Registered no: 04320977

Ascot Racecourse Limited
Annual report and financial statements for the year ended 31 December 2016

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Strategic report for the year ended 31 December 2016

The directors present their strategic report on the company for the year ended 31 December 2016.

Principal activities

Ascot Racecourse Limited (the "company") is the principal operating company of the Ascot Authority (Holdings) Limited group (AAHL), 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.

Review of the business

The AAHL group monitors performance as a whole and a complete review of the business and future prospects of the company is included in the Directors' Report of the ultimate parent company's financial statements, Ascot Authority (Holdings) Limited, company registered no: 04274507.

The directors are satisfied with the performance of the company during the year. Turnover was up 7% at £80.1m (2015: £75.1m). Operating profit was up 5% to £4.0m (2015: £3.8m). Attendances were 1% down on 2015 at 620,995 (2015: 626,691). 13 of the 35 UK (2015: 13 of 35) Group One Flat races are held at Ascot over 18 racedays between April and October, including four (2015: four) on British Champions Day, hosted on behalf of British Champions Series Ltd. Eight Jump racedays complete the programme during the rest of the year. Ascot's facilities are host to a number of non-raceday events, including conferences, meetings, weddings, dinners and exhibitions. Jointly with third parties, the company also arranges non-racing events such as the Red Bull Air Race and Luna Cinema.

Position of the business

The company's loss for the financial year was £5.9m (2015: £2.2m loss). The financial statements have been prepared on the going concern basis, notwithstanding total net liabilities of £72,405,000 (2015: £66,527,000), which the directors believe to be appropriate as explained in the Directors' Report.

Key Performance Indicators (KPIs)

Turnover and profit/loss are the financial key performance indicators used by the directors to monitor the performance of the business. Quality of racing and attendance are the key non-financial indicators used by management. Performance on these KPIs is described in the review of business above.

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, all horse waste is composted and reused on site and we do not use mains water to irrigate the course. The company recycles as much of its waste as possible, including glass, wood, carpet, food and paper. In 2016, 70% (2015: 70%) by volume of all annual waste is recycled.

Principal risks and uncertainties

The principal risks and uncertainties facing the company are:

(i) Economic factors and social trends 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.
(ii) Abandonment of Royal Ascot. Partial insurance is taken out, appropriate to the level of risk.

The directors regularly review these risks and take mitigating actions when appropriate.

On behalf of the Board

G Henderson
Director

24/5/2017
Date

Directors' report for the year ended 31 December 2016

The directors present their report and the audited financial statements of the company for the year ended 31 December 2016.

Position of the business

The financial statements have been prepared on the going concern basis, notwithstanding total net liabilities of £72,405,000 (2015: £66,527,000), 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 company. 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.

Future developments

The company anticipates a similar level of business and profitability in 2017 to 2016.

Results and dividends

The loss for the financial year is £5.9m (2015: loss £2.2m).

The directors do not recommend the payment of a dividend for the year ended 31 December 2016 (2015: £nil).

Directors

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

G Henderson
A J M Warwick
J M Slot
I D McGregor
N K Smith (appointed 13 January 2016)
J R Parker (appointed 7 September 2016)

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity provided by Ascot Authority (Holdings) Limited for directors and officers of group companies which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Financial risk management

The company has interest bearing liabilities principally to its ultimate parent 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 regulation.

Directors' report for the year ended 31 December 2016 (continued)

Statement of directors' responsibilities (continued)

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

On behalf of the Board

G Henderson
Director

24/5/2017

Date

Independent auditors' report to the members of Ascot Racecourse Limited

Report on the financial statements

Our opinion

In our opinion, Ascot Racecourse Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of the company's 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.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 December 2016;
- the Profit and loss account for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report for the year ended 31 December 2016 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report for the year ended 31 December 2016 have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Ascot Racecourse Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 2 and 3, 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) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.

Sam Taylor (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

25 May 2017.
Date

Profit and loss account for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Turnover	5	**80,081**	75,068
Cost of sales		**(47,656)**	(44,488)
Gross profit		**32,425**	30,580
Administrative expenses		**(28,557)**	(26,881)
Other operating income		**87**	83
Operating profit	6	**3,955**	3,782
Interest receivable and similar income		**19**	3
Interest payable and similar expenses	8	**(8,402)**	(8,913)
Loss before taxation		**(4,428)**	(5,128)
Tax on loss	9	**(1,450)**	2,894
Loss for the financial year		**(5,878)**	(2,234)

All results derive from continuing operations.

Balance sheet as at 31 December 2016

	Note	2016		2015	
		£'000	**£'000**	£'000	£'000
Fixed assets					
Intangible assets	10		**457**		542
Tangible assets	11		**98,414**		109,621
Investments	12		**396**		568
			99,267		110,731
Current assets					
Stock	13	**332**		333	
Debtors	14	**13,924**		13,442	
Cash at bank and in hand		**1,740**		2,320	
			15,996		16,095
Creditors: Amounts falling due within one year	15		**(24,439)**		(22,644)
Net current liabilities			**(8,443)**		(6,549)
Total assets less current liabilities			**90,825**		104,182
Creditors: Amounts falling due after more than one year	16		**(154,642)**		(161,330)
Deferred credits	18		**(8,588)**		(9,379)
Net liabilities			**(72,405)**		(66,527)
Capital and reserves					
Called up share capital	19		**100**		100
Share premium account	20		**1,340**		1,340
Profit and loss account	20		**(73,845)**		(67,967)
Total shareholders' deficit			**(72,405)**		(66,527)

The notes on pages 9 to 24 are an integral part of these financial statements.

The financial statements on pages 6 to 24 were approved by the board of directors and were signed on its behalf by:

G Henderson
Director
Ascot Racecourse Limited
Ascot Racecourse
Ascot
Berkshire SL5 7JX

Registered no: 04320977

24/5/2017
Date

Statement of changes in equity for the year ended 31 December 2016

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' deficit £'000
1 January 2015	100	1,340	(65,733)	**(64,293)**
Loss for the financial year	-	-	(2,234)	(2,234)
31 December 2015	**100**	**1,340**	**(67,967)**	**(66,527)**
Loss for the financial year	-	-	(5,878)	(5,878)
31 December 2016	**100**	**1,340**	**(73,845)**	**(72,405)**

Notes to the financial statements for the year ended 31 December 2016

1 General Information

Ascot Racecourse Limited ('the company') is a private company limited by shares and is incorporated in England. The address of its registered office is Ascot Racecourse, Ascot, Berkshire SL5 7JX and the financial statements are available at this address.

2 Statement of Compliance

The financial statements of Ascot Racecourse Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

(a) Basis of Preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

(b) Going concern

The financial statements have been prepared on the going concern basis, notwithstanding total net liabilities of £72,405,000 (2015: £66,527,000), 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 company. 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. The company therefore continues to adopt the going concern basis in preparing its financial statements.

(c) Exemptions for qualifying entities under FRS 102

As permitted by FRS 102 paragraphs 1.11 and 1.12, having previously obtained shareholder approval to do so, the company has made use of the exemptions from:

(i) preparing a statement of cash flows, on the basis that it is a qualifying entity;
(ii) disclosing the company's key management personnel compensation, as required by FRS 102 paragraph 33.7.
(iii) the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;

3 Summary of significant accounting policies (continued)

(d) Consolidated financial statements

The company is a wholly owned subsidiary of Ascot Authority (Holdings) Limited. It is included in the consolidated financial statements of Ascot Authority (Holdings) Limited which are publicly available. These financial statements are the company's separate financial statements.

(e) Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes, from 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 are spread over the term to which they relate. Differences between cash received and income recognised are included within deferred income or accrued income as appropriate.

The company's turnover includes all sales of catering made directly by the company (fine dining and box catering) and by Sodexo, the main catering agent (retail food and drink) together with commission received from other third party caterers.

Turnover includes Horserace Betting Levy Board revenue grants – see paragraph (j).

The company's turnover includes a proportionate share of sales in respect of jointly operated events, such as the Red Bull Air Race.

(f) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Software	3 to 5 years
Website development	3 to 5 years

If there is an indication that the residual value or useful life of an intangible asset has changed, the amortisation of that asset is revised prospectively to reflect the new expectations.

(g) Tangible fixed assets and depreciation

Tangible fixed assets are stated at the cost of purchase or construction less accumulated depreciation and impairment losses. Borrowing costs are not capitalised within the value of fixed assets.

Notes to the financial statements for the year ended 31 December 2016 (continued)

3 Summary of significant accounting policies (continued)

(g) Tangible fixed assets and depreciation (continued)

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned (or the length of the site lease where shorter), as follows:

Land and buildings (leasehold improvements)	Lease term (7.5 years to June 2023)
Plant, machinery, fixtures and fittings	5 to 20 years, restricted to the lease term where appropriate

Assets in course of construction are stated at cost. These assets are not depreciated until they are available for use. No depreciation is charged on freehold land.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

(h) Impairment of assets

At each reporting date non-financial assets, such as intangible and tangible fixed assets, are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in the profit or loss account.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate, but not in excess of the amount that would have been determined (net of depreciation and amortisation) had no impairment loss been recognised. A reversal of an impairment loss is recognised in the profit and loss account.

(i) Stock

Stock, including bloodstock, is stated at the lower of cost and net realisable value.

(j) Deferred credits

The Horserace Betting Levy Board (HBLB) 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 to be used, at the HBLB's discretion, against expenditure on HBLB approved capital projects.

Grants taken as revenue grants are recognised within turnover when the race meeting to which they relate is held.

Grants waived in favour of capital credits are accounted for when drawn, using the accruals method, as a deferred credit that is released to the profit and loss account, 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.

(k) Leased assets

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term. The company has no finance leases or hire purchase agreements.

3 Summary of significant accounting policies (continued)

(l) Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year, reflected in either the profit and loss account or the statement of other comprehensive income depending on where the related item is recognised.

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the year or prior years using tax rates and laws that have been enacted or substantively enacted by the year end. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of the amounts expected to be paid to the tax authorities.

Deferred tax, which arises from timing differences between taxable profits and total comprehensive income as stated in the financial statements, is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Current or deferred tax assets and liabilities are not discounted.

(m) Employee benefits

The company provides a range of benefits to employees including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans. Short term benefits, including holiday pay and similar non-monetary benefits, are recognised as an expense in the year in which the service is rendered.

The company operates defined contribution pension plans for its employees, under which the company pays fixed contributions into a separate entity. Once contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. The assets of the plans are held separately from the company in independently administered personal pension funds.

The company also has a defined benefit plan which is closed to both new entrants and contributions. The liability of this plan is calculated as the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the same date, using the projected unit credit method. As required by FRS102, the present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that have terms approximating to the estimated year of future payments.

The company operates a number of annual bonus plans for employees and a long term incentive scheme in respect of some of the directors. An expense is recognised in the profit and loss account where the company has a legal or constructive obligation to make payments under the plans as a result of past events.

3 Summary of significant accounting policies (continued)

(n) Related party transactions

The company is exempt under the terms of FRS102 paragraph 33.1 from disclosing related party transactions with entities that are part of Ascot Authority (Holdings) Limited group.

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transaction on the company financial statements.

4 Significant judgements and accounting estimate

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Deferred tax (note 17) – At 31 December 2016 a net deferred tax asset of £1,444,000 in respect of timing differences is recognised (2015: £2,894,000), principally in respect of capital allowances not yet claimed in full. Deferred tax assets are recognised based upon future profit forecasts for the group.

(ii) Tangible fixed asset lives (note 11) – The carrying value of tangible fixed assets, £98,414,000 at 31 December 2016 (2015: £109,621,000), requires the directors to make an estimate of the assets' useful economic lives and undertake an annual review for impairment. The estimated lives applied are detailed in note 3(g).

5 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.

Revenue grants received from the Horserace Betting Levy Board (HBLB) and included within turnover were £2,225,000 (2015: £3,110,000). A capital grant of £696,000 (2015: £nil) was also received from the HBLB.

6 Operating profit

	2016 £'000	2015 £'000
Operating profit is stated after charging:		
Wages and salaries	**5,952**	4,973
Social security costs	**689**	589
Other pension costs (see note 22)	**315**	294
Long term employee benefits	**247**	242
Total staff costs	**7,203**	6,098
(Profit) on disposal of tangible assets	**-**	(14)
Depreciation and amortisation:		
Amortisation of intangible assets (note 10)	**209**	182
Depreciation of owned tangible assets (note 11)	**15,944**	15,942
Credit of HBLB and other grants (note 18)	**(1,487)**	(1,694)
Net depreciation and amortisation	**14,666**	14,430
Operating lease charges:		
Total operating lease charges – Land and buildings	**1,100**	1,100
Auditors' remuneration:		
Fees payable to the company's auditors for the audit of the company's financial statements	**51**	51
Fees payable to the company's auditors and its associates for other services		
- Tax advisory services	**6**	1
- Tax compliance services	**17**	19
- Other services	**10**	-
Total payable to the company's auditor and its associates	**84**	71

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 rental and similar income of £87,000 (2015: £83,000).

7 Employees and directors

Employees

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

	2016 Number	2015 Number
Administration	**112**	89
Course and grounds and maintenance	**24**	30
	136	119

Directors

The directors' emoluments were as follows:

	2016 £'000	2015 £'000
Aggregate emoluments	**1,347**	1,141
Company pension contributions to money purchase scheme	**62**	53
Aggregate amounts receivable under long-term incentive schemes	**247**	242
Compensation for loss of office	**-**	30
	1,656	1,466

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 five directors (2015: four) under money purchase arrangements.

Three directors are accruing benefits under a long-term incentive scheme (2015: three).

Highest paid director

	2016 £'000	2015 £'000
Aggregate emoluments	**456**	447
Aggregate amounts receivable under long-term incentive schemes	**90**	88
	546	535

Post-employment benefits of £nil (2015: £nil) were accrued by the highest paid director under money purchase or defined benefit pension arrangements.

Notes to the financial statements for the year ended 31 December 2016 (continued)

8 Interest payable and similar expenses

	2016	2015
	£'000	£'000
Interest payable on loans from group undertakings	**8,402**	8,913

9 Tax on loss

a) Tax included in the profit and loss account:	**2016**	2015
	£'000	£'000
Total current tax: UK corporation tax on loss for the year	**-**	-
Deferred tax: Asset recognised	**-**	(3,847)
Origination and reversal of timing differences	**699**	(251)
Loss relief not accrued	**590**	819
Change in tax rates	**161**	385
Total deferred tax	**1,450**	(2,894)
Tax charge/(credit) on loss	**1,450**	(2,894)

b) Reconciliation of tax charge

The tax assessed for the year is higher (2015: lower) than the standard effective rate of corporation tax in the United Kingdom for the year ended 31 December 2016 of 20% (2015: 20.25%). The differences are explained below:

	2016	2015
	£'000	£'000
Loss before taxation	**(4,428)**	(5,128)
Loss multiplied by the standard rate of tax in the UK of 20% (2015: 20.25%)	**(886)**	(1,038)
Effects of:		
Deferred tax asset recognised	**-**	(3,847)
Expenses not deductible for tax purposes	**913**	780
Loss relief not accrued	**590**	-
Adjustments in respect of prior years	**(58)**	7
Re-measurement of deferred tax – change in UK tax rate	**161**	385
Group relief surrendered for no consideration	**730**	819
Total tax charge/(credit) for the financial year	**1,450**	(2,894)

Tax rate changes

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the financial statements for the year ended 31 December 2016 (continued)

10 Intangible assets

	Software £'000	Website development £'000	Total £'000
Cost			
At 1 January 2016	432	413	845
Additions in the year	71	53	124
At 31 December 2016	**503**	**466**	**969**
Accumulated amortisation			
At 1 January 2016	153	150	303
Charge for the year	129	80	209
At 31 December 2016	**282**	**230**	**512**
Net book amount			
At 31 December 2016	**221**	**236**	**457**
At 31 December 2015	279	263	542

Amortisation of intangible fixed assets is included in administrative expenses.

11 Tangible assets

Company	Land and buildings (leasehold improvements) £'000	Plant, machinery, fixtures and fittings £'000	Construction in progress £'000	Total £'000
Cost				
At 1 January 2016	165,550	91,187	393	257,130
Additions in the year	3,734	1,003	-	4,737
Transfers	-	393	(393)	-
At 31 December 2016	**169,284**	**92,583**	**-**	**261,867**
Accumulated depreciation				
At 1 January 2016	90,604	56,905	-	147,509
Charge for the year	10,312	5,632	-	15,944
At 31 December 2016	**100,916**	**62,537**	**-**	**163,453**
Net book amount				
At 31 December 2016	**68,368**	**30,046**	**-**	**98,414**
At 31 December 2015	74,946	34,282	393	109,621

Notes to the financial statements for the year ended 31 December 2016 (continued)

12 Investments

	2016	2015
	£'000	£'000
Shares in associate	-	-
Loans to associate		
1 January	**1,332**	1,310
(Repayments)/advances in the year	**(172)**	22
31 December	**1,160**	1,332
Less provisions for impairment	**(764)**	(764)
Loans to associate net of impairment	**396**	568
Net investment in associate	**396**	568

At 31 December 2016 the company had a 28.2% equity investment in British Champions Series Limited (BCS), an initiative, by Racing Enterprises Limited 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 group'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. These loans are unsecured and repayable out of BCS surplus funds.

Repayment of the loans commenced in 2016. An impairment provision of £764,000 (2015: £764,000) remains against the total advance, given historic profitability and that the loan repayment schedule extends out to 2025. The £396,000 (2015: £568,000) is repayable in priority to the original shareholder loan of £764,000 and so repayment of this amount is more certain. The company is not committed to any further loans to BCS.

13 Stock

	2016	2015
	£'000	£'000
Bloodstock	**332**	333

The company owns 5 racehorses (2015: 5), which it races for the enjoyment of members of its proprietary club, The Royal Ascot Racing Club.

14 Debtors

	2016	2015
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	**8,331**	5,526
Prepayments and accrued income	**4,149**	5,022
	12,480	10,548
Amounts falling due after more than one year:		
Deferred tax (note 17)	**1,444**	2,894
	13,924	13,442

Notes to the financial statements for the year ended 31 December 2016 (continued)

15 Creditors: Amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	**3,418**	2,159
Taxation and social security	**1,912**	983
Accruals and deferred income	**19,109**	19,502
	24,439	22,644

16 Creditors: Amounts falling due after more than one year

	2016 £'000	2015 £'000
Amounts owed to group undertakings	**154,642**	161,330

Amounts owed to group undertakings are in respect of non-instalment debts which 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.

17 Deferred tax

	Amount recognised/ (provided)		**Amount unrecognised/ (unprovided)**	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Excess of capital allowances over depreciation	**1,657**	2,525	-	-
Other timing differences	**(213)**	(256)	-	-
Losses	-	625	**553**	-
Deferred tax asset	**1,444**	2,894	**553**	-

The company has unrelieved tax losses from trading and is currently not claiming capital allowances in full. Unrelieved tax losses at 31 December 2016 amount to £3,252,000 (2015: £3,252,000).

Notes to the financial statements for the year ended 31 December 2016 (continued)

18 Deferred credits

The movements on capital grants and capital contributions received from the Horserace Betting Levy Board and other sources are as follows:

	Gross capital grants & contributions received £'000	Accumulated credit to profit and loss account £'000	Deferred credits £'000
1 January 2016	39,965	(30,586)	9,379
Received in the year	696	-	696
Credited to the profit and loss account	-	(1,487)	(1,487)
31 December 2016	**40,661**	**(32,073)**	**8,588**

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 2016 the amount repayable in such circumstances was £nil (2015: £456,000).

19 Called up share capital

	2016 £'000	2015 £'000
Allotted, issued and fully paid		
100,000 ordinary shares of £1 each (2015: 100,000 ordinary shares)	**100**	100

There is a single class of ordinary shares; each share has equal voting rights, equal rights on winding up and no right to a dividend.

20 Reserves

Called up share capital – represents the nominal value of shares that have been issued.

Share premium account – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account – includes all current and prior year retained profits and losses.

Movements in the above reserves are shown in the statement of changes in equity on page 8.

21 Operating lease and other commitments

At 31 December 2016 the company had total commitments under non-cancellable operating leases of assets for each of the following years:

	Land & buildings	
	2016	2015
	£'000	£'000
Not later than one year	**1,215**	1,100
Later than one year and not later than five years	**4,568**	4,400
Later than five years	**1,650**	3,850
Total	**7,433**	9,350

22 Post- employment benefits

a) Defined contribution schemes

The company operates two defined contribution schemes for employees and directors – Group Personal Pension Plans operated on a money purchase basis, arranged with Standard Life and National Employment Savings Trust (NEST). The scheme assets are held in separately administered individual personal pension plan funds.

The amount recognised as an expense for the defined contribution schemes was:

	2016	2015
	£'000	£'000
Current year contributions	**315**	294

b) Defined benefit scheme

The company also has one defined benefit scheme, The Ascot Racecourse Ltd 1974 Retirement Fund, with assets held in a separately administered fund. This pension scheme was closed on 31 March 1999 and there are no active members. The pension scheme provides retirement benefits on the basis of the members' final salary when the scheme was closed.

The plan is administered by independent trustees. A full actuarial valuation, using the projected unit credit method, was carried out as at 31 March 2015 by qualified independent actuaries, Punter Southall LLP and a funding plan agreed with the trustees. At 31 March 2015 the scheme was valued at £200,000 surplus, with a funding level of 105%, and therefore no additional contributions are required of the company. Consequently, the company made no deficit reduction contributions in the year (2015: £nil). This will be reviewed again in March 2018, when the next full valuation of the scheme is due.

The actuarial valuation as at 31 March 2015 has been prepared for the purposes of meeting the requirements of FRS102. The major assumptions are as follows:

	2016	2015
	%	%
Rate of increase in benefits & pensions in payment	**3.0**	3.0
Discount rate	**2.52**	4.05
Rate of inflation - CPI	**3.0**	2.55
Longevity at age 65 for future pensioners (men)	**23.0 yrs**	23.0 yrs

Notes to the financial statements for the year ended 31 December 2016 (continued)

22 Post-employment benefits (continued)

b) Defined benefit scheme (continued)

FRS102 prescribes that the discount rate applied to the liabilities should be based on the yield on AA rated corporate bonds at 31 December 2016 of 2.52% (2015: 4.05%), whereas the funding basis uses the rate of government bonds less 0.3% (1.95% as at 31 March 2015).

Reconciliation of scheme assets and liabilities on the FRS102 accounting basis:

	Assets	Liabilities	Total
	£'000	£'000	£'000
1 January 2016	4,281	(2,469)	1,812
Interest income/(expense)	173	(100)	73
Actuarial gain/(loss)	490	(1,399)	(909)
31 December 2016	**4,944**	**(3,968)**	**976**

On an FRS102 accounting basis the scheme shows a surplus of £976,000 and, as required by FRS102, this basis is used in the disclosures in this note. Were a discount rate of 1.95% to be applied to discount the liabilities, the scheme would show a lower surplus, similar to the £200,000 funding surplus as at 31 March 2015.

The 1974 scheme is closed to contributions. Under FRS102, none of the £976,000 (2015: £1,812,000) FRS102 accounting surplus can be recognised on the balance sheet, as it is not recoverable through reduced future contributions. In practice the directors believe the FRS102 accounting surplus is unlikely to be realised, in any event. The directors expect that most, if not all, of the assets of the scheme will be used to secure the benefits promised to members, as indicated by the funding basis.

Total cost recognised as an expense in the profit and loss account:

	2016	2015
	£'000	£'000
Interest Cost	**100**	100
Settlements	-	18
Distributions of unrecognised surplus	**(100)**	(118)
Total operating charge	-	-

Total cost recognised as an expense in the statement of comprehensive income:

	2016	2015
	£'000	£'000
Actuarial (loss)/gain	**(909)**	78
Change in unrecognised surplus	**909**	(78)
Actuarial loss recognised in the statement of comprehensive income	-	-

Notes to the financial statements for the year ended 31 December 2016 (continued)

22 Post- employment benefits (continued)

Defined benefit scheme (continued)

The fair value of the fund assets, which do not include any of the company's or group's financial instruments or shares, was:

	2016	2015
	£'000	£'000
Corporate bonds	2,554	2,126
Government bonds	2,380	2,145
Cash	10	10
Fair value of plan assets	4,944	4,281

The return on the fund assets was:

	2016	2015
	£'000	£'000
Interest income	173	164
Return on plan assets less interest income	490	(184)
Total return on plan assets	663	(20)

23 Related party transactions

Transactions and balances with related parties are as follows:

	Sales		Debtors	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
British Champions Series Limited	209	195	83	72
Weatherbys Limited	55	110	1	-
Troy Asset Management Limited	15	10	-	-
Stonehage Fleming	-	2	-	-
	279	317	84	72

	Purchases		Creditors	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
British Champions Series Limited	-	-	109	108
Weatherbys Limited	253	304	13	26
Weatherbys Hamilton LLP	12	10	10	-
	265	314	132	134

Notes to the financial statements for the year ended 31 December 2016 (continued)

23 Related party transactions (continued)

British Champions Series Limited (BCS) is an associate undertaking and Ascot Racecourse hosts British Champions Day (BCD) for BCS. Ascot Racecourse Limited collects income and incurs expenditure for BCD, which it passes over to BCS. This income and expenditure is not included above. The sales and debtors relate to a hosting and management fee and boxes and restaurants that BCS book at Ascot Racecourse. The debtor relates to invoices for 2017 transactions and is matched at 31 December by a credit balance within deferred income.

Ascot Racecourse Limited, along with the other BCS shareholders, has provided debt funding to finance the operations of BCS (including the British Champions Day prize fund). These loans are unsecured and repayable out of BCS surplus funds (see note 12). The gross loan to BCS is £1,160,000 (2015: £1,332,000). The net book value of loans to BCS, after provisions for impairment, is £nil (2015: £nil).

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 the company. It also purchases horse insurance from Weatherbys Hamilton LLP.

Ascot Racecourse Limited received sponsorship and hospitality income from Troy Asset Management Limited which shares a director (Sir Francis Brooke Bt.) with the company.

Ascot Authority (Holdings) Limited's directors J R Weatherby, M E T Davies and Sir Francis Brooke Bt. are members of The Jockey Club, which owns and operates a number of racecourses in the UK.

Children of one (2015: two) of the directors of the company were employed by Ascot Racecourse Limited and paid £2,632 in aggregate for their services (2015: £1,861). There are no amounts outstanding as at 31 December 2016.

The company's other related party transactions were with wholly owned subsidiaries and so have not been disclosed.

24 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 company 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.

J R 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 company and the above Trustees acting collectively are the ultimate controlling parties.

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