Registered no: 04320977

Ascot Racecourse Limited
Annual report and financial statements
for the year ended 31 December 2012

Ascot Racecourse Limited

Annual report and financial statements for the year ended 31 December 2012

Directors' report for the year ended 31 December 2012

The dırectors present theır report and the audıted financıal statements of the company for the year ended 31 December 2012

Prıncıpal actıvıtıes

Ascot Racecourse Lımıted ıs the prıncıpal operatıng company of Ascot Authorıty (Holdıngs) Lımıted group, leasıng and ownıng assets necessary to run racıng at Ascot, holdıng all ıntellectual property assets and enterıng ınto assocıated contracts relatıng to the practıce, protectıon, development and exploıtatıon of the Ascot and Royal Ascot brands It uses these assets to run all racecourse operatıons at Ascot

Busıness revıew and future developments

The group monıtors performance as a whole and a complete revıew of the busıness and future prospects of the group ıs ıncluded ın the Dırectors' Report of the ultımate parent company's accounts, Ascot Authorıty (Holdıngs) Lımıted, Company Regıstered no 04274507

The dırectors are satısfied wıth the performance of the company durıng the perıod Turnover was £43 5m (2011 £42 7m) Operatıng loss was £1 3m (2011 £0 7m loss)

Turnover, costs and profit/loss are the financıal key performance ındıcators used by the dırectors to monıtor the performance of the busıness Attendance ıs the key non-financıal ındıcator used by management

The company ıs commıtted to ensurıng that, as far as ıs reasonably practıcal, any detrımental effects of ıts actıvıtıes upon the envıronment are mınımısed No waste goes to landfill, all horse waste ıs composted and reused on sıte and we do not use maıns water to ırrıgate the course The company recycles as much of ıts waste as possıble, ıncludıng glass, wood, carpet, food and paper 51% (2011 27%) by volume of all annual waste ıs recycled

The prıncıpal rısks and uncertaıntıes facıng the company surround economıc factors and socıal trends that may affect attendances on racedays and the levels of customer spend, the attractıveness and amount of racıng at Ascot, and ultımately the level of net ıncome generated The costs and finances of the busıness are actıvely managed accordıngly The dırectors regularly revıew these rısks and take mıtıgatıng actıons when approprıate

Results and dıvıdends

The loss for the financıal year after tax ıs £11 3m (2011 loss £11 2m)

The dırectors do not recommend the payment of a dıvıdend for the year ended 31 December 2012 (2011 £nıl)

Dırectors

The dırectors of the company who held office durıng the year and up to the date of the sıgnıng of the financıal statements were as follows

C H Barnett
A J M Warwıck
A R Flıtcroft
SJ Mıchael (resıgned 13 January 2012)
J M Slot (appoınted 16 November 2012)

Dırectors' ındemnıtıes

Ascot Authorıty (Holdıngs) Lımıted maıntaıns lıabılıty ınsurance for dırectors and officers of group companıes

Directors' report for the year ended 31 December 2012 (continued)

Charitable and political donations

During the year the company donated the sum of £14k (2011 £23k) to local and racing related United Kingdom charitable organisations and provided £4k (2011 £14k) funding towards local community activities No payments were made for political purposes (2011 £nil)

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 in respect of the annual report and the financial statements

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

CHBarnett

C H Barnett
Director
9 July 2013

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 2012 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 Statement of Directors' Responsibilities 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 In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 2012 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

AGK

Alan Kinnear (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
11 July 2013

Profit and loss account for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Turnover	2	**43,497**	42,694
Cost of sales		**(24,953)**	(23,493)
Gross profit		**18,544**	19,201
Administrative expenses		**(19,896)**	(19,933)
Other operating income	3	**79**	79
Operating loss	3	**(1,273)**	(653)
Interest receivable and similar income		**2**	2
Interest payable and similar charges	6	**(9,996)**	(10,562)
Loss on ordinary activities before taxation		**(11,267)**	(11,213)
Tax on loss on ordinary activities	7	**-**	-
Loss for the financial year	17, 18	**(11,267)**	(11,213)

All results derive from continuing operations.

The accounts are prepared on a historical cost basis and consequently 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 2012

	Note	2012 £'000	2011 £'000
Loss for the financial year		**(11,267)**	(11,213)
Actuarial losses on pension schemes	20	**(125)**	-
Total recognised loss since last annual report		**(11,392)**	(11,213)

Ascot Racecourse Limited

Balance sheet as at 31 December 2012

	Note	2012		2011	
		£'000	**£'000**	£'000	£'000
Fixed assets					
Tangible assets	8		**141,949**		154,758
Investments in associate	9		**242**		-
			142,191		154,758
Current assets					
Stock	10	**353**		261	
Debtors	11	**5,489**		4,983	
Cash at bank and in hand		**1,266**		973	
			7,108		6,217
Creditors - Amounts falling due within one year	12		**(15,285)**		(14,909)
Net current liabilities			**(8,177)**		(8,692)
Total assets less current liabilities			**134,014**		146,066
Creditors – Amounts falling due after more than one year	13		**(169,743)**		(168,708)
Deferred capital grants and contributions	15		**(14,463)**		(16,158)
Net liabilities			**(50,192)**		(38,800)
Capital and reserves					
Called up share capital	16		**100**		100
Share premium account	17		**1,340**		1,340
Profit and loss account	17		**(51,632)**		(40,240)
Total shareholders' deficit	18		**(50,192)**		(38,800)

The financial statements on pages 4 to 20 were approved by the board of directors on 9 July 2013 and were signed on its behalf by

CH Barnett

C H Barnett
Director
Ascot Racecourse Limited
Ascot Racecourse
Ascot
Berkshire SL5 7JX

Registered no 04320977

Notes to the financial statements for the year ended 31 December 2012

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 £50,192,000 (2011 £38,800,000), 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 fittings	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 2012 (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 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

Operating lease rentals are charged to the profit and loss account in equal amounts over the term of the lease The group has no finance leases or hire purchase agreements

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 2012 (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 20 to the financial statements

The pension cost charge for the defined contribution scheme disclosed in note 20 represents contributions payable by the group to the fund

There are no active members of the defined benefit scheme Defined benefit pension scheme 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 expected return on the scheme's assets less the increase during the year in the present value of the scheme's liabilities arising from the passage of time is included in other finance costs Actuarial gains and losses are recognised in the statement of total recognised gains and losses

Pension scheme 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 2012 (continued)

3 Operating loss

	2012 £'000	2011 £'000
Operating loss is stated after charging:		
Wages and salaries	**2,924**	2,950
Social security costs	**315**	339
Other pension costs (see note 20)	**192**	192
Compensation for loss of office	**125**	-
Staff costs	**3,556**	3,481
Depreciation of tangible fixed assets (see note 8)		
- Owned assets	**7,254**	7,027
- Leased assets	**7,895**	7,894
Profit on disposal of fixed assets	**(6)**	(10)
Credit of HBLB and other grants (see note 15)	**(1,695)**	(1,695)
Depreciation net of amortisation of capital grants	**13,448**	13,216
Operating lease charges		
– Plant and machinery	**32**	74
– Land and buildings	**1,100**	1,100
Auditors' remuneration :		
– Fees payable to company's auditors for the audit of the company's financial statements	**41**	38
– Fees payable to company's auditors and its associates for other services Services relating to taxation	**26**	26

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 £79,000 (2011 £79,000)

Notes to the financial statements for the year ended 31 December 2012 (continued)

4 Directors' emoluments

	2012 £'000	2011 £'000
Aggregate emoluments	**540**	522
Company pension contributions to money purchase scheme	**64**	67
Compensation for loss of office	**125**	-
	729	589

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 4 directors (2011 4) under money purchase arrangements

Highest paid director

	2012 £'000	2011 £'000
Aggregate emoluments	**331**	328
Company pension contributions to money purchase scheme	**37**	36
	368	364

5 Employee information

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

By activity	2012 Number	2011 Number
Administration	**62**	60
Course and grounds	**24**	21
	86	81

6 Interest payable and similar charges

	2012 £'000	2011 £'000
Interest payable on loans from group undertakings	**9,996**	10,562

Notes to the financial statements for the year ended 31 December 2012 (continued)

7 Tax on loss on ordinary activities

	2012	2011
	£'000	£'000
Current tax:		
UK corporation tax on loss for the year	-	-
Total current tax charge for the financial year	-	-
Deferred tax:		
Total deferred tax charge	-	-
Tax charge on loss on ordinary activities	-	-

The tax assessed for the year is higher (2011 higher) than the standard effective rate of corporation tax in the United Kingdom for the year ended 31 December 2012 of 24 5% (2011 26 5%) The differences are explained below

	2012	2011
	£'000	£'000
Loss on ordinary activities before tax	(11,267)	(11,213)
Loss on ordinary activities multiplied by the standard rate of tax in the UK 24 5% (2011 26 5%)	(2,760)	(2,971)
Effects of		
Expenses not deductible for tax purposes	716	783
Accelerated capital allowances	1,059	1,067
Pension contribution relief in excess of pension charge	(31)	-
Other timing differences	41	44
Group relief surrendered for which no consideration has been received	975	1,077
Current tax charge for the financial year	-	-

Factors affecting current and future tax charges:

The UK corporation tax rate changed from 26% to 24% with effect from 1 April 2012 Accordingly, the company's profits for this accounting period are taxed at a blended rate of 24 5%

Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012 and substantively enacted on 3 July 2012 and so the relevant deferred tax balances have been re-measured at 23% for the current year end

Further reductions to the main rate were announced in the Autumn Statement 2012 (reducing the rate to 21% from 1 April 2014) and Budget 2013 (reducing the rate to 20% from 1 April 2015) Neither change had been substantively enacted at the balance sheet date, therefore they are not included in these financial statements If the further reduction to 20% is substantively enacted the effect would be to reduce the unrecognised deferred tax asset by £548,000

Notes to the financial statements for the year ended 31 December 2012 (continued)

7 Tax on loss on ordinary activities (continued)

In 2012, as in 2011, 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 Improvements £'000	Machinery and equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost						
1 January 2012	135,521	21,014	72,119	13,391	55	242,100
Additions	-	1,096	802	416	27	2,341
Disposals	-	-	(16)	-	(5)	(21)
31 December 2012	**135,521**	**22,110**	**72,905**	**13,807**	**77**	**244,420**
Accumulated depreciation						
1 January 2012	44,734	8,355	26,991	7,235	27	87,342
Charge for the year	7,895	1,153	5,003	1,083	15	15,149
Disposals	-	-	(16)	-	(4)	(20)
31 December 2012	**52,629**	**9,508**	**31,978**	**8,318**	**38**	**102,471**
Net book amount						
31 December 2012	**82,892**	**12,602**	**40,927**	**5,489**	**39**	**141,949**
31 December 2011	90,787	12,659	45,128	6,156	28	154,758

Notes to the financial statements for the year ended 31 December 2012 (continued)

9 Investments

Interests in Associate	**2012**	2011
	£'000	£'000
Shares in associate	**-**	-
Loans to associate		
1 January	**439**	-
Advances in the year	**567**	439
31 December	**1,006**	439
Less provisions for impairment	**(764)**	(439)
Loans to associate net of impairment	**242**	-
Net investment in associate	**242**	-

Ascot Racecourse Limited is a 28 2% shareholder in British Champions' Series Ltd (BCS) – an initiative by racing and a number of racecourses to create an attractive narrative for the elite UK flat races and to promote and run British Champions Day (BCD) as a finale to the flat racing season held at Ascot in October The company's investment in shares in BCS is held at cost (£282)

Ascot Racecourse Limited, along with the other BCS shareholders, is providing significant debt funding to finance the operations of BCS (including the BCD prize fund) over its start-up phase aimed at establishing BCS and BCD as an essential part of the racing calendar These loans are unsecured and repayable out of BCS surplus funds

Ascot Racecourse Limited is committed, under the BCS Shareholders' Agreement, to lend up to a further £326,000 to BCS in 2013 and subsequent years Repayments of these loans are expected to commence in 2016, in accordance with the BCS business plan BCS has secured a long term sponsor but, nevertheless, there remains some uncertainty over the achievement of the business plan Consequently, an impairment provision of £764,000 (2011 £439,000) has been recognised against the total advance

10 Stock

	2012	2011
	£'000	£'000
Bloodstock	**353**	261

11 Debtors

	2012	2011
	£'000	£'000
Amounts falling due within one year		
Trade debtors	**4,041**	3,981
Prepayments and accrued income	**1,448**	1,002
	5,489	4,983

Notes to the financial statements for the year ended 31 December 2012 (continued)

12 Creditors – Amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	**749**	1,451
Other taxation and social security	**1,246**	1,076
Accruals and deferred income	**13,290**	12,382
	15,285	14,909

13 Creditors – Amounts falling due after one year

	2012 £'000	2011 £'000
Amounts due to group undertakings	**168,243**	166,680
Deferred income	**1,500**	2,028
	169,743	168,708

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 £500,000 within 1-2 years, £1,000,000 within 2-5 years (2011 £528k due within 1-2 years, £1,500,000 within 2-5 years)

14 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	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Excess of capital allowances over depreciation	-	-	**(3,846)**	(3,080)
Other timing differences	**443**	523	-	-
Losses	**(443)**	(523)	**(355)**	(344)
Deferred tax excluding that relating to pension schemes	-	-	**(4,201)**	(3,424)

Notes to the financial statements for the year ended 31 December 2012 (continued)

14 Provisions for liabilities (continued)

Deferred taxation (continued)

The directors anticipate 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 2012

Deferred tax balances are measured at 23% (2011 25%) to reflect changes in tax rates substantially enacted at the balance sheet date

15 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
1 January 2012	39,965	(23,807)	16,158
Credited to the profit and loss account	-	(1,695)	(1,695)
31 December 2012	**39,965**	**(25,502)**	**14,463**

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 2012 the amount repayable in such circumstances was £2,227,000 (2011 £2,896,000)

16 Called up equity share capital

	2012 £'000	2011 £'000
Allotted, issued and fully paid		
100,000 ordinary shares of £1 each (2011 100,000 ordinary shares)	**100**	100

Notes to the financial statements for the year ended 31 December 2012 (continued)

17 Reserves

	Share premium account £'000	Profit and loss account £'000
1 January 2012	1,340	(40,240)
Loss for the financial year	-	(11,267)
Actuarial losses on pension scheme	-	(125)
31 December 2012	**1,340**	**(51,632)**

18 Reconciliation of movements in equity shareholders' deficit

	2012	2011
	£'000	£'000
Loss for the financial year	**(11,267)**	(11,213)
Actuarial losses on pension schemes	**(125)**	-
Net increase in shareholders' deficit	**(11,392)**	(11,213)
Opening shareholders' deficit	**(38,800)**	(27,587)
Closing shareholders' deficit	**(50,192)**	(38,800)

19 Financial commitments

At 31 December 2012 the company has annual commitments under non-cancellable operating leases of assets expiring as follows

	Land & buildings		**Other**	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Within one year	-	-	-	-
Within two to five years	-	-	**34**	34
More than five years	**1,100**	1,100	-	-
	1,100	1,100	**34**	34

Notes to the financial statements for the year ended 31 December 2012 (continued)

20 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 £192,000 (2011 £192,000) Amounts accrued but not yet paid by the year end were £nil (2011 £4,000)

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 results for a full actuarial valuation as at 31 March 2012 have been prepared and updated to 31 December 2012 by Punter Southall, independent consulting actuaries

The company made £125,000 deficit reduction contributions in the year (2011 none) Future contributions to the scheme will be made in line with the scheme's schedule of contributions
The assumptions used to value the scheme for accounting purposes are different from those that would be used to value the schemes on a funding basis The scheme shows a surplus on an accounting basis, whereas it shows a deficit on a funding 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, 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 an unrecognised 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 2011 the expected return on assets of the scheme was restricted in a similar way

The major assumptions used by the actuary were

	2012	2011
	%	%
Rate of increase in pensions in payment	**3.0**	3 0
Discount rate	**4.7**	5 05
Rate of inflation	**2.6**	3 35
Average life expectancy of a 65 year old male (in years)	**23.9 yrs**	23 9 yrs

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 2012 (continued)

20 Pension commitments (continued)

The assets ın the scheme and the expected rates of return were

	Long term rate of return expected at 31 December 2012	**Value at 31 December 2012**	Long term rate of return expected at 31 December 2011	Value at 31 December 2011
	%	**£'000**	%	£'000
Bonds	**4.10**	**3,359**	4 65	3,079
Cash	**0.50**	**6**	0 50	3
Total market value of assets		**3,365**		3,082
Present value of funded scheme's lıabılıtıes		**(2,584)**		(2,673)
Surplus ın scheme		**781**		409
Unrecognısed surplus		**(781)**		(409)
Net pension asset recognised before and after tax		**-**		-

The pensıon scheme does not hold any ordınary shares ıssued or property occupıed by the company

Reconcılıation of present value of the scheme liabilities

	2012	2011
	£'000	£'000
1 January	**2,673**	2,330
Interest cost	**129**	128
Actuarıal loss	**18**	215
Settlements	**(236)**	-
31 December	**2,584**	2,673

Reconciliatıon of fair value of the scheme assets

	2012	2011
	£'000	£'000
1 January	**3,082**	2,807
Expected return on scheme assets	**139**	153
Actuarıal gaın	**306**	122
Settlements	**(287)**	-
Contrıbutıons paıd by employer	**125**	-
31 December	**3,365**	3,082

The actual return on scheme assets over the year was £445,000 (2011 £275,000)

Notes to the financial statements for the year ended 31 December 2012 (continued)

20 Pension commitments (continued)

Analysis of the amount charged to operating profit

	2012 £'000	2011 £'000
Settlements	**51**	-
Distributions of unrecognised surplus	**(51)**	-
Total operating charge	-	-

Analysis of the amount credited to other finance income

	2012 £'000	2011 £'000
Expected return on pension scheme's assets (restricted)	**129**	128
Interest on pension scheme's liabilities	**(129)**	(128)
Net interest income	-	-

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

	2012 £'000	2011 £'000
Actuarial gains/(losses)	**288**	(93)
Unrecognised surplus applied to settlements (67(b) of FRS 17)	**(51)**	-
Restriction of expected return on assets (67(c) of FRS 17)	**10**	25
Change in unrecognised surplus	**(372)**	68
Actuarial loss recognised in the STRGL	**(125)**	-

Actuarial gains and losses

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £1,497,000 (2011 £1,372,000)

Amounts for current and previous four years

	2012 £'000	2011 £'000	2009 £'000	2008 £'000	2007 £'000
Defined benefit obligation	**(2,584)**	(2,673)	(2,330)	(2,667)	(2,214)
Fair value of plan assets	**3,365**	3,082	2,807	3,210	2,711
Surplus in the scheme	**781**	409	477	543	497
Experience adjustments on plan assets	**306**	122	141	217	(374)
Experience adjustments on plan liabilities	**(97)**	(7)	(250)	56	103
Changes in assumptions underlying the present value of plan liabilities	**79**	(208)	(142)	(312)	221
Actuarial losses	**288**	(93)	(251)	(39)	(50)
(Increase)/decrease in unrecognised surplus	**(372)**	68	(30)	(85)	(20)
Effect of Paragraph 67 of FRS 17	**(41)**	25	29	13	22
Total amount recognised in the statement of total recognised gains and losses	**(125)**	-	(252)	(111)	(48)

Notes to the financial statements for the year ended 31 December 2012 (continued)

20 Pension commitments (continued)

Actuarial valuation

The full actuarial valuation on a funding basis as at 31 March 2012 showed a deficit of £427,000 (31 March 2009 deficit of £885,000) Contributions into the pension scheme of £445,000 have been agreed with the pension fund trustees (the scheme's Schedule of Contributions) Providing the assumptions underlying the funding valuation are borne out in practice then the deficit on a funding basis should be eliminated by 1 March 2014

21 Related party transactions

In addition to the loan advanced to its associate British Champions Series Limited, disclosed in note 9, net income payable by Ascot Racecourse Limited to British Champions Series Limited relating to its hosting of British Champions Day was £218,000 (2011 £69,000 receivable) At 31 December 2012, the outstanding balance payable by Ascot Racecourse Limited to British Champions Series Limited was £65,000 (2011 £19,000)

Ascot Racecourse Limited purchases racecards from, and sells sponsorship and hospitality packages to, Weatherbys Limited, a company which shares a director (J R Weatherby) with Ascot Authority (Holdings) Limited, the parent company of Ascot Racecourse Limited Net amounts payable to Weatherbys Limited were £147,000 (2011 £149,000) and at 31 December 2012 the outstanding balance payable by Ascot Racecourse Limited to Weatherbys Limited was £14,000 (2011 £21,000)

22 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