Registered no: 04320977

Ascot Racecourse Limited
Annual report
for the year ended 31 December 2007

Ascot Racecourse Limited

Annual report for the year ended 31 December 2007

	Pages
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Statement of total recognised gains and losses	4
Balance sheet	5
Notes to the financial statements	6 - 21

Directors' report for the year ended 31 December 2007

The directors present their report and the audited financial statements of the company for the year ended 31 December 2007

Principal activities

Ascot Racecourse Limited is the principal operating company of Ascot Authority (Holdings) Limited group, leasing and owning assets necessary to run the racing at Ascot, holding all intellectual property assets and entering into associated contracts relating to the practice, protection, development and exploitation of the brand It uses these assets to run all racecourse operations at Ascot

Business review and future developments

Turnover for the year was 8% up at £40,986,000 (2006 £37,904,000) with the additional turnover coming from operating a full year of racing, with 25 racedays in 2007 (2006 20 racedays due to being closed for redevelopment until May 2006) Gross profit at £18,287,000 increased 12% on 2006 (2006 £16,359,000)

Depreciation (net of amortisation of capital grants) of £13,464,000 (2006 £8,467,000), interest charges of £10,688,000 (2006 £9,553,000) and lower other operating income at £1,052,000 (2006 £4,297,000) resulted in the company making an increased loss on ordinary activities before taxation in 2007 Excluding depreciation, administrative expenses were 9% down on 2006 at £7,370,000 (2006 £8,059,000)

Turnover, costs and profit are the Key Performance Indicators used by the directors to monitor the performance of the business and are disclosed in the profit and loss account and discussed above The principal risks and uncertainties facing the company surround the level of income generated and costs and finances of the business are actively managed accordingly The directors expect the business to continue at a similar level of activity in the foreseeable future

Results and dividends

The loss for the financial year after tax is £10,078,000 (2006 loss £3,913,000)

The directors do not recommend the payment of a dividend for the year ended 31 December 2007 (2006 £nil)

Directors

The directors of the company who held office during the year and up to the date of signing the financial statements were as follows

C H Barnett (appointed 21 May 2007)
J S Walker
R J Wilkie

Directors' indemnities

Ascot Authority (Holdings) Limited maintains liability insurance for directors and officers of group companies

Charitable and political donations

During the year the company donated the sum of £38,518 (2006 £35,429) to local and racing related United Kingdom charitable organisations No payments were made for political purposes (2006 none)

Directors' report for the year ended 31 December 2007 (continued)

Financial risk management

The company has interest bearing liabilities to its holding company Ascot Authority (Holdings) Limited Ascot Authority (Holdings) Limited has a policy of maintaining the majority of its debt at a fixed rate where possible to ensure certainty of future cash flows due to interest payable and charges subsidiaries interest on financing balances at 0 5% above the rate paid to the external lender The company has some credit risk which it mitigates through robust credit control procedures, although the majority of sales invoices have to be paid before attendance at the relevant race meetings The directors also undertake regular reviews of a comprehensive risk register which deals with a number of financial and non-financial risks faced by the business

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations Company law requires the directors 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

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.

Statement of disclosure of information to auditors

Each of the persons who are directors at the date of approval of this report confirm that so far as the director is aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Independent 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

C H Barnett
Director
8 May 2008

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 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors
The directors' 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 directors' responsibilities

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 whether in our opinion the information given in the Directors' Report 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 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 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985,
- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Reading

15 May 2008

Profit and loss account for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Turnover	2	**40,986**	37,904
Cost of sales		**(22,699)**	(21,545)
Gross profit		**18,287**	16,359
Administrative expenses		**(20,834)**	(16,526)
Other operating income	3	**1,052**	4,297
Operating (loss)/profit	3	**(1,495)**	4,130
Interest receivable and similar income		**157**	22
Interest payable and similar charges	6	**(10,688)**	(9,553)
Other finance costs	19	**(18)**	(32)
Loss on ordinary activities before taxation		**(12,044)**	(5,433)
Tax on loss on ordinary activities	7	**1,966**	1,520
Loss for the financial year	16, 17	**(10,078)**	(3,913)

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 financial years stated above, and their historical cost equivalents

Statement of total recognised gains and losses for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Loss for the financial year		**(10,078)**	(3,913)
Actuarial losses on pension schemes	19	**(102)**	(188)
Movement on deferred tax relating to pension schemes	13	**30**	56
Total recognised loss since last annual report		**(10,150)**	(4,045)

Balance sheet as at 31 December 2007

	Note	2007		2006 as restated	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	8		**207,668**		212,519
Current assets					
Stock	9	**536**		490	
Debtors	10	**7,218**		28,171	
Cash at bank and in hand		**1,954**		317	
			9,708		28,978
Creditors - Amounts falling due within one year	11		**(18,951)**		(25,334)
Net current (liabilities)/assets			**(9,243)**		3,644
Total assets less current liabilities			**198,425**		216,163
Creditors – Amounts falling due after more than one year	12		**(180,963)**		(187,545)
Provisions for liabilities and charges	13		**(402)**		(3,001)
Deferred capital grants and contributions	14		**(12,417)**		(10,036)
Net assets excluding pension asset/(liability)			**4,643**		15,581
Pension asset/(liability)	19		**96**		(692)
Net assets including pension asset/(liability)			**4,739**		14,889
Capital and reserves					
Called up share capital	15		**100**		100
Share premium account	16		**1,340**		1,340
Profit and loss account	16		**3,299**		13,449
Total equity shareholders' funds	17		**4,739**		14,889

The financial statements on pages 4 to 21 were approved by the board of directors on 8 May 2008 and were signed on its behalf by

C H Barnett

C H Barnett
Director

Notes to the financial statements for the year ended 31 December 2007

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, which have been applied consistently throughout the year, are set out below

The 2006 balance sheet has been restated to analyse deferred income between those amounts that will be credited to the profit and loss account within one year and those amounts that will be credited after more than one year, as explained in note 12

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

Tangible fixed assets and depreciation

Tangible fixed assets are stated at the cost of purchase or construction less provisions for depreciation and impairment Financing costs are not capitalised within the value of fixed assets

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

	%
Leasehold improvements, lease premium	6
Machinery and equipment	5 – 20
Fixtures and office equipment	10
Motor vehicles	20

Ascot Racecourse Limited leases the site on which it operates from Ascot Racecourse Estates Limited, a fellow subsidiary, under a lease which expires in 2023 Assets are amortised over the shorter of the period of this lease, which expires in 2023, or the remaining useful economic life Assets in course of construction are not depreciated When the assets are ready to be brought into use they are transferred to the relevant category and depreciation is commenced

The carrying values of all tangible fixed assets are reviewed for impairment when there is an indication that the assets might be impaired Any provision for impairment is charged to the profit and loss account in the year concerned

Horserace Betting Levy Board and other grants

Horserace Betting Levy Board (HBLB) or other grants received on qualifying assets under the Board's Capital Improvement Grant Scheme and capital contributions from third parties are credited to deferred capital grants and contributions 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 2007 (continued)

1 Accounting policies (continued)

Leased assets

Leasing and hire purchase agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as finance leases, as if the asset had been purchased outright The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases or hire purchase agreements Assets held under finance leases or hire purchase agreements are depreciated on a basis consistent with similar owned assets or the lease term if shorter The interest element of the lease rental is included in the profit and loss account All other leases are operating leases and the 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 Provision is made for obsolete, defective and slow moving stock where necessary

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 their 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 defined benefit schemes and a 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

Notes to the financial statements for the year ended 31 December 2007 (continued)

1 Accounting policies (continued)

Retirement benefits (continued)

The pension cost charge for the defined contribution scheme disclosed in note 19 represents contributions payable by the group to the fund

Defined benefit pension schemes' assets are measured using market value Pension schemes' liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability The increase in the present value of the liabilities of the group's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance costs Actuarial gains and losses are recognised in the consolidated statement of total recognised gains and losses

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax

Related party disclosures

The company is exempt under the terms of paragraph 3(c) of FRS 8 from disclosing related party transactions with entities that are part of Ascot Authority (Holdings) Limited group, or investees of the group

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 FRS1 (revised 1996)

2 Turnover

The turnover is attributable to the principal activities of the company and derived wholly within the United Kingdom Turnover is derived from only one class of business

Notes to the financial statements for the year ended 31 December 2007 (continued)

3 Operating (loss)/profit

	2007 £'000	2006 £'000
Operating (loss)/profit is stated after charging/(crediting):		
Wages and salaries	**2,356**	3,101
Social security costs	**255**	289
Other pension costs (see note 19)	**355**	550
Staff costs	**2,966**	3,940
Depreciation of owned tangible fixed assets (see note 8)	**14,365**	9,310
Credit of HBLB and other grants (see note 14)	**(901)**	(843)
Depreciation net of amortisation of capital grants	**13,464**	8,467
(Profit)/loss on disposal of tangible fixed assets	**(3)**	1
Operating lease charges		
– Plant and machinery	**86**	82
– Land and buildings	**1,100**	1,100
Auditors' remuneration		
– Fees payable to company's auditors for the audit of the company's financial statements	**40**	38
– Fees payable to company's auditors and its associates for other services Services relating to taxation	**46**	44

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

Exceptional other operating income

Other operating income comprises rents of £69,000 (2006 £67,000) and exceptional income of £983,000 (2006 £4,230,000) In August 2007 the Company received £983,000, being its share of the value of a lease surrender premium on land in the New Mile Road The remaining share of the lease surrender premium was received by Ascot Racecourse Estates Limited, a fellow subsidiary, which held a reversionary interest in the lease after 2023 Ascot Racecourse Limited had no costs associated with this surrender The exceptional income in 2006 related to the sale of the horse Motivator on which Ascot Racecourse Limited achieved a net profit of £2,274,000 (£4,230,000 within operating income less £1,256,000 discounts to Royal Ascot Racing Club subscriptions in 2006 and a further £700,000 in 2007, reducing turnover in each year)

Notes to the financial statements for the year ended 31 December 2007 (continued)

4 Directors' emoluments

	2007 £'000	2006 £'000
Aggregate emoluments	**386**	433
Settlement of employment contract	**-**	462
Company pension contributions to money purchase scheme	**39**	18
	425	913

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 one (2006 two) director under a defined benefit scheme and two (2006 one) directors under a money purchase scheme

Highest paid director

	2007 £'000	2006 £'000
Aggregate emoluments	**274**	299
Settlement of employment contract	**-**	462
Accrued pension at the year end	17	12
	291	773

The emoluments disclosed above exclude amounts awarded in accordance with a Long Term Incentive Scheme These are disclosed in note 13

5 Employee information

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

By activity	**2007 Number**	2006 Number
Administration	**67**	66
Course and grounds	**14**	14
	81	80

These numbers have not been adjusted for management charges (including those relating to executive directors) to group companies

6 Interest payable and similar charges

	2007 £'000	2006 £'000
Interest payable on loans from group undertakings	**10,688**	9,553

Notes to the financial statements for the year ended 31 December 2007 (continued)

7 Tax on loss on ordinary activities

	2007 £'000	2006 £'000
Current tax:		
UK corporation tax on loss for the year	-	-
Adjustment in respect of previous periods	13	(1,625)
Total current tax charge/(credit) for the financial year	13	(1,625)
Deferred tax.		
Origination and reversal of timing differences	(2,262)	(214)
Change in tax rate – impact on deferred tax liabilities	(13)	-
Adjustment in respect of previous periods	(72)	190
Deferred tax excluding that relating to pension schemes (note 13)	(2,347)	(24)
Pension contribution relief in excess of pension charge (note 13)	368	129
Total deferred tax (credit)/charge	(1,979)	105
Tax credit on loss on ordinary activities	(1,966)	(1,520)

The tax assessed for the year is higher (2006 higher) than the standard rate of corporation tax in the United Kingdom (30%) (2006 30%) The differences are explained below

	£'000	£'000
Loss on ordinary activities before tax	(12,044)	(5,433)
Loss on ordinary activities multiplied by the standard rate of tax in the UK 30% (2006 30%)	(3,613)	(1,630)
Effects of		
Expenses not deductible for tax purposes	1,018	735
Accelerated capital allowances	1,518	(4,000)
Pension contribution relief in excess of pension charge	(368)	(129)
Other timing differences	744	4,202
Adjustment in respect of previous periods	13	(1,625)
Group relief surrendered for which no consideration has been received	701	822
Current tax charge/(credit) for the financial year	13	(1,625)

Factors that may affect future tax charges:

The standard rate of Corporation Tax in the UK changes to 28% with effect from 1 April 2008

Due to the high level of capital investment during the redevelopment, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years In 2007 depreciation exceeds capital allowances as the company intends not to claim capital allowances in full

Notes to the financial statements for the year ended 31 December 2007 (continued)

8 Tangible fixed assets

	Assets in the course of constrution £'000	Lease Premium £'000	Leasehold Improve-ments £'000	Machinery and equipment £'000	Fixtures & office equipment £'000	Motor vehicles £'000	Total £'000
Cost							
1 January 2007	985	135,521	11,516	67,353	11,908	50	227,333
Additions		-	9,055	3,019	676	26	12,776
Rebate from contractors	-	-	(3,243)	-	-	-	(3,243)
Disposals		-	-	(23)	-	(14)	(37)
Transfers	(985)	-	748	78	159	-	-
At 31 December 2007	**-**	**135,521**	**18,076**	**70,427**	**12,743**	**62**	**236,829**
Accumulated depreciation							
At 1 January 2007	-	5,262	3,819	3,484	2,236	13	14,814
Charge for the year	-	7,895	819	4,622	1,016	13	14,365
Disposals		-	-	(5)	-	(13)	(18)
At 31 December 2007	**-**	**13,157**	**4,638**	**8,101**	**3,252**	**13**	**29,161**
Net book amount							
At 31 December 2007	**-**	**122,364**	**13,438**	**62,326**	**9,491**	**49**	**207,668**
At 31 December 2006	985	130,259	7,697	63,869	9,672	37	212,519

Assets purchased under hire purchase agreements are included in the above at cost of £140,000 (2006 £140,000) and net book amount of £125,000 (2006 £139,000)

9 Stock

	2007	2006
	£'000	£'000
Bloodstock	**438**	490
Finished goods and goods held for resale	**98**	-
	536	490

Notes to the financial statements for the year ended 31 December 2007 (continued)

10 Debtors

	2007 £'000	2006 £'000
Trade debtors	4,085	10,882
Amounts owed by group undertakings	-	14,927
Corporation tax receivable	-	1,575
Other debtors	2,200	-
Prepayments and accrued income	933	787
	7,218	28,171

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

11 Creditors – Amounts falling due within one year

	2007 £'000	As restated 2006 £'000
Trade creditors	811	1,603
Amounts due to group undertakings	-	1,100
Hire purchase	32	32
Other taxation and social security	511	780
Other creditors	35	6
Accruals	2,218	9,800
Deferred income	15,209	12,013
Retentions	135	-
	18,951	25,334

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

12 Creditors – Amounts falling due after one year

	2007 £'000	As restated 2006 £'000
Amounts due to group undertakings	174,756	182,982
Hire purchase	31	63
Deferred income	6,176	4,500
	180,963	187,545

Amounts due to group undertakings are unsecured and repayable by 2023 Interest is charged at 0 5% above the rate paid by Ascot Authority (Holdings) Limited to the external lender

2006 creditors have been restated to analyse deferred income between those amounts that will be credited to the profit and loss account within one year and those amounts that will be credited after more than one year, re-analysing £4,500,000 of deferred income from short term to long term creditors

Notes to the financial statements for the year ended 31 December 2007 (continued)

13 Provisions for liabilities and charges

	Deferred taxation £'000	Long term incentive schemes £'000	Total £'000
At 1 January 2007	2,533	468	3,001
(Credited)/charged to the profit and loss account	(2,347)	144	(2,203)
Amounts utilised during the year	-	(396)	(396)
At 31 December 2007	**186**	**216**	**402**

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 2007 was £216,000 (2006 £468,000) The provision will be fully utilised by 31 January 2009

The amount provided in respect of the highest paid director was £95,000 (2006 £346,000) representing the outstanding proportion due in respect of the years 2003 to 2007 (2006 years 2000 to 2005)

Deferred taxation

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)	
	2007 £'000	2006 £'000	**2007 £'000**	2006 £'000
Excess of capital allowances over depreciation	**1,155**	6,560	-	-
Other timing differences	**725**	753	-	-
Losses	**(1,694)**	(4,780)	-	-
Deferred tax excluding that relating to pension surplus/(deficit)	**186**	2,533	-	-

Notes to the financial statements for the year ended 31 December 2007 (continued)

13 Provisions for liabilities and charges (continued)

Deferred taxation (continued)

Deferred tax (liability)/asset relating to pension surplus/(deficit)

	2007 £'000
At 1 January	297
Deferred tax charged to the profit and loss account	(368)
Deferred tax credited to the statement of recognised gains & losses	30
At 31 December	(41)

The deferred tax liability of £41,000 (2006 asset of £297,000) has been deducted in arriving at the net pension surplus on the balance sheet (see note 19)

The standard rate of Corporation Tax in the UK changes to 28% with effect from 1 April 2008 The deferred tax liabilities have been remeasured at 28% where the timing differences are expected to reverse after 1 April 2008

14 Deferred capital grants and contributions

The movements on capital grants and capital contributions 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 2007	27,247	(17,211)	10,036
Received during the year	1,282	-	1,282
Loan converted into capital grant	2,000	-	2,000
Credited to the profit and loss account	-	(901)	(901)
Balance at 31 December 2007	**30,529**	**(18,112)**	**12,417**

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 £1,135,000 (2006 £1,021,000) of grant entitlements that had not been claimed

Capital Contributions have been received from third parties towards certain capital expenditure Under the terms of these agreements reducing amounts of these contributions are repayable should the contracts with them for the supply of services be terminated At 31 December 2007 the amount repayable in such circumstances was £5,486,000 (2006 £5,950,000)

Notes to the financial statements for the year ended 31 December 2007 (continued)

15 Called up equity share capital

	2007	2006
	£'000	£'000
Authorised		
100,000 ordinary shares of £1 each (2006 100,000 ordinary shares)	100	100
Allotted issued and fully paid		
100,000 ordinary shares of £1 each (2006 100,000 ordinary shares)	100	100

16 Reserves

	Share premium account	Profit and loss account
	£'000	£'000
At 1 January 2007	1,340	13,449
Loss for the financial year	-	(10,078)
Actuarial losses on the pension schemes	-	(102)
Movement on deferred tax relating to pension schemes	-	30
At 31 December 2007	**1,340**	**3,299**
Pension asset		96
Profit and loss reserve excluding pension asset		3,203

17 Reconciliation of movements in equity shareholders' funds

	2007	2006
	£'000	£'000
Loss for the financial year	(10,078)	(3,913)
Actuarial losses on pension schemes	(102)	(188)
Movement on deferred tax relating to pension schemes	30	56
Net reduction to equity shareholders' funds	(10,150)	(4,045)
Opening equity shareholders' funds	14,889	18,934
Closing equity shareholders' funds	4,739	14,889

Notes to the financial statements for the year ended 31

December 2007 (continued)

18 Financial commitments

At 31 December 2007 the company has annual commitments under non-cancellable operating leases of assets expiring as follows

	Land & buildings		Other	
	2007	2006	**2007**	2006
	£'000	£'000	**£'000**	£'000
Within one year	**-**	-	**23**	15
Within two to five years	**-**	-	**49**	67
More than five years	**1,100**	1,100	**-**	-
	1,100	1,100	**72**	82

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 £164,000 (2006 £129,000) There were no payments outstanding at the balance sheet date (2006 £nil)

Defined benefit schemes

The company operates one defined benefit scheme in the UK (the 1974 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 2006 and updated to 31 December 2007 by a qualified actuary In addition to this scheme there is one executive who accrued a defined benefit pension in 2007

The total contribution made to the 1974 scheme and executive arrangement in the accounting period was £1,437,000 (2006 £886,000) Future contributions to the 1974 scheme are agreed to continue at £300,000 per annum (2006 £300,000), although the company has pre-paid some contributions so that the scheme has been able to meet its cash flow requirements without having to divest existing assets Contributions are paid to an individual fund in respect of the executive The next full valuation of the 1974 scheme will be carried out at 31 March 2009 and the level of future contributions will be re-assessed

The assumptions used to value the schemes for accounting purposes are different to those that would be used to value the schemes on a funding basis The methodology used to calculate some of the accounting assumptions is prescribed, whilst the funding basis aims to reflect the true costs that the 1974 scheme and executive arrangement are expected to face In practice, an annuity is purchased from an insurance company when a member reaches retirement and the cost of this is reflected in the funding basis FRS17 prescribes that the discount rate applied to the defined benefit schemes' liabilities should be based on the yield on AA rated corporate bonds at 31 December 2007, which was 5 8% (2006 5 1%), whereas the funding basis would be based on the expected return on Government bonds, which was 4 4% (2006 4 3%) This places a lower cost on the expected obligation on the accounting basis than the funding basis and leads to a surplus emerging on the accounting basis

Notes to the financial statements for the year ended 31 December 2007 (continued)

19 Pension commitments (continued)

The 1974 scheme has no accruing liabilities and thus, in accordance with FRS17 paragraph 37, none of its surplus can be recognised on the Balance Sheet In practice the directors expect that on a funding basis there would not be a surplus and that all the assets of the scheme will be used to secure the benefits promised to members

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

	2007	2006	2005
	%	%	%
Rate of increase in salaries	**n/a**	4 9	4 8
Rate of increase in pensions in payment	**3.0/3.5**	3 0/3 1	3 0
Discount rate	**5 8**	5 1	4 7
Inflation assumption	**3.5**	3 1	3 0
Mortality Table	**PA92YOBmc**	PA92YOBmc	
Average life expectancy at age 65 for current and future pensioners	**23 years**	23 years	

The assets in the scheme and the executive arrangement and the expected rates of return were

	Long term rate of return expected 31 December 2007	**Value at 31 December 2007**	Long term rate of return expected 31 December 2006	Value at 31 December 2006	Long term rate of return expected 31 December 2005	Value at 31 December 2005
	%	**£'000**	%	£'000	%	£000
Equities	**7.4**	**181**	7 3	131	7 1	397
Bonds	**5.8**	**2,444**	5 1	2,400	4 7	2,362
Cash	**5.5**	**24**	5 0	71	4 5	135
Other	**7.4**	**153**	7 3	75	7 1	185
Total market value of assets		**2,802**		2,677		3,079
Present value of schemes' liabilities		**(2,323)**		(3,666)		(4,313)
Surplus/(deficit) in schemes		**479**		(989)		(1,234)
Unrecognised surplus		**(342)**		-		-
Related deferred tax (liability)/asset		**(41)**		297		370
Net pension asset/(liability)		**96**		(692)		(864)

The ratio of the schemes' assets to liabilities was 121% (2006 73%)

Notes to the financial statements for the year ended 31 December 2007 (continued)

19 Pension commitments (continued)

Analysis of the amount charged to operating (loss)/profit:

	2007 £'000	2006 £'000
Past service cost	-	104
Loss on settlements and curtailments	113	155
Current service cost	78	162
Total operating charge	191	421

Analysis of the amount charged to other finance costs·

	2007 £'000	2006 £'000
Expected return on pension schemes' assets	147	171
Interest on pension schemes' liabilities	(165)	(203)
Net interest charge	(18)	(32)

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

	2007 £'000	2006 £'000
Actual return less expected return on pension schemes' assets	(135)	(168)
Experience gains and (losses) arising on schemes' liabilities	14	(20)
Changes in assumptions underlying the present value of schemes' liabilities	361	-
Change in irrecoverable surplus	(342)	-
Actuarial loss recognised in the STRGL	(102)	(188)

Notes to the financial statements for the year ended 31 December 2007 (continued)

19 Pension commitments (continued)

Movement in surplus/(deficit) during the year

	2007 £'000	2006 £'000	2005 £'000
Deficit in schemes at beginning of the year	**(989)**	(1,234)	(1,052)
Movement in year			
Current service cost	**(78)**	(162)	(133)
Contributions	**1,437**	886	414
Other finance costs	**(18)**	(32)	(49)
Actuarial gains/(losses)	**240**	(188)	(414)
Past service cost	**-**	(104)	-
Loss on settlements and curtailments	**(113)**	(155)	-
Surplus/(deficit) in schemes at end of the year	**479**	(989)	(1,234)

History of experience gains and losses

	2007	2006	2005	2004	2003
Difference between the actual and expected return on schemes' assets					
Amount (£'000)	**(135)**	(168)	175	25	147
Percentage of schemes' assets	**(5%)**	(6%)	6%	1%	7%
Experience gains and losses on schemes' liabilities					
Amount (£'000)	**14**	(20)	(57)	(212)	(53)
Percentage of the present value of schemes' liabilities	**1%**	(1%)	(1%)	(6%)	(2%)
Total amount which has been recognised in statement of group total recognised gains and losses					
Amount (£'000)	**(102)**	(188)	(414)	(257)	111
Percentage of the present value of schemes' liabilities	**(4%)**	(5%)	(10%)	(7%)	3%

Notes to the financial statements for the year ended 31 December 2007 (continued)

20 Ultimate parent company and 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, Ascot, Ascot Racecourse, Berkshire SL5 7JX

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