

Registered no: 04320977

Ascot Racecourse Limited
Annual report
for the year ended 31 December 2005



Ascot Racecourse Limited

Annual report for the year ended 31 December 2005

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Directors' report for the year ended 31 December 2005

The directors present their report and the audited financial statements of the company for the year ended 31 December 2005.

Principal activities

Ascot Racecourse Limited is the principal operating company of Ascot Authority (Holdings) Limited group, leasing 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 30 September 2004 Ascot racecourse ceased racing and all other activities on site to prepare for major redevelopment and all racing fixtures in the intervening period were transferred to other venues, with Royal Ascot taking place at York whilst Diamond day was held at Newbury.

Understandably turnover for the period £17,956,000 was significantly less than in prior years (2004: £33,142,000).

Racing at Ascot will resume in May 2006.

Results and dividends

The loss for the financial year after tax is £6,026,000 (2004: profit £7,767,000 restated).

The directors do not recommend the payment of a dividend for the year ended 31 December 2005 (2004: £nil).

The loss for the year will be set-off against reserves.

Directors and their interests

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

D V Erskine-Crum
J S Walker
R J Wilkie

None of the directors had any interest in the share capital of the company or the Ascot Authority (Holdings) Limited group at any time during the financial year.

Interest rate and liquidity risk

The company has interest bearing liabilities. The group has a policy of maintaining debt at a fixed rate where possible to ensure certainty of future cash flows due to interest payable. The ability of the company to meet its interest repayments depends on the timely completion of the redevelopment within budget.

**Directors' report for the year ended 31 December 2005
(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.

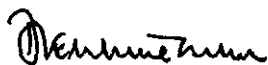
The directors confirm that suitable accounting policies have been used and applied consistently, with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 7 under Note 1 'Accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 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 and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



Douglas Erskine-Crum

Director

 27 March 2006

Independent auditors' report to the members of Ascot Racecourse Limited

We have audited the financial statements of Ascot Racecourse Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 other transactions is not disclosed.

We read the Directors' Report 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss 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

22 March 2006

Profit and loss account for the year ended 31 December 2005

	Note	2005 £'000	As restated 2004 £'000
Turnover	2	17,956	33,142
Cost of sales		(15,139)	(16,459)
Gross profit		2,817	16,683
Administrative expenses		(3,803)	(5,702)
Exceptional administrative expenses	3	-	(537)
Total administrative expenses		(3,803)	(6,239)
Other operating income		56	68
Operating (loss)/profit	3	(930)	10,512
Interest receivable and similar income		7	725
Interest payable and similar charges	6	(3,023)	(55)
(Loss)/profit on ordinary activities before taxation		(3,946)	11,182
Tax charge on (loss)/profit on ordinary activities	7	(2,080)	(3,415)
Retained (loss)/profit for the financial year	17	(6,026)	7,767

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


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


Statement of total recognised gains and losses for the year ended 31 December 2005

	Note	2005 £'000	As restated 2004 £'000
(Loss)/profit for the financial year		(6,026)	7,767
Actuarial loss on pension scheme	19	(414)	(257)
Movement on deferred tax relating to pension scheme	19	54	(72)
Total recognised (loss)/gain relating to the year		(6,386)	7,438
Prior period adjustment – FRS 17		(684)	
Total recognised (loss) since last annual report		(7,070)	

Balance sheet as at 31 December 2005

	Note	2005 £'000	As restated 2004 £'000
Fixed assets			
Tangible fixed assets	8	132,197	16,869
Current assets			
Stock	9	657	137
Debtors	10	6,718	23,506
Cash at bank and in hand		3,130	496
		10,505	24,139
Creditors - Amounts falling due within one year	11	(20,080)	(9,493)
Net current (liabilities)/assets		(9,575)	14,646
Total assets less current liabilities		122,622	31,515
Creditors - Amounts falling due after more than one year	12	(96,551)	-
Provisions for liabilities and charges	13	(3,103)	(748)
Deferred capital grants	14	(3,170)	(4,711)
Net assets excluding pension liability		19,798	26,056
Pension liability	19	(864)	(736)
Net assets including pension liability		18,934	25,320
Capital and reserves			
Called up share capital	15	100	100
Share premium account	16	1,340	1,340
Profit and loss account	16	17,494	23,880
Equity shareholders' funds	17	18,934	25,320

The financial statements on pages 4 to 20 were approved by the board of directors on  March 2006 and were signed on its behalf by:



Douglas Erskine-Crum
Director

Notes to the financial statements for the year ended 31 December 2005

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. 4

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 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 commencement date of redevelopment, as appropriate.

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 2005 (continued)**1 Accounting policies (continued)****Operating leases**

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

Stock and bloodstock

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

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.

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.

Retirement benefits

The company operates both a defined benefit and defined contribution scheme on behalf of the Ascot Authority (Holdings) Limited Group employees.

Details of the pension schemes for the company are set out in note 19 to the financial statements.

Changes in accounting policy

The company has adopted FRS 17 "Retirement benefits". This represents a change in accounting policy and the comparative figures have been restated accordingly.

The effect of the change in accounting policy to adopt FRS 17 was to decrease administrative expenses and increase interest payable by £281,000 (2004 : £604,000) and £49,000 (2004: £55,000) respectively, to increase profit for the year by £232,000 (2004 : £549,000) and to increase total recognised losses/ increase total recognised gains by £128,000 (2004 :£220,000).

Notes to the financial statements for the year ended 31 December 2005 (continued)

1 Accounting policies (continued)

Related party disclosures

The company has taken advantage of the exemption available under paragraph 3(c) from the provisions of FRS8, "Related Party Disclosures", to disclose the details of transactions with entities that are part of Ascot Authority (Holdings) Limited Group, or investees of the Group as the consolidated financial statements of Ascot Authority (Holdings) Limited are publicly available.

Cash flow 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 cash flow statement under the terms of Financial Reporting Standard 1(revised 1996).

2 Turnover and (loss)/profit on ordinary activities before taxation

The turnover and (loss)/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 (loss)/profit

	2005	As restated 2004
	£'000	£'000
Operating (loss)/profit is stated after charging/(crediting):		
Wages and salaries	1,935	2,154
Social security costs	250	258
Pension costs	252	241
Staff costs	2,437	2,653
Depreciation of owned tangible fixed assets (see note 8)	1,501	3,126
Credit of HBLB and other grants (see note 14)	(1,541)	(3,499)
(Profit)/loss on disposal of tangible fixed assets	(48)	1
Auditors' remuneration		
– Audit services	32	29
– Non - audit services	99	419
Operating lease charges – Other	103	110

Employment costs

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.

Notes to the financial statements for the year ended 31 December 2005 (continued)

3 Operating (loss)/profit (continued)

Non-audit services

Fees in respect of non-audit services relate to remuneration paid to PricewaterhouseCoopers LLP for advice concerning the company's statutory accounts, tax compliance and ad-hoc advisory work.

Exceptional administrative expenses

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.

4 Directors' emoluments

	2005	2004
	£'000	£'000
Aggregate emoluments	454	493
Company pension contributions to money purchase schemes	17	21
	471	514

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 (2004: two) directors under a defined benefit scheme and one (2004: two) director under a money purchase scheme.

Notes to the financial statements for the year ended 31 December 2005 (continued)

4 Directors emoluments (continued)

Highest paid director

	2005 £'000	2004 £'000
Aggregate emoluments	305	266
Accrued pension at the year end	45	40

5 Employee information

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

By activity	2005 Number	2004 Number
Administration	55	60
Course and grounds	15	21
	70	81

6 Interest payable and similar charges

	2005 £'000	As restated 2004 £'000
Interest payable on intercompany loans	2,951	-
Interest paid on corporation tax payment	23	-
Pension interest expense	49	55
	3,023	55

Notes to the financial statements for the year ended 31 December 2005 (continued)

7 Tax on (loss)/profit on ordinary activities

	2005 £'000	2004 £'000
Current tax:		
UK corporation tax on (loss)/profit for the year	50	3,331
Adjustment in respect of previous periods	(153)	55
Total current tax	(103)	3,386
Deferred tax:		
Origination and reversal of timing differences	2,183	29
Total deferred tax charge (note 13)	2,183	29
Tax on (loss)/profit on ordinary activities	2,080	3,415

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%) (2004:30%). The differences are explained below:

	2005 £'000	2004 £'000
(Loss)/profit on ordinary activities before tax	(3,946)	10,663
(Loss)/profit on ordinary activities multiplied by the standard rate of tax in the UK 30% (2004: 30%)	(1,184)	3,190
Effects of:		
Expenses not deductible for tax purposes	171	244
Accelerated capital allowances and other timing differences	(2,127)	(81)
Adjustment in respect of previous periods	(153)	55
Group relief surrendered/(claimed) not paid	3,190	(22)
Current tax (credit)/charge for the year	(103)	3,386

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 2005 (continued)

8 Tangible fixed assets

	Redevelopment costs £'000	Leasehold improve- ments £'000	Machinery and equipment £'000	Fixtures & office equipment £'000	Motor vehicle £'000	Total £'000
Cost						
1 January 2005	8,549	9,548	797	1,994	68	20,956
Additions	116,261	441	67	64	11	116,844
Disposals	-	-	(54)	(2)	-	(56)
At 31 December 2005	124,810	9,989	810	2,056	79	137,744
Accumulated depreciation						
At 1 January 2005	-	2,158	393	1,524	12	4,087
Charge for the year	-	1,300	118	67	16	1,501
Disposals	-	-	(41)	-	-	(41)
At 31 December 2005	-	3,458	470	1,591	28	5,547
Net book amount						
At 31 December 2005	124,810	6,531	340	465	51	132,197
Net book amount						
At 31 December 2004	8,549	7,390	404	470	56	16,869

9 Stock

	2005 £'000	2004 £'000
Bloodstock	657	121
Finished goods and goods held for resale	-	16
	657	137

Notes to the financial statements for the year ended 31 December 2005 (continued)

10 Debtors

	2005	As restated 2004
	£'000	£'000
Trade debtors	1,258	882
Corporation tax receivable	170	-
Amounts owed by group undertakings	4,038	20,262
Other debtors	20	750
Prepayments and accrued income	1,232	1,612
	6,718	23,506

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

11 Creditors – Amounts falling due within one year

	2005	As restated 2004
	£'000	£'000
Trade creditors	698	699
Corporation tax	-	2,049
Other taxation and social security	570	66
Other creditors	1,023	16
Accruals and deferred income	17,789	6,663
	20,080	9,493

12 Creditors – Amounts falling due after one year

	2005	2004
	£'000	£'000
Amounts due to group undertakings	96,551	-

Amounts due to group undertakings are unsecured, repayable in instalments to 2017 and interest is charged at 0.5% above the rate paid by Ascot Authority (Holdings) Limited to the external lender.

Notes to the financial statements for the year ended 31 December 2005 (continued)

13 Provisions for liabilities and charges

	Deferred taxation £'000	Long term incentive schemes £'000	Total £'000
At 1 January 2005	374	374	748
Charged to the profit and loss account	2,183	172	2,355
Amounts paid out	-	-	-
At 31 December 2005	2,557	546	3,103

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 2005 was £546,000 (2004: £374,000). An interim payment of £78,000 was made in January 2006.

The amount provided in respect of the highest paid director was £346,000 (2004: £248,000) representing the outstanding proportion due in respect of the years 2000 to 2005.

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)	
	2005 £	2004 £	2005 £	2004 £
Excess of capital allowances over depreciation	2,485	599	-	-
Other timing differences	122	(159)	-	-
Losses	(50)	(66)	-	-
	2,557	374	-	-

Notes to the financial statements for the year ended 31 December 2005 (continued)

14 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 2005	19,538	(14,827)	4,711
Received during the year	-	-	-
Transferred from Ascot Racecourse Estates (Property Developments) Ltd	-	-	-
Credited to the profit and loss account	-	(1,541)	(1,541)
Balance at 31 December 2005	19,538	(16,368)	3,170

Grants are made 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 its behalf by the HBLB. Ascot racecourse is entitled to claim amounts, by way of grant, equal to that spent on qualifying expenditure. At the year end, Ascot Racecourse Limited had £629,000 (2004 : £2,581,000) of grant entitlements that had not been claimed.

15 Called up share capital

	2005 £'000	2004 £'000
Authorised		
100,000 ordinary shares of £1 each	100	100
Allotted and fully paid		
100,000 ordinary shares of £1 each	100	100

16 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2005 as originally presented	1,340	24,564
Prior year adjustment – FRS 17	-	(684)
At 1 January 2005 as restated	-	23,880
Recognised loss for the financial year	-	(6,026)
Actuarial deficit on the pension scheme	-	(414)
Movement on deferred tax relating to pension scheme	-	54
At 31 December 2005	1,340	17,494

Notes to the financial statements for the year ended 31 December 2005 (continued)

17 Reconciliation of movements in shareholders' funds

	2005	As restated 2004
	£'000	£'000
(Loss)/profit for the financial year	(6,026)	7,767
Actuarial deficit on pension scheme	(414)	(257)
Movement on deferred tax relating to pension scheme	54	(72)
Net (reduction)/addition to shareholders' funds	(6,386)	7,438
Opening shareholders' funds as previously reported	26,004	18,786
Prior year adjustment – FRS 17	(684)	(904)
Opening shareholders' funds as restated	25,320	17,882
Closing shareholders' funds	18,934	25,320

18 Financial commitments

At 31 December 2005 the company has annual commitments under non-cancellable operating leases of assets, other than land and buildings, expiring as follows:

	2005	2004
	£'000	£'000
Within one year	15	24
Within two to five years	68	71
	83	95

19 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 £119,000 (2004: £114,000).

Defined benefit scheme

Ascot operates one defined benefit scheme, however the scheme was closed on 31 March 1999, so there are no active members. A full actuarial valuation was carried out as at 31 March 2003 and updated to 31 December 2005 by a qualified independent actuary. The contribution made to the Fund and the Executive arrangements in the accounting period was £414,000. Future contributions are agreed to continue at £200,000 per annum in respect of the Fund. In addition to this scheme there are two executives who are accruing defined benefit pensions. Contributions are being paid to individual funds in respect of these benefits.

Notes to the financial statements for the year ended 31 December 2005 (continued)

19 Pension commitments (continued)

The main assumptions used by the actuary were (in nominal terms):

	2005	2004	2003
	%	%	%
Rate of increase in salaries	4.8	4.0	4.5
Rate of increase in pensions in payment	3.0	3.0	3.0
Discount rate	4.7	5.3	5.4
Inflation assumption	3.0	2.8	2.7

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

	Long term rate of return expected 31 Dec 2005 %	Value at 31 December 2005 £'000	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
Equities	7.1	397	-	-	-	-
Bonds	4.7	2,362	5.3	2,460	5.4	2,160
Cash	4.5	135	-	-	-	-
Other	7.1	185	-	-	-	-
Total market value of assets		3,079		2,460		2,160
Present value of scheme liabilities		(4,313)		(3,512)		(3,452)
Deficit in scheme		(1,234)		(1,052)		(1,292)
Related deferred tax asset		370		316		388
Net pension liability		(864)		(736)		(904)

The ratio of the Ascot scheme's assets to liabilities was 71% (2004: 70%).

Notes to the financial statements for the year ended 31 December 2005 (continued)

19 Pension commitments (continued)

Analysis of the amount charged to operating profit

	2005 £'000	2004 £'000	2003 £'000
Current service cost	133	124	71
Total operating charge	133	124	71

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

Analysis of the amount charged to other finance cost

	2005 £'000	2004 £'000	2003 £'000
Expected return on pension scheme assets	138	121	111
Interest on pension scheme liabilities	(187)	(176)	(176)
Net interest charge	(49)	(55)	(65)

Analysis of the amount recognised in statement of total recognised gains and losses

	2005 £'000	2004 £'000	2003 £'000
Actual return less expected return on pension scheme assets	175	25	147
Experience gains and (losses) arising on the schemes liabilities	(57)	(212)	52
Changes in assumptions underlying the present value of the scheme liabilities	(532)	(70)	(88)
Actuarial (loss)/gain recognised in the STRGL	(414)	(257)	111

Notes to the financial statements for the year ended 31 December 2005 (continued)

19 Pension commitments (continued)

Movement in deficit during the year

	2005 £'000	2004 £'000	2003 £'000
Deficit in scheme at beginning of the year	(1,052)	(1,292)	(1,855)
Movement in year:			
Current service cost	(133)	(124)	(71)
Contributions	414	676	588
Other finance loss	(49)	(55)	(65)
Actuarial (loss)/gain	(414)	(257)	111
Deficit in scheme at 31 December	(1,234)	(1,052)	(1,292)

History of experience gains and losses

	2005	2004	2003
Difference between the actual and expected return on scheme assets:			
Amount (£'000)	175	25	147
Percentage of scheme assets	6%	1%	7%
Experience (losses) and gains on scheme liabilities:			
Amount (£'000)	(57)	(212)	52
Percentage of the present value of the scheme liabilities	(1%)	(6%)	2%
Total amount recognised in statement of total recognised gains and losses			
Amount (£'000)	(414)	(257)	111
Percentage of the present value of the scheme liabilities	(10%)	(7%)	3%

Notes to the financial statements for the year ended 31 December 2005 (continued)**20 Post balance sheet event**

In February 2006 the horse Motivator was sold for a gross sales price of £6m. After relevant expenses and reductions in membership fees due to Royal Ascot Racing Club members for 2006 and 2007 the net proceeds before tax to the Company will be £2.3m.

21 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 ultimate parent undertaking of the group and the above Trustees acting collectively are the ultimate controlling party.

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