

Registered no: 04320977

**Ascot Racecourse Limited
Annual report and financial statements
for the year ended 31 December 2010**

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Ascot Racecourse Limited

Annual report and financial statements for the year ended 31 December 2010

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Directors' report for the year ended 31 December 2010

The directors present their report and the audited financial statements of the company for the year ended 31 December 2010

Principal activities

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

Business review and future developments

Turnover at £40,594,000 (2009 £42,077,000) was 3.5% down on 2009. Public ticket income increased by 5% on 2009, but this increased revenue was more than offset by reductions in media rights and sponsorship income. There were 23 racedays in 2010 (2009 23 racedays), our two December racedays were, as in 2009, abandoned due to snow and frost. Reported attendances were 4% up on 2009 at 558,718 (2009 537,174).

Gross profit at £18,100,000 (2009 £19,590,000) was 7.6%, down on 2009, reflecting the reduced turnover. The gross profit percentage decreased by 2.0 percentage points to 44.6% (2009 46.6%). This decrease was due to higher utility costs and maintenance costs as a percentage of turnover.

Administrative expenses were 0.5% up at £19,578,000 (2009 £19,482,000). Depreciation (net of amortisation of capital grants) was £13,635,000 (2009 £13,706,000) within administrative expenses. Operating loss was £1,402,000 (2009 profit £186,000). Interest charges of £10,431,000 (2009 £9,851,000) led the company to report a loss on ordinary activities before taxation of £11,577,000 (2009 loss of £9,614,000).

Turnover, costs and profit/loss are the financial 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. Cash flow is also a financial KPI and is monitored at a group level and disclosed in the accounts of Ascot Authority (Holdings) Limited. Attendance is the key non-financial indicator used by management.

The company is committed to ensuring that, as far as is reasonably practical, any detrimental effects of its activities upon the environment are minimised. No waste goes to landfill as from 1 January 2010, all horse waste is composted and reused on site and we do not use mains water to irrigate the course.

The principal risks and uncertainties facing the company surround economic factors and social trends that may affect attendances on racedays and the levels of customer spend, the attractiveness and amount of racing at Ascot, and ultimately the level of net income generated, the costs and finances of the business are actively managed accordingly. The directors regularly review these risks and take mitigating actions when appropriate.

Results and dividends

The loss for the financial year after tax is £11,621,000 (2009 loss £9,634,000).

The directors do not recommend the payment of a dividend for the year ended 31 December 2010 (2009 £nil).

Directors

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

C H Barnett

J S Walker (resigned 2 December 2010)

A J M Warwick (appointed 1 March 2010)

A R Flitcroft (appointed 2 December 2010)

Directors' indemnities

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

Directors' report for the year ended 31 December 2010 (continued)**Charitable and political donations**

During the year the company donated the sum of £17,345 (2009 £22,404) to local and racing related United Kingdom charitable organisations. No payments were made for political purposes (2009 none)

Financial risk management

The company has interest bearing liabilities principally 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. 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

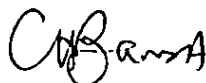
Statement of disclosure of information to auditors

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 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 in accordance with s487(2) of the Companies Act 2006 the auditors are deemed to be re-appointed for the next financial year.

By order of the Board



C H Barnett
Director

9 September 2011

**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 2010 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out in the Directors' Report the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Alan Kinnear (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

12 September September 2011

Profit and loss account for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Turnover	2	40,594	42,077
Cost of sales		(22,494)	(22,487)
Gross profit		18,100	19,590
Administrative expenses		(19,578)	(19,482)
Other operating income	3	76	78
Operating (loss)/profit	3	(1,402)	186
Interest receivable and similar income		228	39
Interest payable and similar charges	6	(10,431)	(9,851)
Other finance income	19	28	12
Loss on ordinary activities before taxation		(11,577)	(9,614)
Tax on loss on ordinary activities	7	(44)	(20)
Loss for the financial year	16, 17	(11,621)	(9,634)

All results derive 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

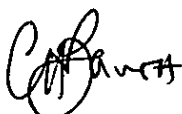
Statement of total recognised gains and losses for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Loss for the financial year		(11,621)	(9,634)
Actuarial losses on pension schemes	19	(252)	(111)
Movement on deferred tax relating to pension schemes	13	71	31
Total recognised loss since last annual report		(11,802)	(9,714)

Balance sheet as at 31 December 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	8	168,275	182,317
Current assets			
Stock	9	275	315
Debtors	10	4,472	4,141
Cash at bank and in hand		1,719	2,058
		6,466	6,514
Creditors - Amounts falling due within one year	11	(15,976)	(15,985)
Net current liabilities		(9,510)	(9,471)
Total assets less current liabilities		158,765	172,846
Creditors - Amounts falling due after more than one year	12	(168,499)	(172,749)
Deferred capital grants and contributions	14	(17,853)	(15,951)
Net liabilities excluding pension asset		(27,587)	(15,854)
Pension asset	19	-	69
Net liabilities including pension asset		(27,587)	(15,785)
Capital and reserves			
Called up share capital	15	100	100
Share premium account	16	1,340	1,340
Profit and loss account	16	(29,027)	(17,225)
Total equity shareholders' deficit	17	(27,587)	(15,785)

The financial statements on pages 4 to 20 were approved by the board of directors on 9 September 2011 and were signed on its behalf by



C H Barnett
Director
 Ascot Racecourse Limited
 Registered no 04320977

Notes to the financial statements for the year ended 31 December 2010

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 2006 and applicable United Kingdom accounting standards. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The financial statements have been prepared on the going concern basis, notwithstanding total net liabilities of £27,587,000 (2009 £15,785,000), which the directors believe to be appropriate for the following reasons. The company is the principal operating subsidiary of Ascot Authority (Holdings) Limited, which acts as treasurer for the group. Ascot Authority (Holdings) Limited provides day to day working capital for the company and long term funding via an inter company loan facility with no set repayments until 2023. Ascot Authority (Holdings) Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

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 they relate. Annual membership, box rental and sponsorship income is spread over the term to which the income relates. Differences between cash received and income recognised are included within deferred income or trade debtors as appropriate.

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 their 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.

Notes to the financial statements for the year ended 31 December 2010 (continued)**1 Accounting policies (continued)****Horserace Betting Levy Board and other grants**

The Horserace Betting Levy Board provides funding to racecourses which is used to support racing activities. Grants are earned from racing on a fixture-by-fixture basis. Racecourses may elect to waive the income in favour of a transfer to a capital credits account. Such capital credits may be claimed, at the HBLB's discretion, against expenditure on approved capital projects or utilised to repay HBLB loans.

It is the company's policy that revenue grants taken are recognised within turnover when the race meeting to which they relate is held. Grants waived in favour of capital credits are not accounted for until drawn. When drawn they are accounted for against the value of the HBLB loan, when used to repay such loans, or as a deferred credit that is released to the profit and loss account to be matched against the depreciation over the expected useful economic lives of the assets to which they relate. Capital contributions from third parties are accounted for in a similar way.

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.

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.

Notes to the financial statements for the year ended 31 December 2010 (continued)**1 Accounting policies (continued)****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.

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 is 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 2010 (continued)

3 Operating (loss)/profit

	2010 £'000	2009 £'000
Operating (loss)/profit is stated after charging/(crediting):		
Wages and salaries	2,760	2,940
Social security costs	308	320
Other pension costs (see note 19)	186	272
Staff costs	3,254	3,532
Depreciation of tangible fixed assets (see note 8)		
- Owned assets	7,264	7,160
- Leased assets	7,894	7,894
Profit on disposal of fixed assets	-	(1)
Credit of HBLB and other grants (see note 14)	(1,523)	(1,347)
Depreciation net of amortisation of capital grants	13,635	13,706
Operating lease charges		
- Plant and machinery	124	136
- Land and buildings	1,157	1,100
Auditors' remuneration :		
- Fees payable to company's auditors for the audit of the company's financial statements	38	38
- Fees payable to company's auditors and its associates for other services Services relating to taxation	55	27

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 and a management charge to reflect the service of other staff to these group companies

Other operating income

Other operating income comprises rents and similar income of £76,000 (2009 £78,000)

Notes to the financial statements for the year ended 31 December 2010 (continued)

4 Directors' emoluments

	2010 £'000	2009 £'000
Aggregate emoluments	361	492
Company pension contributions to money purchase scheme	46	50
	407	542

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 three directors under money purchase arrangements (2009 two, with one other director accruing benefits under a defined benefit scheme)

Highest paid director

	2010 £'000	2009 £'000
Aggregate emoluments	340	342
Company pension contributions to money purchase scheme	36	36
	376	378

5 Employee information

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

By activity	2010 Number	2009 Number
Administration	62	68
Course and grounds	17	14
	79	82

6 Interest payable and similar charges

	2010 £'000	2009 £'000
Interest payable on loans from group undertakings	10,431	9,550
Interest payable on advanced income	-	301
	10,431	9,851

Notes to the financial statements for the year ended 31 December 2010 (continued)

7 Tax on loss on ordinary activities

	2010	2009
	£'000	£'000
Current tax:		
UK corporation tax on loss for the year	-	-
Adjustment in respect of previous periods	-	-
Total current tax charge for the financial year	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Change in tax rate	-	-
Deferred tax excluding that relating to pension schemes (note 13)	-	-
Pension contribution relief in excess of pension charge (note 13)	44	20
Total deferred tax charge	44	20
Tax charge on loss on ordinary activities	44	20

The tax assessed for the year is higher (2009 higher) than the standard effective rate of corporation tax in the United Kingdom for the year ended 31 December 2010 of 28% (2009 28%) The differences are explained below

	2010	2009
	£'000	£'000
Loss on ordinary activities before tax	(11,577)	(9,614)
Loss on ordinary activities multiplied by the standard rate of tax in the UK 28% (2009 28%)	(3,242)	(2,692)
Effects of		
Expenses not deductible for tax purposes	930	944
Accelerated capital allowances	1,412	1,141
Pension contribution relief in excess of pension charge	(44)	(20)
Other timing differences	47	47
Group relief surrendered for which no consideration has been received	897	580
Current tax charge for the financial year	-	-

Current year deferred tax asset unprovided comprises

	2010	2009
	£'000	£'000
Excess of depreciation over capital allowances claimed	871	1,148
Losses	(514)	62
Total	357	1,210

Notes to the financial statements for the year ended 31 December 2010 (continued)

7 Tax on loss on ordinary activities (continued)

Factors affecting current and future tax charges:

The Finance (No 2) Act 2010 included legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. This rate will be further reduced to 26% under the Provisional Collection of Taxes Act 1968. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014.

As the reduction to 27% was substantively enacted on 20 July 2010 the relevant deferred tax balances have been re-measured at 27%. The other changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

In 2010, as in 2009, depreciation exceeds capital allowances on eligible fixed assets as the company intends not to claim capital allowances in full.

Deferred tax liabilities have not been discounted.

8 Tangible assets

	Lease Premium £'000	Leasehold Improve- ments £'000	Machinery and equipment £'000	Fixtures & office equipment £'000	Motor vehicles £'000	Total £'000
Cost						
1 January 2010	135,521	20,534	71,225	13,011	71	240,362
Additions	-	491	320	286	19	1,116
Disposals	-	(410)	(145)	(97)	-	(652)
At 31 December 2010	135,521	20,615	71,400	13,200	90	240,826
Accumulated depreciation						
At 1 January 2010	28,946	6,402	17,508	5,168	21	58,045
Charge for the year	7,894	1,282	4,834	1,126	22	15,158
Disposals	-	(410)	(145)	(97)	-	(652)
At 31 December 2010	36,840	7,274	22,197	6,197	43	72,551
Net book amount						
At 31 December 2010	98,681	13,341	49,203	7,003	47	168,275
At 31 December 2009	106,575	14,132	53,717	7,843	50	182,317

Notes to the financial statements for the year ended 31 December 2010 (continued)

9 Stock

	2010	2009
	£'000	£'000
Bloodstock	275	315

10 Debtors

	2010	2009
	£'000	£'000
Trade debtors	3,090	2,940
Other debtors	45	120
Prepayments and accrued income	1,337	1,081
	4,472	4,141

11 Creditors – Amounts falling due within one year

	2010	2009
	£'000	£'000
Trade creditors	1,199	501
Other taxation and social security	1,230	1,110
Other creditors	-	15
Accruals and deferred income	13,547	14,359
	15,976	15,985

12 Creditors – Amounts falling due after one year

	2010	2009
	£'000	£'000
Amounts due to group undertakings	165,999	169,625
Deferred income	2,500	3,124
	168,499	172,749

Amounts due to group undertakings are due in greater than 5 years, unsecured and repayable by 2023. Interest is charged at 0.5% above the rate paid by Ascot Authority (Holdings) Limited to the external lender.

Deferred income is due as follows: £500k within 1-2 years, £2,000,000 within 2-5 years (2009: £624k due within 1-2 years, £2,000,000 within 2-5 years, £500,000 due in more than 5 years).

Notes to the financial statements for the year ended 31 December 2010 (continued)

13 Provisions for liabilities

Deferred taxation

Deferred taxation provided in the financial statements, and the amount unrecognised of the total potential deferred tax asset are as follows

	Amount provided/(recognised)		Amount unrecognised	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Excess of capital allowances over depreciation	-	-	(2,231)	(1,360)
Other timing differences	611	680	-	-
Losses	(611)	(680)	(327)	(841)
Deferred tax excluding that relating to pension schemes	-	-	(2,558)	(2,201)

It is expected that it will take some time for tax losses to be relieved and therefore, due to the uncertainty over recovery, no net deferred tax asset has been recognised in the balance sheet as at 31 December 2010

Deferred tax liability relating to pension asset (deducted in arriving at the net pension surplus on the balance sheet)

	2010 £'000	2009 £'000
At 1 January	(27)	(38)
Deferred tax charged to the profit and loss account	(44)	(20)
Deferred tax credited to the statement of recognised gains and losses	71	31
At 31 December	-	(27)

Deferred tax balances are measured at 27% (2009 28%) to reflect changes in tax rates substantially enacted at the balance sheet date

Notes to the financial statements for the year ended 31 December 2010 (continued)

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 2010	36,540	(20,589)	15,951
Received during the year	25	-	25
Loan converted into capital grant	3,400	-	3,400
Credited to the profit and loss account	-	(1,523)	(1,523)
Balance at 31 December 2010	39,965	(22,112)	17,853

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 £1,000 (2009 £863,000) 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 2010 the amount repayable in such circumstances was £3,564,000 (2009 £4,216,000).

15 Called up equity share capital

	2010 £'000	2009 £'000
Allotted, issued and fully paid		
100,000 ordinary shares of £1 each (2009 100,000 ordinary shares)	100	100

16 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2010	1,340	(17,225)
Loss for the financial year	-	(11,621)
Actuarial losses on the pension schemes	-	(252)
Movement on deferred tax relating to pension schemes	-	71
At 31 December 2010	1,340	(29,027)
Pension asset		-
Profit and loss reserve excluding pension asset		(29,027)

Notes to the financial statements for the year ended 31 December 2010 (continued)

17 Reconciliation of movements in equity shareholders' deficit

	2010	2009
	£'000	£'000
Loss for the financial year	(11,621)	(9,634)
Actuarial losses on pension schemes	(252)	(111)
Movement on deferred tax relating to pension schemes	71	31
Net reduction to equity shareholders' deficit	(11,802)	(9,714)
Opening equity shareholders' deficit	(15,785)	(6,071)
Closing equity shareholders' deficit	(27,587)	(15,785)

18 Financial commitments

At 31 December 2010 the company has annual commitments under non-cancellable operating leases of assets expiring as follows

	Land & buildings		Other	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Within one year	-	-	45	64
Within two to five years	59	-	-	48
More than five years	1,100	1,100	-	-
	1,159	1,100	45	112

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 during the year amounted to £186,000 (2009 £198,000). There were no outstanding contributions at the balance sheet date (2009 £nil).

Defined benefit schemes

The company operates one defined benefit scheme in the UK. The scheme was closed on 31 March 1999 and there are no active members. A full actuarial valuation was carried out as at 31 March 2009 and updated to 31 December 2010 by Punter Southall, independent consulting actuaries. In addition to this scheme there is an executive arrangement which had one remaining member at the start of the year. In 2010, this member decided to cease employment with Ascot Racecourse Limited and in November 2010, the member transferred out of the executive arrangement.

Notes to the financial statements for the year ended 31 December 2010 (continued)

19 Pension commitments (continued)

Defined benefit schemes (continued)

The total contributions made by the company in the accounting year were £128,000 (2009 £134,000). In previous years, the group prepaid contributions so that the scheme has been able to meet its cash flow requirements without having to disinvest existing assets. Future contributions to the scheme will be made in line with the scheme's Schedule of Contributions. The next full valuation will be carried out at 31 March 2012 and the level of future contributions will be re-assessed.

The assumptions used to value the scheme and executive arrangement 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 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. FRS 17 prescribes that the discount rate should be based on the yield on AA rated corporate bonds, whereas the funding basis would be based on the expected return on Government bonds. At 31 December 2010 the yield on AA rated corporate bonds was higher than the expected return on Government bonds. This places a lower cost on the expected obligation on the accounting basis than the funding basis. This year, as last year, the relative strength of the bases has led to a surplus emerging on the accounting basis.

The scheme has no accruing liabilities and thus, in accordance with FRS 17 paragraph 37, none of its surplus can be recognised on the Balance Sheet. FRS 17 prescribes that the disclosures need to be adjusted for this requirement by including an amount in respect of this "irrecoverable surplus". The directors believe that presenting part of the surplus as "irrecoverable" is merely an accounting concept and in practice all the assets of the scheme will be used to secure the benefits promised to members.

Paragraph 67 of FRS 17 sets out how the performance statements need to be adjusted where there is irrecoverable surplus. Under paragraph 67(c) the expected return on assets of the scheme has been restricted to the value of the interest cost for the scheme. This applies only to the figures shown in the performance statement, and not to those shown in the reconciliation of the opening and closing value of the scheme assets. In 2009 the expected return on assets of the scheme was restricted in a similar way.

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

	2010	2009
	%	%
Rate of increase of earnings cap	n/a	3.8
Rate of increase in pensions in payment	3.0/3.75	3.0/3.8
Discount rate	5.5	5.8
Rate of inflation	3.75	3.8
Average life expectancy of a 65 year old male	23.9 years	23.8 years

The assumptions used in determining the overall expected return of the scheme have been set with reference to yields available on government bonds and appropriate risk margins.

Notes to the financial statements for the year ended 31 December 2010 (continued)

19 Pension commitments (continued)

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

	Long term rate of return Expected at 31 December 2010 %	Value at 31 December 2010 £'000	Long term rate of return expected at 31 December 2009 %	Value at 31 December 2009 £'000
Equities	n/a	-	7.5	226
Bonds	5.45	2,804	5.8	2,828
Cash	0.50	3	0.5	35
Other	n/a	-	7.5	121
Total market value of assets		2,807		3,210
Present value of funded schemes' liabilities		(2,330)		(2,667)
Surplus in schemes		477		543
Unrecognised surplus		(477)		(447)
Net pension asset recognised before tax		-		96
Related deferred tax liability		-		(27)
Net pension asset		-		69

Reconciliation of present value of the schemes' liabilities

	2010 £'000	2009 £'000
1 January	2,667	2,214
Current service cost	-	74
Interest cost	151	137
Actuarial loss	392	256
Benefits paid	(880)	-
Settlements	-	(14)
31 December	2,330	2,667

Notes to the financial statements for the year ended 31 December 2010 (continued)

19 Pension commitments (continued)

Reconciliation of fair value of the schemes' assets

	2010	2009
	£'000	£'000
1 January	3,210	2,711
Expected return on schemes' assets	208	170
Actuarial gain	141	217
Benefits paid	(880)	-
Contributions paid by employer	128	134
Settlements	-	(22)
31 December	2,807	3,210

The actual return on schemes' assets over the period was £349,000 (2009 £387,000)

Analysis of the amount charged to operating loss

	2010	2009
	£'000	£'000
Current service cost	-	74
Total operating charge	-	74

Analysis of the amount credited to other finance income

	2010	2009
	£'000	£'000
Expected return on pension schemes' assets	179	149
Interest on pension schemes' liabilities	(151)	(137)
Net interest income	28	12

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

	2010	2009
	£'000	£'000
Actuarial losses	(251)	(39)
Change in unrecognised surplus	(30)	(85)
Effect of paragraph 67 of FRS 17	29	13
Actuarial loss recognised in the STRGL	(252)	(111)

Notes to the financial statements for the year ended 31 December 2010 (continued)

19 Pension commitments (continued)

Actuarial gains and losses

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £1,372,000 (2009 £1,120,000)

Amounts for current and previous four years

	2010	2009	2008	2007	2006
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	(2,330)	(2,667)	(2,214)	(2,323)	(3,666)
Fair value of plan assets	2,807	3,210	2,711	2,802	2,677
Surplus/(deficit) in the schemes	477	543	497	479	(989)
Experience adjustments on plan assets	141	217	(374)	(135)	(168)
Experience adjustments on plan liabilities	(250)	56	103	14	(52)
Changes in assumptions underlying the present value of plan liabilities	(142)	(312)	221	361	32
Actuarial losses	(251)	(39)	(50)	240	(188)
Unrecognised surplus	(30)	(85)	(20)	(342)	-
Effect of Paragraph 67 of FRS 17	29	13	22	-	-
Total amount recognised in the statement of total recognised gains and losses	(252)	(111)	(48)	(102)	(188)

20 Post balance sheet events

The company has agreed terms to become a 28.2% shareholder in British Champions Series Limited (BCS). Under the terms of the agreement the company will provide BCS with debt funding of up to £764,000 over two years to 31 December 2012.

21 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.

JR Weatherby, M E T Davies and Sir Francis Brooke Bt 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.