Registered no: 04320977

Ascot Racecourse Limited
Annual report and financial statements
for the year ended 31 December 2009

Ascot Racecourse Limited

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Directors' report for the year ended 31 December 2009

The directors present their report and the audited financial statements of the company for the year ended 31 December 2009

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 was 5% down on 2008 at £42,077,000 (2008 £44,184,000), due to a depressed hospitality market, public ticket income was flat with 2008 There were 23 racedays in 2009 (2008 25 racedays), fewer than in 2008 as our two December racedays were cancelled due to snow Attendances were 3% down on 2008 at 537,174 (2008 551,164 for 23 equivalent racedays)

Gross profit at £19,590,000 (2008 £20,297,000) was 4% down on 2008, reflecting reduced turnover mitigated by savings on raceday costs The gross profit percentage increased by 0 7 percentage points to 46 6% (2008 45 9%)

Depreciation (net of amortisation of capital grants) of £13,706,000 (2008 £13,511,000) and interest charges of £9,851,000 (2007 £10,887,000) are the two principal items that lead the company to report a loss on ordinary activities before taxation of £9,614,000 (2008 loss of £10,951,000)

Turnover, costs and profit/loss are the financial key performance indicators (KPI's) 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, as disclosed above, is the key non-financial KPI 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 and environmental matters that may affect the attractiveness or amount of racing at Ascot and ultimately the level of income generated and costs and finances of the business are actively managed accordingly The directors regularly review these risks and take appropriate mitigating actions

Results and dividends

The loss for the financial year after tax is £9,634,000 (2008 loss £10,775,000)

The directors do not recommend the payment of a dividend for the year ended 31 December 2009 (2008 £nil)

Directors

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

C H Barnett
J S Walker
R J Wilkie (resigned 22 September 2009)

Directors' indemnities

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

Directors' report for the year ended 31 December 2009 (continued)

Charitable and political donations

During the year the company donated the sum of £22,404 (2008 £35,604) to local and racing related United Kingdom charitable organisations No payments were made for political purposes (2008 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, 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 Directors' 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) 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 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

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
7th April 2010

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 2009 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 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
13 April 2010

Profit and loss account for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Turnover	2	**42,077**	44,184
Cost of sales		**(22,487)**	(23,887)
Gross profit		**19,590**	20,297
Administrative expenses		**(19,482)**	(20,449)
Other operating income	3	**78**	65
Operating profit /(loss)	3	**186**	(87)
Interest receivable and similar income		**39**	11
Interest payable and similar charges	6	**(9,851)**	(10,887)
Other finance income	19	**12**	12
Loss on ordinary activities before taxation		**(9,614)**	(10,951)
Tax on loss on ordinary activities	7	**(20)**	176
Loss for the financial year	16, 17	**(9,634)**	(10,775)

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 2009

	Note	2009 £'000	2008 £'000
Loss for the financial year		**(9,634)**	(10,775)
Actuarial losses on pension schemes	19	**(111)**	(48)
Movement on deferred tax relating to pension schemes	13	**31**	13
Total recognised loss since last annual report		**(9,714)**	(10,810)

Balance sheet as at 31 December 2009

	Note	2009		2008	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	8		182,317		195,895
Current assets					
Stock	9	315		348	
Debtors	10	4,141		4,184	
Cash at bank and in hand		2,058		1,574	
			6,514		6,106
Creditors - Amounts falling due within one year	11		(15,985)		(17,605)
Net current liabilities			(9,471)		(11,499)
Total assets less current liabilities			172,846		184,396
Creditors – Amounts falling due after more than one year	12		(172,749)		(175,688)
Deferred capital grants and contributions	14		(15,951)		(14,876)
Net liabilities excluding pension asset			(15,854)		(6,168)
Pension asset	19		69		97
Net liabilities including pension asset			(15,785)		(6,071)
Capital and reserves					
Called up share capital	15		100		100
Share premium account	16		1,340		1,340
Profit and loss account	16		(17,225)		(7,511)
Total equity shareholders' deficit	17		(15,785)		(6,071)

The financial statements on pages 4 to 21 were approved by the board of directors on 7th April 2010 and were signed on its behalf by

C H Barnett

C H Barnett
Director
Ascot Racecourse Ltd
Registered no 04320977

Notes to the financial statements for the year ended 31 December 2009

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 £15,785,000 (2008 £6,071,000), 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 is 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 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

Notes to the financial statements for the year ended 31 December 2009 (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 that, 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 2009 (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 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 2009 (continued)

3 Operating profit/(loss)

	2009 £'000	2008 £'000
Operating profit/(loss) is stated after charging/(crediting):		
Wages and salaries	**2,940**	2,750
Social security costs	**320**	285
Other pension costs (see note 19)	**272**	271
Staff costs	**3,532**	3,306
Depreciation of owned tangible fixed assets (see note 8)	**15,054**	14,641
Profit on disposal of fixed assets	**(1)**	-
Credit of HBLB and other grants (see note 14)	**(1,347)**	(1,130)
Depreciation net of amortisation of capital grants	**13,706**	13,511
Profit on disposal of tangible fixed assets		-
Operating lease charges		
– Plant and machinery	**136**	156
– Land and buildings	**1,100**	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	**27**	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 £78,000 (2008 £65,000)

Notes to the financial statements for the year ended 31 December 2009 (continued)

4 Directors' emoluments

	2009 £'000	2008 £'000
Aggregate emoluments	492	477
Company pension contributions to money purchase scheme	50	55
	542	532

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 (2008 one) director under a defined benefit scheme and two (2008 two) directors under a money purchase scheme

Highest paid director

	2009 £'000	2008 £'000
Aggregate emoluments	342	331
Company pension contributions to money purchase scheme	36	36
	378	367

5 Employee information

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

By activity	2009 Number	2008 Number
Administration	68	69
Course and grounds	14	14
	82	83

6 Interest payable and similar charges

	2009 £'000	2008 £'000
Interest payable on loans from group undertakings	9,550	10,887
Interest payable on advanced income	301	-
	9,851	10,887

Notes to the financial statements for the year ended 31 December 2009 (continued)

7 Tax on loss on ordinary activities

	2009	2008
	£'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	-	(351)
Adjustment in respect of previous periods	-	165
Deferred tax excluding that relating to pension schemes (note 13)	-	(186)
Pension contribution relief in excess of pension charge (note 13)	20	10
Total deferred tax charge/(credit)	20	(176)
Tax charge/(credit) on loss on ordinary activities	20	(176)

The tax assessed for the year is higher (2008 higher) than the standard effective rate of corporation tax in the United Kingdom for the year ended 31 December 2009 of 28% (2008 28 5%) The differences are explained below

	2009	2008
	£'000	£'000
Loss on ordinary activities before tax	(9,614)	(10,951)
Loss on ordinary activities multiplied by the standard rate of tax in the UK 28% (2008 28 5%)	(2,692)	(3,121)
Effects of		
Expenses not deductible for tax purposes	944	987
Accelerated capital allowances	1,141	1,380
Pension contribution relief in excess of pension charge	(20)	(10)
Other timing differences	47	(17)
Group relief surrendered for which no consideration has been received	580	781
Current tax charge for the financial year	-	-

Current year deferred tax asset unprovided comprises

	2009	2008
	£'000	£'000
Excess of depreciation over capital allowances claimed	1,148	212
Losses	62	779
Total	1,210	991

Notes to the financial statements for the year ended 31 December 2009 (continued)

7 Tax on loss on ordinary activities (continued)

Factors affecting current and future tax charges:

The standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from 1 April 2008 Accordingly, the company's loss for this accounting period is taxed at an effective rate of 28%

In 2009, as in 2008, depreciation exceeds capital allowances on eligible fixed assets as the company intends not to claim capital allowances in full

8 Tangible fixed assets

	Lease Premium £'000	Leasehold Improve-ments £'000	Machinery and equipment £'000	Fixtures & office equipment £'000	Motor vehicles £'000	Total £'000
Cost						
1 January 2009	135,521	20,046	70,914	13,134	55	239,670
Additions	-	858	421	179	26	1,484
Disposals	-	(370)	(110)	(302)	(10)	(792)
At 31 December 2009	**135,521**	**20,534**	**71,225**	**13,011**	**71**	**240,362**
Accumulated depreciation						
At 1 January 2009	21,052	5,564	12,846	4,309	4	43,775
Charge for the year	7,894	1,208	4,772	1,161	19	15,054
Disposals	-	(370)	(110)	(302)	(2)	(784)
At 31 December 2009	**28,946**	**6,402**	**17,508**	**5,168**	**21**	**58,045**
Net book amount						
At 31 December 2009	**106,575**	**14,132**	**53,717**	**7,843**	**50**	**182,317**
At 31 December 2008	**114,469**	**14,482**	**58,068**	**8,825**	**51**	**195,895**

Assets purchased under hire purchase agreements are included in the above at cost of £140,000 (2008 £140,000) and net book amount of £97,000 (2008 £111,000)

9 Stock

	2009	2008
	£'000	£'000
Bloodstock	**315**	348

Notes to the financial statements for the year ended 31 December 2009 (continued)

10 Debtors

	2009 £'000	2008 £'000
Trade debtors	2,940	3,226
Other debtors	120	-
Prepayments and accrued income	1,081	958
	4,141	4,184

11 Creditors – Amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	501	706
Hire purchase	-	32
Other taxation and social security	1,110	1,329
Other creditors	15	22
Accruals and deferred income	14,359	15,516
	15,985	17,605

12 Creditors – Amounts falling due after one year

	2009 £'000	2008 £'000
Amounts due to group undertakings	169,625	171,287
Deferred income	3,124	4,401
	172,749	175,688

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

Notes to the financial statements for the year ended 31 December 2009 (continued)

13 Provisions for liabilities

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)	
	2009 £'000	2008 £'000	**2009 £'000**	2008 £'000
Excess of capital allowances over depreciation	**-**	-	**(1,360)**	(212)
Other timing differences	**680**	741	**-**	-
Losses	**(680)**	(741)	**(841)**	(779)
Deferred tax excluding that relating to pension surplus/(deficit)	**-**	-	**(2,201)**	(991)

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 2009

Deferred tax liability relating to pension asset

	2009 £'000	2008 £'000
At 1 January	**(38)**	(41)
Deferred tax charged to the profit and loss account	**(20)**	(10)
Deferred tax credited to the statement of recognised gains and losses	**31**	13
At 31 December	**(27)**	(38)

The deferred tax liability of £27,000 (2008 £38,000) 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 changed from 30% to 28% from 1 April 2008 Deferred tax balances are measured at 28%

Notes to the financial statements for the year ended 31 December 2009 (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 2009	34,118	(19,242)	14,876
Received during the year	422	-	422
Loan converted into capital grant	2,000	-	2,000
Credited to the profit and loss account	-	(1,347)	(1,347)
Balance at 31 December 2009	**36,540**	**(20,589)**	**15,951**

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 £863,000 (2008 £1,207,000) 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 2008 the amount repayable in such circumstances was £4,216,000 (2008 £4,864,000)

15 Called up equity share capital

	2009 £'000	2008 £'000
Authorised		
100,000 ordinary shares of £1 each (2008 100,000 ordinary shares)	**100**	100
Allotted, issued and fully paid		
100,000 ordinary shares of £1 each (2008 100,000 ordinary shares)	**100**	100

Notes to the financial statements for the year ended 31 December 2009 (continued)

16 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2009	1,340	(7,511)
Loss for the financial year	-	(9,634)
Actuarial losses on the pension schemes	-	(111)
Movement on deferred tax relating to pension schemes	-	31
At 31 December 2009	**1,340**	**(17,225)**
Pension asset		69
Profit and loss reserve excluding pension asset		(17,294)

17 Reconciliation of movements in equity shareholders' funds

	2009 £'000	2008 £'000
Loss for the financial year	(9,634)	(10,775)
Actuarial losses on pension schemes	(111)	(48)
Movement on deferred tax relating to pension schemes	31	13
Net reduction to equity shareholders' funds	(9,714)	(10,810)
Opening equity shareholders' funds	(6,071)	4,739
Closing equity shareholders' funds	(15,785)	(6,071)

18 Financial commitments

At 31 December 2009 the company has annual commitments under non-cancellable operating leases of assets expiring as follows

	Land & buildings		Other	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Within one year	-	-	64	12
Within two to five years	-	-	48	93
More than five years	1,100	1,100	-	-
	1,100	1,100	112	105

Notes to the financial statements for the year ended 31 December 2009 (continued)

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 £198,000 (2008 £192,000) Outstanding contributions at the balance sheet date were £nil (2008 £24,000)

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 updated to 31 December 2009 by Punter Southall, independent consulting actuaries In addition to this scheme there is one executive who accrued a defined benefit pension in 2009

The total contributions made by the company in the accounting period were £134,000 (2008 £113,000) In previous years the company 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 the scheme's Schedule of Contributions Contributions are paid to an individual fund in respect of the executive 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 scheme 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 FRS17 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 2009, the difference between these rates was high This places a lower cost on the expected obligation on the accounting basis than the funding basis This year, as per last year, the relative strength of the bases has lead 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 All of the surplus in relation to the executive arrangement is recoverable

Paragraph 67 of FRS17 sets out how the performance statements need to be adjusted where there is irrecoverable surplus A settlement loss of £8,000 has been extinguished under paragraph 67(b) 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 only applies to the figures shown in the performance statement, and not to that shown in the reconciliation of the opening and closing value of the scheme assets In 2008 the expected return on assets of the scheme was restricted in a similar way In the executive arrangement, no such adjustments are needed, as all the surplus is recoverable

Notes to the financial statements for the year ended 31 December 2009 (continued)

19 Pension commitments (continued)

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

	2009 %	2008 %
Rate of increase of earnings cap	3 8	3 0
Rate of increase in pensions in payment	3.0/3.8	3 0/3 0
Discount rate	5.8	6 1
Rate of inflation	3.8	3 0
Average life expectancy at age 65 for current and future pensioner	23 8 years	23 0 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

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 2009 %	Value at 31 December 2009 £'000	Long term rate of return expected at 31 December 2008 %	Value at 31 December 2008 £'000
Equities	7 5	226	6 8	124
Bonds	5.8	2,828	6 2	2,435
Cash	0 5	35	2 0	76
Other	7.5	121	6 8	76
Total market value of assets		3,210		2,711
Present value of funded schemes' liabilities		(2,667)		(2,214)
Surplus in schemes		543		497
Unrecognised surplus		(447)		(362)
Net pension asset recognised before tax		96		135
Related deferred tax liability		(27)		(38)
Net pension asset		69		97

Notes to the financial statements for the year ended 31 December 2009 (continued)

19 Pension commitments (continued)

Reconciliation of present value of the schemes' liabilities

	2009 £'000	2008 £'000
1 January	**2,214**	2,323
Current service cost	**74**	79
Interest cost	**137**	137
Actuarial loss/(gain)	**256**	(324)
Benefits paid	**-**	(1)
Settlements	**(14)**	-
31 December	**2,667**	2,214

Reconciliation of fair value of the schemes' assets

	2009 £'000	2008 £'000
1 January	**2,711**	2,802
Expected return on schemes' assets	**170**	171
Actuarial gain/(loss)	**217**	(374)
Benefits paid	**-**	(1)
Contributions paid by employer	**134**	113
Settlements	**(22)**	-
31 December	**3,210**	2,711

The actual return on schemes' assets over the period was £387,000 (2008 (£203,000))

Analysis of the amount charged to operating loss

	2009 £'000	2008 £'000
Current service cost	**74**	79
Total operating charge	**74**	79

Analysis of the amount credited to other finance income

	2009 £'000	2008 £'000
Expected return on pension schemes' assets	**149**	149
Interest on pension schemes' liabilities	**(137)**	(137)
Net interest income/(charge)	**12**	12

Notes to the financial statements for the year ended 31 December 2009 (continued)

19 Pension commitments (continued)

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

	2009 £'000	2008 £'000
Actuarial losses	**(39)**	(50)
Change in unrecognised surplus	**(85)**	(20)
Effect of paragraph 67 of FRS 17	**13**	22
Actuarial loss recognised in the STRGL	**(111)**	(48)

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £1,120,000 (2008 £1,009,000)

Amounts for current and previous four years

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Defined benefit obligation	**(2,667)**	(2,214)	(2,323)	(3,666)	(4,313)
Fair value of schemes' assets	**3,210**	2,711	2,802	2,677	3,079
Surplus/(deficit) in the schemes	**543**	497	479	(989)	(1,234)
Gain/(loss) on defined benefit obligation due to membership experience being different to that expected	**56**	103	14	(52)	(57)
Gain/(loss) as a percentage of defined benefit obligation	**2%**	5%	1%	(1%)	(1%)
(Loss)/gain on defined benefit obligation due to change of assumptions used to value the schemes' benefits	**(312)**	221	361	32	(532)
(Loss)/gain as a percentage of defined benefit obligation	**(12%)**	10%	16%	1%	(12%)
Total (loss)/gain on defined benefit obligation due to experience	**(256)**	324	375	(20)	(589)
(Loss)/gain as a percentage of defined benefit obligation	**(10%)**	15%	16%	(1%)	(14%)
Gain/(loss) on scheme assets due to actual return over period being different to that expected	**217**	(374)	(135)	(168)	175
Gain/(loss) as a percentage of scheme assets	**7%**	(14%)	(5%)	(6%)	6%
Total amount recognised in the statement of total recognised gains and losses	**(111)**	(48)	(102)	(188)	(414)
Percentage of the defined benefit obligation	**(4%)**	(2%)	(4%)	(5%)	(10%)

Notes to the financial statements for the year ended 31 December 2009 (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