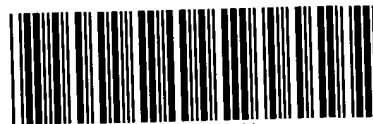


Registered no: 04320977

Ascot Racecourse Limited
Annual report and financial statements
for the year ended 31 December 2014

WEDNESDAY



L4GJLMK0

LD5

23/09/2015

#47

COMPANIES HOUSE

Ascot Racecourse Limited

Annual report and financial statements for the year ended 31 December 2014

	Pages
Strategic report	1
Directors' report	2 - 3
Independent auditors' report to the members of Ascot Racecourse Limited	4 - 5
Profit and loss account	6
Statement of total recognised gains and losses	6
Balance sheet	7
Notes to the financial statements	8 - 22

Strategic report for the year ended 31 December 2014

The directors present their strategic report on the company for the year ended 31 December 2014.

Principal activities

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

Review of the business

The group monitors performance as a whole and a complete review of the business and future prospects of the group 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 46% at £68.1m (2013: £46.7m). A new catering arrangement was entered into in 2014 with a profit share agreement replacing a concession model. This has resulted in a significant increase in reported turnover for hospitality, retail and raceday box income in 2014. Operating profit was £3.3m (2013: £0.9m). Attendances were 6.0% up on 2013 at 607,126 (2013: 572,603).

Position of the business

The company's loss for the financial year was £5.5m (2013: £8.1m loss). The financial statements have been prepared on the going concern basis, notwithstanding total net liabilities of £64,293,000 (2013: £58,641,000), which the directors believe to be appropriate as explained in the Directors' Report.

Key Performance Indicators

Turnover, costs and profit/loss are the financial key performance indicators used by the directors to monitor the performance of the business. Attendance is the key non-financial indicator used by management.

The company is committed to ensuring that, as far as is reasonably practical, any detrimental effects of its activities upon the environment are minimised. No waste goes to landfill, 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. 64% (2013: 61%) by volume of all annual waste is recycled.

Principal risks and uncertainties

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

On behalf of the Board



G Henderson
Director

8 September 2015

Directors' report for the year ended 31 December 2014

The directors present their report and the audited financial statements of the company for the year ended 31 December 2014.

Position of the business

The financial statements have been prepared on the going concern basis, notwithstanding total net liabilities of £64,293,000 (2013: £58,641,000), 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.

Future developments

The company anticipates a similar level of business and profitability in 2015 to 2014.

Results and dividends

The loss for the financial year after tax is £5.5m (2013: loss £8.1m).

The directors do not recommend the payment of a dividend for the year ended 31 December 2014 (2013: £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:

C H Barnett (resigned 22 January 2015)
A J M Warwick
J M Slot
ID McGregor (appointed 9 July 2014)
G Henderson (appointed 22 January 2015)

Directors' indemnities

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

Charitable and political donations

During the year the company donated the sum of £12k (2013: £22k) to local and racing related United Kingdom charitable organisations and provided £4k (2013: £4k) funding towards local community activities. No payments were made for political purposes (2013: £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 Strategic report, 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 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.

Directors' report for the year ended 31 December 2014 (continued)

Statement of directors' responsibilities in respect of the annual report and the financial statements (continued)

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.

On behalf of the Board



G Henderson
Director

8 September 2015

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 2014 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.

What we have audited

Ascot Racecourse Limited's financial statements comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account and statement of total recognised gains and losses 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 their preparation is applicable law and United Kingdom Accounting Standards (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.

Opinion on other matter prescribed by the Companies Act 2006

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

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, 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.

We have no exceptions to report arising from this responsibility.

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 pages 2-3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

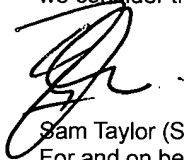
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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 and financial statements 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.



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

22 September 2015

Profit and loss account for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Turnover	2	68,063	46,673
Cost of sales		(40,490)	(25,563)
Gross profit		27,573	21,110
Administrative expenses		(24,459)	(20,276)
Other operating income	3	143	81
Operating profit	3	3,257	915
Loss on disposal of fixed assets	4	(292)	(368)
Interest receivable and similar income		8	4
Interest payable and similar charges	7	(8,480)	(8,700)
Loss on ordinary activities before taxation		(5,507)	(8,149)
Tax on loss on ordinary activities	8	-	-
Loss for the financial year	18, 19	(5,507)	(8,149)

All results derive from continuing operations.

The financial statements 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.

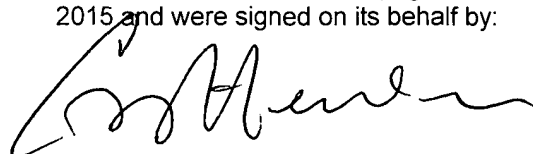
Statement of total recognised gains and losses for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Loss for the financial year		(5,507)	(8,149)
Actuarial losses on pension schemes	21	(145)	(300)
Total recognised loss since last annual report		(5,652)	(8,449)

Balance sheet as at 31 December 2014

	Note	2014		2013	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9		121,114		130,411
Investments in associate	10		546		446
			121,660		130,857
Current assets					
Stock	11	319		207	
Debtors	12	8,538		5,925	
Cash at bank and in hand		1,472		1,317	
			10,329		7,449
Creditors - Amounts falling due within one year	13		(20,230)		(16,094)
Net current liabilities			(9,901)		(8,645)
Total assets less current liabilities			111,759		122,212
Creditors – Amounts falling due after more than one year	14		(164,979)		(168,085)
Deferred capital grants and contributions	16		(11,073)		(12,768)
Net liabilities			(64,293)		(58,641)
Capital and reserves					
Called up share capital	17		100		100
Share premium account	18		1,340		1,340
Profit and loss account	18		(65,733)		(60,081)
Total shareholders' deficit	19		(64,293)		(58,641)

The financial statements on pages 6 to 22 were approved by the board of directors on 8 September 2015 and were signed on its behalf by:



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

Registered no: 04320977

Notes to the financial statements for the year ended 31 December 2014

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 £64,293,000 (2013: £58,641,000), 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 accrued income as appropriate.

The group's turnover includes a proportionate share of sales in respect of jointly operated events.

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 2014 (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.

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 2014 (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 21 to the financial statements.

The pension cost charge for the defined contribution scheme disclosed in note 21 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 2014 (continued)

3 Operating profit

	2014 £'000	2013 £'000
Operating profit is stated after charging:		
Wages and salaries	4,107	3,215
Social security costs	500	325
Other pension costs (see note 21)	262	212
Compensation for loss of office	-	151
Staff costs	4,869	3,903
Depreciation of tangible fixed assets (see note 9)		
- Owned assets	7,322	6,973
- Leased assets	7,895	7,895
Credit of HBLB and other grants (see note 16)	(1,695)	(1,695)
Depreciation net of amortisation of capital grants	13,522	13,173
Operating lease charges:		
- Plant and machinery	32	32
- Land and buildings	1,100	1,100
Auditors' remuneration :		
- Fees payable to company's auditors for the audit of the company's financial statements	47	40
- Fees payable to company's auditors and its associates for other services: Services relating to taxation	22	20

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 £83,000 (2013: £81,000) and profit on sale of investments of £60,000 (2013: £nil).

4 Loss on disposal of fixed assets

	2014 £'000	2013 £'000
Net book value of assets no longer in use	(297)	(390)
Profit on disposal of other fixed assets	5	22
Loss on disposal of fixed assets	(292)	(368)

Notes to the financial statements for the year ended 31 December 2014 (continued)

5 Directors' emoluments

	2014 £'000	2013 £'000
Aggregate emoluments	728	636
Company pension contributions to money purchase scheme	70	75
Compensation for loss of office	-	151
	798	862

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 (2013: 4) under money purchase arrangements.

Highest paid director

	2014 £'000	2013 £'000
Aggregate emoluments	420	340
Company pension contributions to money purchase scheme	36	39
	456	379

6 Employee information

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

By activity	2014 Number	2013 Number
Administration	77	66
Course and grounds	27	24
	104	90

7 Interest payable and similar charges

	2014 £'000	2013 £'000
Interest payable on loans from group undertakings	8,480	8,700

Notes to the financial statements for the year ended 31 December 2014 (continued)

8 Tax on loss on ordinary activities

	2014 £'000	2013 £'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 (2013: higher) than the standard effective rate of corporation tax in the United Kingdom for the year ended 31 December 2014 of 21.5% (2013: 23.25%). The differences are explained below:

	2014 £'000	2013 £'000
Loss on ordinary activities before tax	(5,507)	(8,149)
Loss on ordinary activities multiplied by the standard rate of tax in the UK 21.5% (2013: 23.25%)	(1,184)	(1,895)
Effects of:		
Expenses not deductible for tax purposes	756	658
Accelerated capital allowances	(318)	385
Pension contribution relief in excess of pension charge	(31)	(70)
Other timing differences	36	39
Group relief surrendered for which no consideration has been received	741	883
Current tax charge for the financial year	-	-

Factors affecting current and future tax charges:

The UK corporation tax rate changed from 23% to 21% with effect from 1 April 2014. Accordingly, the company's profits for this accounting year are taxed at a blended rate of 21.5%.

Legislation to reduce the main rate of corporation tax from 21% to 20% from 1 April 2015 was included in the Finance Act 2013 and substantively enacted on 2 July 2013 and so the relevant deferred tax balances have been measured at 20% (2013: 20%).

In addition to the changes in Corporation tax disclosed above, further changes to the UK Corporation tax system were announced in the July 2015 UK budget statement. These include proposals to reduce the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. These further changes had not been substantively enacted at the balance sheet date and therefore are not included in these financial statements.

Notes to the financial statements for the year ended 31 December 2014 (continued)

8 Tax on loss on ordinary activities (continued)

In 2014, as in 2013, the company intends not to claim capital allowances in full.

Deferred tax liabilities have not been discounted.

9 Tangible assets

	Lease Premium £'000	Leasehold Improve- ments £'000	Machinery and equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Capital under constr- uction £'000	Total £'000
Cost							
1 January 2014	135,521	22,349	73,564	13,627	77	2,126	247,264
Additions	-	3,043	1,633	818	10	751	6,255
Disposals	-	-	(149)	-	(11)	(297)	(457)
Transfers	-	1,814	306	-	-	(2,120)	-
31 December 2014	135,521	27,206	75,354	14,445	76	460	253,062
Accumulated depreciation							
1 January 2014	60,524	10,690	36,585	9,002	52	-	116,853
Charge for the year	7,895	1,574	5,015	719	14	-	15,217
Disposals	-	-	(111)	-	(11)	-	(122)
31 December 2014	68,419	12,264	41,489	9,721	55	-	131,948
Net book amount							
31 December 2014	67,102	14,942	33,865	4,724	21	460	121,114
31 December 2013	74,997	11,659	36,979	4,625	25	2,126	130,411

Notes to the financial statements for the year ended 31 December 2014 (continued)

10 Investments

Interests in Associate	2014	2013
	£'000	£'000
Shares in associate	-	-
Loans to associate		
1 January	1,210	1,006
Advances in the year	100	204
31 December	1,310	1,210
Less provisions for impairment	(764)	(764)
Loans to associate net of impairment	546	446
Net investment in associate	546	446

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 £22,000 to BCS in 2015. 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 (2013: £764,000) has been recognised against the total advance.

11 Stock

	2014	2013
	£'000	£'000
Bloodstock	319	207

12 Debtors

	2014	2013
	£'000	£'000
Amounts falling due within one year		
Trade debtors	6,012	4,880
Prepayments and accrued income	2,526	1,045
	8,538	5,925

Notes to the financial statements for the year ended 31 December 2014 (continued)

13 Creditors – Amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	1,592	1,107
Other taxation and social security	618	989
Accruals and deferred income	18,020	13,998
	20,230	16,094

14 Creditors – Amounts falling due after more than one year

	2014 £'000	2013 £'000
Amounts due to group undertakings	164,479	167,085
Deferred income	500	1,000
	164,979	168,085

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 (2013: £500k due within 1-2 years; £500,000 within 2-5 years).

15 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	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Excess of capital allowances over depreciation	-	-	(3,471)	(3,641)
Other timing differences	318	352	-	-
Losses	(318)	(352)	(376)	(343)
Deferred tax excluding that relating to pension schemes	-	-	(3,847)	(3,984)

Notes to the financial statements for the year ended 31 December 2014 (continued)

15 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 2014.

Deferred tax balances are measured at 20% (2013: 20%) to reflect changes in tax rates substantially enacted at the balance sheet date.

16 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 2014	39,965	(27,197)	12,768
Credited to the profit and loss account	-	(1,695)	(1,695)
31 December 2014	39,965	(28,892)	11,073

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 2014 the amount repayable in such circumstances was £1,124,000 (2013: £1,559,000).

17 Called up equity share capital

	2014 £'000	2013 £'000
Allotted, issued and fully paid		
100,000 ordinary shares of £1 each (2013: 100,000 ordinary shares)	100	100

Notes to the financial statements for the year ended 31 December 2014 (continued)

18 Reserves

	Share premium account £'000	Profit and loss account £'000
1 January 2014	1,340	(60,081)
Loss for the financial year	-	(5,507)
Actuarial losses on pension scheme	-	(145)
31 December 2014	1,340	(65,733)

19 Reconciliation of movements in equity shareholders' deficit

	2014 £'000	2013 £'000
Loss for the financial year	(5,507)	(8,149)
Actuarial losses on pension schemes	(145)	(300)
Net increase in shareholders' deficit	(5,652)	(8,449)
Opening shareholders' deficit	(58,641)	(50,192)
Closing shareholders' deficit	(64,293)	(58,641)

20 Financial commitments

At 31 December 2014 the company has annual commitments under non-cancellable operating leases of assets expiring as follows:

	Land & buildings		Other	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Within one year	-	-	-	32
Within two to five years	-	-	-	-
More than five years	1,100	1,100	-	-
	1,100	1,100	-	32

Notes to the financial statements for the year ended 31 December 2014 (continued)

21 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 £262,000 (2013: £212,000). Amounts accrued but not yet paid by the year end were £nil (2013: £nil).

Defined benefit schemes

The company operates one defined benefit scheme in the UK. The scheme was closed on 31 March 1999 and there are no active members. A full actuarial valuation was carried out as at 31 March 2012 and updated to 31 December 2014 by Punter Southall, independent consulting actuaries.

The company made £145,000 deficit reduction contributions in the year (2013: £300,000). 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 2013 the expected return on assets of the scheme was restricted in a similar way.

The major assumptions used by the actuary were:

	2014	2013
	%	%
Rate of increase in pensions in payment	3.0	3.0
Discount rate	3.75	4.6
Rate of inflation	2.4	2.7
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 2014 (continued)

21 Pension commitments (continued)

The assets in the scheme and the expected rates of return were:

	Long term rate of return expected at 31 December 2014 %	Value at 31 December 2014 £'000	Long term rate of return expected at 31 December 2013 %	Value at 31 December 2013 £'000
Corporate Bonds	3.25	2,135	4.35	1,796
Government Bonds	2.45	2,234	3.60	1,720
Cash	0.50	10	0.50	11
Total market value of assets		4,379		3,527
Present value of funded scheme's liabilities		(2,691)		(2,223)
Surplus in scheme		1,688		1,304
Unrecognised surplus		(1,688)		(1,304)
Net pension asset recognised before and after tax		-		-

The pension scheme does not hold any ordinary shares issued or property occupied by the company.

Reconciliation of present value of the scheme liabilities

	2014 £'000	2013 £'000
1 January	2,223	2,584
Interest cost	102	119
Actuarial loss/(gain)	366	(368)
Settlements	-	(112)
31 December	2,691	2,223

Reconciliation of fair value of the scheme assets

	2014 £'000	2013 £'000
1 January	3,527	3,365
Expected return on scheme assets	143	141
Actuarial gain/(loss)	564	(163)
Settlements	-	(116)
Contributions paid by employer	145	300
31 December	4,379	3,527

The actual return on scheme assets over the year was £707,000 (2013: loss of £22,000).

Notes to the financial statements for the year ended 31 December 2014 (continued)

21 Pension commitments (continued)

Analysis of the amount charged to operating profit

	2014	2013
	£'000	£'000
Settlements	-	(4)
Distributions of unrecognised surplus	-	4
Total operating charge	-	-

Analysis of the amount credited to other finance income

	2014	2013
	£'000	£'000
Expected return on pension scheme's assets (restricted)	102	119
Interest on pension scheme's liabilities	(102)	(119)
Net interest income	-	-

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

	2014	2013
	£'000	£'000
Actuarial gains	198	205
Unrecognised surplus applied to settlements (67(b) of FRS 17)	-	(4)
Restriction of expected return on assets (67(c) of FRS 17)	41	22
Change in unrecognised surplus	(384)	(523)
Actuarial loss recognised in the STRGL	(145)	(300)

Actuarial gains and losses

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £1,942,000 (2013: £1,797,000).

Amounts for current and previous four years

	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	(2,691)	(2,223)	(2,584)	(2,673)	(2,330)
Fair value of plan assets	4,379	3,527	3,365	3,082	2,807
Surplus in the scheme	1,688	1,304	781	409	477
Experience adjustments on plan assets	564	(163)	306	122	141
Experience adjustments on plan liabilities	-	68	(97)	(7)	(250)
Changes in assumptions underlying the present value of plan liabilities	(366)	300	79	(208)	(142)
Actuarial gains/(losses)	198	205	288	(93)	(251)
(Increase)/decrease in unrecognised surplus	(384)	(523)	(372)	68	(30)
Effect of Paragraph 67 of FRS 17	41	18	(41)	25	29
Total amount recognised in the statement of total recognised gains and losses	(145)	(300)	(125)	-	(252)

Notes to the financial statements for the year ended 31 December 2014 (continued)**21 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 were agreed with the pension fund trustees (the scheme's Schedule of Contributions) and as at 28 February 2014 have all been paid. The next full valuation is being carried out as at 31 March 2015 and the level of future contributions will be re-assessed following the results of this valuation.

22 Capital Commitments

As at 31 December 2014 contracts placed for future capital expenditure not provided in the financial statements were £nil (2013: £3,245,000).

23 Related party transactions

In addition to the loan advanced to its associate British Champions Series Limited, disclosed in note 10, net income payable by Ascot Racecourse Limited to British Champions Series Limited relating to its hosting of British Champions Day was £112,000 (2013: £350,000). In addition British Champions Series Limited rented a box at Ascot Racecourse for £57,000 (2013: £56,000). At 31 December 2014, the outstanding balance payable by British Champions Series Limited to Ascot Racecourse Limited was £149,000 (2013: £69,000 payable to British Champions Series Limited).

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 group. Net amounts payable to Weatherbys Limited during the year were £157,000 (2013: £165,000) and at 31 December 2014 the outstanding balance payable by Ascot Racecourse Limited to Weatherbys Limited was £40,000 (2013: £34,000).

Ascot Racecourse Limited received sponsorship income of £10,000 (2013: £10,000) from Troy Asset Management Limited which shares a director (Sir Francis Brooke Bt) with the group and sponsorship income of £2,000 (2013: £2,000) from Fleming Family & Partners Limited which shares a director (M E T Davies) with the group. No amounts were outstanding at 31 December 2014.

J R Weatherby, M E T Davies, Sir Francis Brooke Bt. and L J Dowley who are directors of Ascot Authority (Holdings) Limited are members of the Jockey Club, which owns and operates a number of racecourses in the UK.

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 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 parties.

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