvements are amortised over the shorter of the period of the Ascot Authority lease, which expires in 2045, or to the anticipated commencement date of redevelopment, as appropriate.

Freehold land is not depreciated.

Expenditure directly relating to the proposed redevelopment of the racecourse has been capitalised under the heading redevelopment costs within tangible fixed assets. Such expenditure is not currently being depreciated, in accordance with the criteria defined by Financial Reporting Standard 15, "Tangible Fixed Assets". Depreciation will commence upon completion of the redevelopment.

#### **Horserace Betting Levy Board and other Grants**

Horserace Betting Levy Board or other grants received or receivable on qualifying assets under the Board's Capital Improvement Grant Scheme are credited to Deferred Grant Income and released to the profit and loss account to be matched against depreciation over the expected useful economic lives of the assets to which they relate.



## **Notes to the financial statements for the year ended 31 December 2004 (continued)**

### **1 Accounting policies (continued)**

#### **Operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term.

#### **Finance leases**

Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Incentives to enter leases, including discounted rents, are spread over the period to the first break clause or rent review.

#### **Stocks and bloodstock**

Stocks and bloodstock are stated at the lower of cost and net realisable value.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits against which to recover carried forward tax losses and from which future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

#### **Pension costs**

The expected costs of pensions in respect of the company's defined benefit schemes is charged so as to spread the cost of pensions over the average expected service lives of employees in the scheme. Variations from the regular cost arising from periodic actuarial valuations are spread over the expected remaining service lives of current employees in the schemes. The pension cost is assessed in accordance with the advice of independent qualified actuaries.

The company makes contributions to defined contribution personal pension schemes. The assets of these schemes are held separately from those of the company in independently administered funds.

The pension cost charge represents contributions payable by the company to the schemes during the period.

#### **Financial Reporting Standard 8**

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, "Related Party Disclosures", which requires the disclosure of the details of material transactions between the reporting entity and any related parties, on the grounds that it is a wholly owned subsidiary of a group headed by Ascot Authority (Holdings) Limited.

# Notes to the financial statements for the year ended 31 December 2004 (continued)

## 1 Accounting policies (continued)

### Cashflow statement

The company is a wholly owned subsidiary of Ascot Authority (Holdings) Limited and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1(revised 1996).

## 2 Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation are attributable to the principal activities of the company and are derived wholly within the United Kingdom.

## 3 Operating profit

	2004 £'000	2003 £'000
<b>Operating profit is stated after charging/(crediting):</b>		
Wages and salaries	2,154	2,133
Social security costs	258	253
Pension costs (see note 17)	446	700
<b>Staff costs</b>	<b>2,858</b>	<b>3,086</b>
Depreciation of tangible assets		
– gross charge on owned assets (see note 7)	3,126	3,292
– credit of HBLB and other grants (see note 12)	(3,499)	(2,848)
Loss on disposal of tangible fixed assets	1	7
Auditors' remuneration		
– Audit services	29	28
– Non Audit services	419	173
Operating lease charges – Other assets	110	80

The employment costs disclosed above take into account amounts recharged by Ascot Racecourse Limited to Ascot Authority (Holdings) Limited, Ascot Racecourse Estates Limited and Ascot Racecourse Estates (Property Developments) Limited to reflect the services provided by the executive directors to these companies. A management charge is also made to reflect the service of other staff to other group companies. This has not been taken into account in the disclosure above.

Fees in respect of non audit services relate to remuneration paid to PricewaterhouseCoopers LLP for advice concerning the group's statutory accounts, tax compliance and advisory work of £139,000 and redevelopment financing arrangements of £280,000.

In order to facilitate the redevelopment of the racecourse a gross cost of £1,188,000 was incurred in 2004 to construct a new golf course to re-house the Royal Ascot Golf Club. This cost was partially offset by capital contributions of £651,000. The net cost of £537,000 was charged to the profit and loss account in 2004 since there is no prospect of ever making a commercial return from the asset.

**Notes to the financial statements for the year ended 31 December 2004 (continued)**

**4 Directors' emoluments**

	2004 £'000	2003 £'000
Aggregate emoluments	493	438
Company pension contributions to money purchase schemes	21	34
	514	472

The emoluments disclosed above represent amounts paid to the directors of the company less amounts recharged to other companies in the Group to reflect the services of the directors of Ascot Racecourse Limited to those companies.

The total retirement contributions due for all directors of Ascot Racecourse Limited who are members of the money purchase scheme have been disclosed above.

Retirement benefits are accruing to two (2003: two) directors under a defined benefit scheme and two (2003: three) directors under a money purchase scheme.

**Highest paid director**

	2004 £'000	2003 £'000
Aggregate emoluments	266	145
Accrued pension at the year end	40	33

**5 Employee information**

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2004 Number	2003 Number
Administration	60	61
Course and grounds	21	22
	81	83

**Notes to the financial statements for the year ended 31 December 2004 (continued)**

**6 Tax on profit on ordinary activities**

	2004 £'000	2003 £'000
<b>Current tax:</b>		
UK corporation tax on profits for the year	3,331	3,515
Adjustment in respect of previous periods	55	38
<b>Total current tax</b>	<b>3,386</b>	<b>3,553</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	29	(92)
Adjustment in respect of previous periods	-	(94)
<b>Total deferred tax charge/(credit) (note 11)</b>	<b>29</b>	<b>(186)</b>
<b>Tax on profit on ordinary activities</b>	<b>3,415</b>	<b>3,367</b>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%) (2003:30%). The differences are explained below:

	2004 £'000	2003 £'000
<b>Profit on ordinary activities before tax</b>	<b>10,633</b>	<b>11,784</b>
<b>Profit on ordinary activities multiplied by the standard rate of tax in the UK 30% (2003: 30%)</b>	<b>3,190</b>	<b>3,535</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	244	(39)
Accelerated capital allowances and other timing differences	(81)	92
Adjustment in respect of previous periods	55	37
Group relief claimed not paid	(22)	(72)
<b>Current tax charge for the year</b>	<b>3,386</b>	<b>3,553</b>

**Factors that may affect future tax charges:**

Based on current capital investment plans, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years at levels exceeding the current year.

**Notes to the financial statements for the year ended 31 December 2004 (continued)**

**7 Tangible fixed assets**

	Redevelopment costs £'000	Leasehold improve- ments £'000	Machinery and equipment £'000	Fixtures & office equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>						
1 January 2004	3,709	13,994	749	2,326	101	20,879
Additions	4,840	209	103	102	58	5,312
Disposals	-	(4,655)	(55)	(434)	(91)	(5,235)
<b>At 31 December 2004</b>	<b>8,549</b>	<b>9,548</b>	<b>797</b>	<b>1,994</b>	<b>68</b>	<b>20,956</b>
<b>Accumulated depreciation</b>						
At 1 January 2004	-	4,597	307	1,202	40	6,146
Charge for the year	-	2,216	136	755	19	3,126
Disposals	-	(4,655)	(50)	(433)	(47)	(5,185)
<b>At 31 December 2004</b>	<b>-</b>	<b>2,158</b>	<b>393</b>	<b>1,524</b>	<b>12</b>	<b>4,087</b>
<b>Net book amount</b>						
<b>At 31 December 2004</b>	<b>8,549</b>	<b>7,390</b>	<b>404</b>	<b>470</b>	<b>56</b>	<b>16,869</b>
<b>Net book amount</b>						
At 31 December 2003	3,709	9,397	442	1,124	61	14,733

**Notes to the financial statements for the year ended 31 December 2004 (continued)**

**8 Stocks**

	2004 £'000	2003 £'000
Bloodstock	121	340
Finished goods and goods held for resale	16	40
	<b>137</b>	<b>380</b>

**9 Debtors**

	2004 £'000	2003 £'000
Trade debtors	882	3,190
Amounts owed by group undertakings	20,262	29,153
Other debtors	750	39
Prepayments and accrued income	1,697	642
	<b>23,591</b>	<b>33,024</b>

Amounts owed by group undertakings are unsecured, interest free and payable on demand.

**10 Creditors – Amounts falling due within one year**

	2004 £'000	2003 £'000
Trade creditors	699	823
Corporation tax	2,049	1,847
Other taxation and social security	66	276
Amounts due to group undertakings	-	7,218
Other creditors	16	86
Accruals and deferred income	6,800	12,507
	<b>9,630</b>	<b>22,757</b>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 11 Provisions for liabilities and charges

	Deferred taxation £'000	Long term incentive schemes £'000	Total £'000
At 1 January 2004	345	449	794
Charged to the profit and loss account	29	163	192
Amounts paid out	-	(238)	(238)
<b>At 31 December 2004</b>	<b>374</b>	<b>374</b>	<b>748</b>

#### Long term incentive schemes

Amounts provided in relation to long term incentive schemes represent sums that are allocated to each of the executive directors if agreed annual personal performance objectives have been confirmed as satisfied by the remuneration committee.

Provisions are made each year in accordance with the agreed allocations as determined by the remuneration committee. Payments under the schemes are made at defined future dates if the directors are still in post.

The total amount provided in respect of these schemes at 31 December 2004 was £374,000 (2003: £449,000). An interim payment of £238,000 was made in 2004.

The amount provided in respect of the highest paid director was £248,000 (2003: £396,000).

#### Deferred tax

Deferred taxation provided in the financial statements, and the amount unprovided/(unrecognised) of the total potential liability/(asset) are as follows:

	Amount provided/(recognised)		Amount unprovided/(unrecognised)	
	2004 £	2003 £	2004 £	2003 £
Excess of capital allowances over depreciation	599	580	-	-
Other timing differences	(159)	(147)	-	-
Losses	(66)	(88)	-	-
	<b>374</b>	<b>345</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 12 Deferred capital grants

The movements on capital grants received from the Horserace Betting Levy Board and other sources are as follows:

	Total grants received £'000	Accumulated credit to profit and loss account £'000	Net grants £'000
At 1 January 2004	19,538	(11,979)	7,559
Received during the year	-	-	-
Transferred from Ascot Racecourse Estates (Property Developments) Ltd	-	651	651
Credited to the profit and loss account	-	(3,499)	(3,499)
<b>Balance at 31 December 2004</b>	<b>19,538</b>	<b>(14,827)</b>	<b>4,711</b>

Grants are made by the HBLB out of available funds earned by the racecourses and collected by the HBLB, by virtue of the fixtures that take place at each particular venue. At any point in time, Ascot racecourse has a contingent asset, amounting to total income held on their behalf by the HBLB. Ascot Racecourse is absolutely entitled to claim amounts by way of grant equal to that spent on qualifying expenditure.

### 13 Called-up share capital

	2004 £'000	2003 £'000
<b>Authorised</b>		
100,000 ordinary shares of £1 each	100	100
<b>Allotted, called-up and fully paid</b>		
100,000 ordinary shares of £1 each	100	100

### 14 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2004	1,340	17,346
Retained profit for the financial year	-	7,218
<b>At 31 December 2004</b>	<b>1,340</b>	<b>24,564</b>



**Notes to the financial statements for the year ended 31 December 2004 (continued)**

**15 Reconciliation of movements in shareholders' funds**

	2004 £'000	2003 £'000
Profit for the financial year	7,218	8,417
Net addition to shareholders' funds	7,218	8,417
Opening shareholders' funds	18,786	10,369
Closing shareholders' funds	26,004	18,786

**16 Financial commitments**

At 31 December 2004 the company had annual commitments under non-cancellable operating leases of assets, other than land and building, expiring as follows:

	2004 £'000	2003 £'000
Within one year	24	2
Within two to five years	71	99
	95	101

**17 Pension commitments**

**Defined contribution scheme**

The company operates a defined contribution scheme for employees and directors. The scheme assets are held in a separately administered fund. Contributions paid in to the scheme during the year amounted to £114,000 (2003: £167,000).

**Defined benefit scheme**

The company operates an Executive Pension Plan for two of the directors. It is of a defined benefit type which has its assets held in a separate trustee administered, professionally managed, fund. During the year the company has made contributions of £154,000 ( 2003 : £407,000 – including catch up payments of £282,000) in respect of this scheme so as to spread the cost of pensions over the average remaining working lifetimes of the members. The charge for the year was £137,000 (2003: £332,000).

The company also operates the Ascot Authority 1974 scheme. It is of a defined benefit type which has its assets held in a separate trustee administered, professionally managed, fund. The Ascot Authority 1974 scheme is closed to new members. New joiners are offered membership of the defined contribution scheme. The pension costs, assessed in accordance with the advice of an actuary on the basis of triennial valuations, are charged to the profit and loss account in accordance with SSAP24 "Accounting for Pension Costs" so as to spread the cost of pensions, including the deficit, as set out below, over the average remaining working lifetimes of the members.

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 17 Pension commitments (continued)

The last valuation prepared in accordance with SSAP24 was carried out as at 31 March 2003 and updated to 31 December 2004 by a qualified independent actuary. The main assumptions used were:

Investment return	
Before retirement	5.4%
After retirement	4.0%
Price inflation	2.5%
Pension increases	
Pensions accrued before 6 April 1997	3.0%
Pensions accrued after 5 April 1997	3.0%

The company continues to account for pension costs in accordance with SSAP24. The market value of the assets as at 1 April 2003 was £1,503,000 and the actuarial value of these assets represented some 39% of the liabilities. The charge for the year was £195,000 (2003: £201,000).

In order to eradicate the deficit on the scheme the company has agreed to fund contributions at a rate of £200,000 per annum for the next 20 years, plus additional contributions as determined by the scheme actuary relating to early retirement of members.

#### Financial Reporting Standard 17

The following information is provided to comply with the transitional arrangements of Financial Reporting Standard 17, "Retirement benefits".

An actuarial valuation of the liabilities to take account of the requirements of FRS17 was carried out as at 31 December 2004 by Punter Southall and Co, professionally qualified actuaries. Scheme assets are stated at their market value as at 31 December 2004. The financial assumptions used to calculate scheme liabilities under FRS17 are:

	2004	2003	2002
	%	%	%
Rate of increase in salaries	4	4.5	4.0
Rate of increase in pensions in payment	3.0	3.0	3.0
Discount rate	5.3	5.4	5.5
Inflation assumption	2.8	2.7	3.25

# Notes to the financial statements for the year ended 31 December 2004 (continued)

## 17 Pension commitments (continued)

The assets in the scheme and the expected rates of return were:

	Long term rate of return expected 31 Dec 2004 %	Value at 31 December 2004 £'000	Long term rate of return expected 31 Dec 2003 %	Value at 31 December 2003 £'000	Long term rate of return expected 31 Dec 2002 %	Value at 31 December 2002 £000
Equities	-	-	-	-	7.5	1,145
Bonds	5.3	2,460	5.4	2,160	3.5	199
Cash	-	-	-	-	4.0	57
Total market value of assets		2,460		2,160		1,401
Present value of scheme liabilities		(3,512)		(3,452)		(3,256)
Deficit in scheme		(1,052)		(1,292)		(1,855)
Related deferred tax asset		316		388		556
Net pension liability		(736)		(904)		(1,299)

The ratio of the Ascot Authority 1974 schemes assets to liabilities was 70% (2003: 63%).

## Notes to the financial statements for the year ended 31 December 2004 (continued)

### 17 Pension commitments (continued)

For illustrative purposes, the effect of recognising the whole of the estimated pension deficit in the company's balance sheet at 31 December 2004 would be:

	2004 £'000	2003 £'000	2002 £'000
<b>Net assets</b>			
Net assets excluding pension liability	26,004	18,786	11,667
Deficit in the scheme	(1,052)	(1,292)	(1,855)
Related deferred tax asset	316	388	556
Net assets including pension liability	25,268	17,882	10,368

#### Reserves

Profit and loss reserve excluding pension liability	24,564	17,346	8,929
Deficit in the scheme	(1,052)	(1,292)	(1,855)
Related deferred tax asset	316	388	556
Profit and loss reserve including pension liability	23,828	16,442	7,630

#### Analysis of the amount that would be charged to operating profit under FRS17

	2004 £'000	2003 £'000	2002 £'000
Current service cost	124	71	20
Total operating charge	124	71	20

The current service cost will increase as the members of the Scheme approach retirement.

#### Analysis of the amount that would be charged to other finance income under FRS17

	2004 £'000	2003 £'000	2002 £'000
Expected return on pension scheme assets	121	111	130
Interest on pension scheme liabilities	(176)	(176)	(173)
Net interest charge	(55)	(65)	(43)

# Notes to the financial statements for the year ended 31 December 2004 (continued)

## 17 Pension commitments (continued)

Analysis of the amount that would be recognised in statement of total recognised gains and losses under FRS17

	2004 £'000	2003 £'000	2002 £'000
Actual return less expected return on pension scheme assets	25	147	(483)
Experience gains and (losses) arising on the schemes liabilities	(212)	52	(53)
Changes in assumptions underlying the present value of the scheme liabilities	(70)	(88)	(130)
Actuarial (loss)/gain	(257)	111	(666)

### Movement in deficit during the year under FRS17

	2004 £'000	2003 £'000	2002 £'000
Deficit in scheme at beginning of the year	(1,292)	(1,855)	(1,304)
Movement in year:			
Current service cost	(124)	(71)	(20)
Contributions	676	588	178
Other finance loss	(55)	(65)	(43)
Actuarial (loss)/gain	(257)	111	(666)
Deficit in scheme at end of year	(1,052)	(1,292)	(1,855)

**Notes to the financial statements for the year ended 31 December 2004 (continued)**

**17 Pension commitments (continued)**

**History of experienced gains and losses**

	<b>2004</b>	<b>2003</b>	<b>2002</b>
Difference between the actual and expected return on scheme assets:			
Amount (£'000)	<b>25</b>	147	(483)
Percentage of scheme assets	<b>1%</b>	7%	(34%)
Experience (losses) and gains on scheme liabilities:			
Amount (£'000)	<b>(212)</b>	52	(53)
Percentage of the present value of the scheme liabilities	<b>(6%)</b>	2%	(2%)
Total amount which would be recognised in statement of total recognised gains and losses			
Amount (£'000)	<b>(257)</b>	111	(666)
Percentage of the present value of the scheme liabilities	<b>(7%)</b>	3%	(20%)

**18 Ultimate controlling party**

The immediate parent undertaking is Ascot Authority (Holdings) Limited which is also the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of Ascot Authority (Holdings) Limited are available from The Company Secretary, 16 Old Bailey, London, EC4M 7EG.

The Duke of Devonshire, M E T Davies and J R Weatherby are non beneficial Trustees of the Ascot Authority a body which owns the entire share capital of Ascot Authority (Holdings) Limited. The Ascot Authority is therefore the immediate and ultimate parent undertaking of the group and the above Trustees are the ultimate controlling party.

The Ascot Authority does not prepare consolidated financial statements and its financial statements are not publicly available.