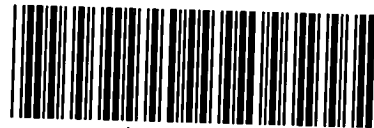


Registered no: 04320977

Ascot Racecourse Limited
Annual report and financial statements
for the year ended 31 December 2017

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Ascot Racecourse Limited

Annual report and financial statements for the year ended 31 December 2017

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Strategic report for the year ended 31 December 2017

The directors present their strategic report on the company for the year ended 31 December 2017.

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 £85.4m (2016: £80.1m). Operating profit was up 24% to £4.9m (2016: £4.0m). There were 25 racedays in 2017, including QIPCO British Champions Day which Ascot hosts on behalf of British Champions Series Limited (2016: 26 racedays), with one abandoned due to weather (2016: none). Attendance decreased by 2% to 610,543 (2016: 620,995). This fall was due to the abandonment of the Clarence House Chase Raceday in 2017 which attracted an attendance of more than 10,000 in 2016. 13 of the 35 (2016: 13 of 35) UK Group One Flat races are held at Ascot over 18 racedays between May and October, of which four (2016: four) are on British Champions Day. Eight Jump racedays complete the programme during the rest of the year (2016: eight). 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 Luna Cinema.

Position of the business

The company's loss for the financial year was £0.7m (2016: £5.9m loss). The company's net asset position at the year end was £3.9m (2016: £72.4m net liabilities).

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.

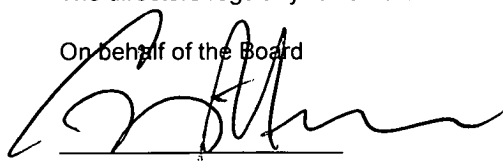
Principal risks and uncertainties

The principal risks and uncertainties facing the company are:

- 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.
- 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

30 May 2018
Date

Directors' report for the year ended 31 December 2017

The directors present their report and the audited financial statements of the company for the year ended 31 December 2017.

Position of the business

During the year 900,000 ordinary shares of £1 each were allotted to Ascot Authority (Holdings) Limited at an aggregate subscription price of £77m and as a result the net asset position of the company has improved. The net asset position as at 31 December 2017 was £3.9m (2016: £72.4m net liability).

Future developments

The company anticipates a similar level of business and profitability in 2018 to 2017.

Results and dividends

The loss for the financial year is £0.7m (2016: £5.9m loss).

The directors do not recommend the payment of a dividend for the year ended 31 December 2017 (2016: £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
J R Parker

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.

Directors' report for the year ended 31 December 2017 (continued)**Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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.

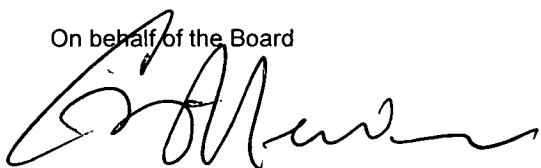
Statement of disclosure of information to auditors

Each of the persons who are directors at the date of approval of this report confirms 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 section 487(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
Chairman

30 May 2018
Date

Independent auditors' report to the members of Ascot Racecourse Limited

Report on the audit of the financial statements

Opinion

In our opinion, Ascot Racecourse Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the profit and loss account and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page [3], the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

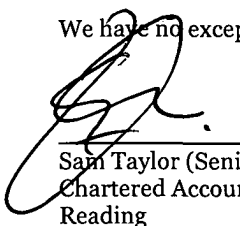
Other required reporting

Companies Act 2006 exception reporting

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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.


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

30 May 2018
 Date

Profit and loss account for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Turnover	5	85,410	80,081
Cost of sales		(50,507)	(47,656)
Gross profit		34,903	32,425
Administrative expenses		(30,086)	(28,557)
Other operating income		86	87
Operating profit	6	4,903	3,955
Interest receivable and similar income		7	19
Interest payable and similar expenses	8	(5,691)	(8,402)
Loss before taxation		(781)	(4,428)
Tax on loss	9	107	(1,450)
Loss for the financial year		(674)	(5,878)

All results derive from continuing operations.

The company has no other comprehensive income or expense other than the results above, and therefore no separate statement of total comprehensive income has been presented.

Balance sheet as at 31 December 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Intangible assets	10	856	457
Tangible assets	11	86,383	98,414
Investments	12	169	396
		87,408	99,267
Current assets			
Stock	13	395	332
Debtors	14	13,081	13,924
Cash at bank and in hand		3,261	1,740
		16,737	15,996
Creditors – Amounts falling due within one year	15	(24,894)	(24,439)
Net current liabilities		(8,157)	(8,443)
Total assets less current liabilities		79,251	90,825
Creditors – Amounts falling due after more than one year	16	(68,069)	(154,642)
Deferred credits	18	(7,261)	(8,588)
Net assets/(liabilities)		3,921	(72,405)
Capital and reserves			
Called up share capital	19	1,000	100
Share premium account	20	77,440	1,340
Profit and loss account	20	(74,519)	(73,845)
Total shareholders' funds/(deficit)		3,921	(72,405)

The notes on pages 9 to 23 are an integral part of these financial statements.

The financial statements on pages 6 to 23 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

30 May 2018
Date

**Statement of changes in equity
for the year ended 31 December 2017**

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' (deficit)/funds £'000
1 January 2016	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)
Proceeds from shares issued	900	76,100	-	77,000
Loss for the financial year	-	-	(674)	(674)
31 December 2017	1,000	77,440	(74,519)	3,921

Notes to the financial statements for the year ended 31 December 2017

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

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

c) Exemptions for qualifying entities under FRS102

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.

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.

Notes to the financial statements for the year ended 31 December 2017 (continued)

3. Summary of significant accounting policies (continued)

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, which was held for the final time at Ascot Racecourse in 2016.

f) Intangible assets

Intangible assets are stated at the 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.

Intangible assets in course of construction are stated at cost. These assets are not amortised until they are available for use.

g) Tangible fixed assets

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.

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 (6.5 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.

Notes to the financial statements for the year ended 31 December 2017 (continued)

3. Summary of significant accounting policies (continued)

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 or 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.

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.

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.

Trading losses unable to be utilised in the same year may be carried back to earlier accounting periods or carried forward to be set off against the profit for future periods.

Notes to the financial statements for the year ended 31 December 2017 (continued)

3. Summary of significant accounting policies (continued)

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.

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 estimates

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 2017 a net deferred tax asset of £1.6m (2016: £1.4m) in respect of timing differences is recognised, principally in respect of capital allowances not yet claimed in full. Deferred tax assets are based upon future profit forecasts.
- ii. Tangible fixed asset lives (note 11) – The carrying value of tangible fixed assets, £86.4m at 31 December 2017 (2016: £98.4m), requires the directors to make an estimate of the asset's 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 £2.8m (2016: £2.2m). No capital grant (2016: £0.7m) was received from the HBLB.

Notes to the financial statements for the year ended 31 December 2017 (continued)

6. Operating profit

Operating profit is stated after charging/(crediting):	Note	2017 £'000	2016 £'000
Staff costs:			
Wages and salaries		6,832	5,952
Social security costs		767	689
Other pension costs	22	355	315
Long term employee benefits		249	247
Total staff costs		8,203	7,203
Profit on disposal of tangible assets		9	-
Depreciation and amortisation:			
Amortisation of intangible assets	10	263	209
Depreciation of tangible assets	11	16,040	15,944
Amortisation of deferred credits	18	(1,327)	(1,487)
Net depreciation and amortisation		14,976	14,666
Operating lease charges:			
Total operating lease charges – land & buildings		1,100	1,100
Auditors' remuneration:			
Fees payable to the company's auditors for the audit of the company's financial statements		48	51
Fees payable to the company's auditors and its associates for other services:			
- Tax advisory services		71	6
- Tax compliance services		19	17
- Other services		28	10
Total payable to the company's auditors and its associates		166	84

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 income of £86k (2016: £87k).

Notes to the financial statements for the year ended 31 December 2017 (continued)

7. Employees and directors

Employees

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

	2017 Number	2016 Number
Administration	118	112
Course and grounds and maintenance	39	24
	157	136

Directors

The directors' emoluments were as follows:

	2017 £'000	2016 £'000
Aggregate emoluments	1,464	1,347
Company pension contributions to money purchase schemes	64	62
Aggregate amounts receivable under long-term incentive schemes	249	247
	1,777	1,656

Post-employment benefits accrued to five directors (2016: five) under money purchase arrangements. Three directors are accruing benefits under a long-term incentive scheme (2016: three).

Highest paid directors' emoluments

	2017 £'000	2016 £'000
Aggregate emoluments	458	456
Aggregate amounts receivable under long-term incentive schemes	91	90
	549	546

Post-employment benefits of £nil (2016: £nil) were accrued by the highest paid director under money purchase or defined benefit pension arrangements.

8. Interest payable and similar expenses

	2017 £'000	2016 £'000
Interest payable on loans from group undertakings	5,691	8,402

Notes to the financial statements for the year ended 31 December 2017 (continued)

9. Tax on loss

a) Tax income/(expense) included in the profit and loss account	2017 £'000	2016 £'000
Total current tax: UK corporation tax on loss for the financial year	1	-
Deferred tax:		
Origination and reversal of timing differences	548	699
(Recognition)/derecognition of deferred tax in respect of losses	(402)	590
Adjustments in respect of prior years	(188)	-
Effects of changes in tax rates	(66)	161
Total deferred tax	(108)	1,450
Tax (credit)/charge on loss	(107)	1,450

b) Reconciliation of tax charge

Tax assessed for the year is lower (2016: higher) than the standard rate of corporation tax in the United Kingdom for the year ended 31 December 2017 of 19.25% (2016: 20%). The differences are explained below:

	2017 £'000	2016 £'000
Loss before taxation	(781)	(4,428)
Loss multiplied by the standard rate of tax in the UK of 19.25% (2016: 20%)	(150)	(886)
Effects of:		
- Expenses not deductible for tax purposes	867	913
- Losses utilised not previously recognised	(151)	-
- (Recognition)/derecognition of deferred tax in respect of losses	(402)	590
- Adjustments in respect of prior years	(188)	(58)
- Changes in tax rates	(66)	161
- Group relief surrendered for no consideration	(17)	730
Total tax (credit)/charge for the year	(107)	1,450

c) Tax rate changes

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016. These include reductions to the main rate to reduce the rate 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 2017 (continued)

10. Intangible assets

	Software £'000	Website development £'000	Construction in progress £'000	Total £'000
Cost				
At 1 January 2017	503	466	-	969
Additions in the year	37	-	625	662
As 31 December 2017	540	466	625	1,631
Accumulated amortisation				
At 1 January 2017	282	230	-	512
Charge for the year	141	122	-	263
At 31 December 2017	423	352	-	775
Net book amount				
At 31 December 2017	117	114	625	856
At 31 December 2016	221	236	-	457

Amortisation of intangible fixed assets is included in administrative expenses.

11. Tangible assets

	Land & buildings (leasehold improvements) £'000	Plant, machinery, fixtures and fittings £'000	Construction in progress £'000	Total £'000
Cost				
At 1 January 2017	169,284	92,583	-	261,867
Additions in the year	820	2,714	477	4,011
Disposals in the year	-	(23)	-	(23)
As 31 December 2017	170,104	95,274	477	265,855
Accumulated depreciation				
At 1 January 2017	100,916	62,537	-	163,453
Charge for the year	10,557	5,483	-	16,040
Disposals	-	(21)	-	(21)
At 31 December 2017	111,473	67,999	-	179,472
Net book amount				
At 31 December 2017	58,631	27,275	477	86,383
At 31 December 2016	68,368	30,046	-	98,414

Notes to the financial statements for the year ended 31 December 2017 (continued)

12. Investments

	2017 £'000	2016 £'000
Shares in associate	-	-
Loans to associate		
At 1 January	1,160	1,332
Repayments in the year	(227)	(172)
At 31 December	933	1,160
Less provisions for impairment	(764)	(764)
Loans to associate net of impairment	169	396
Net investment in associate	169	396

At 31 December 2017 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 QIPCO British Champions Day (QBCD) 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, has provided significant debt funding to finance the operations of BCS (including the QBCD 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 £764k (2016: £764k) remains against the total advance, given historic profitability and that the loan repayment schedule extends out to 2025. The £169k (2016: £396k) is repayable in priority to the original shareholder loan of £764k and so repayment of this amount is more certain. The company is not committed to any further loans to BCS.

13. Stock

	2017 £'000	2016 £'000
Bloodstock	395	332

The company owns five racehorses (2016: five), which it races for the enjoyment of members of its proprietary club, The Royal Ascot Racing Club.

14. Debtors

	2017 £'000	2016 £'000
Amounts falling due within one year		
Trade debtors	5,936	8,331
Prepayments and accrued income	5,593	4,149
	11,529	12,480
Amounts falling due after more than one year		
Deferred tax (note 17)	1,552	1,444
	13,081	13,924

Notes to the financial statements for the year ended 31 December 2017 (continued)

15. Creditors – Amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	1,668	3,418
Taxation and social security	2,097	1,912
Accruals and deferred income	21,129	19,109
	24,894	24,439

16. Creditors – Amounts falling due after more than one year

	2017 £'000	2016 £'000
Amounts owed to group undertakings	68,069	154,642

Amounts owed to group undertakings are in respect of non-instalment debts which are due in greater than five 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 provided/ (recognised)		Amount unprovided/ (unrecognised)	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Capital allowances	1,317	1,657	-	-
Short term timing differences	(185)	(213)	-	-
Losses	420	-	-	553
Deferred tax asset	1,552	1,444	-	553

The company has unrelieved tax losses from trading and is not currently claiming capital allowances in full. Unrelieved tax losses at 31 December 2017 amount to £2,469k (2016: £3,252k).

18. Deferred credits

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

	Gross capital grants & contributions received £'000	Accumulated credit to profit & loss account £'000	Deferred credits £'000
1 January 2017	40,661	(32,073)	8,588
Credited to the profit and loss account	-	(1,327)	(1,327)
At 31 December 2017	40,661	(33,400)	7,261

Notes to the financial statements for the year ended 31 December 2017 (continued)

18. Deferred credits (continued)

Under the terms of agreements with the other third parties, reducing amounts of those contributions are repayable should the contracts with the third parties for the supply of services be terminated. At 31 December 2017, the amount repayable in such circumstances was £nil (2016: £nil).

19. Called up share capital

	2017 £'000	2016 £'000
Allotted, issued and fully paid		
1,000,000 ordinary shares of £1 each (2016: 100,000 ordinary shares)	1,000	100

On 31 July 2017 900,000 ordinary shares were issued for £77m. 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 Statements of changes in equity.

21. Operating lease and other commitments

At 31 December 2017 the company had total commitments under non-cancellable operating leases of assets for each of the following years:

	Land & buildings	
	2017 £'000	2016 £'000
Not later than one year	1,229	1,215
Later than one year and not later than five years	4,526	4,568
Later than five years	550	1,650
	6,305	7,433

Notes to the financial statements for the year ended 31 December 2017 (continued)

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:

	2017 £'000	2016 £'000
Current year contributions	355	315

b) Defined benefit scheme

The company also has one defined benefit scheme, The Ascot Racecourse Limited 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. At 31 March 2015 the scheme was valued at £200k 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 (2016: £nil). A full valuation of the scheme as of March 2018 is currently underway as part of a triannual valuation programme.

The actuarial valuation as at 31 March 2015 has been updated for the purposes of meeting the requirements of FRS102. The major assumptions used were:

	2017	2016
Rate of increase in benefits and pensions in payment	3.0%	3.0%
Discount rate	2.32%	2.52%
Rate of inflation – CPI	2.5%	3.0%
Longevity at age 65 for future pensioners (men)	23.0 years	23.0 years

FRS102 prescribes that the discount rate applied to the liabilities should be based on the yield on AA rated corporate bonds at 31 December 2017 of 2.32% (2016: 2.52%), whereas the funding basis uses the rate of government bonds (2.25% as at 31 March 2015) less 0.3% (1.95% as at 31 March 2015).

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

	Assets £'000	Liabilities £'000	Total £'000
1 January 2017	4,944	(3,968)	976
Interest income/(expense)	125	(100)	25
Actuarial gain/(loss)	29	(242)	(213)
31 December 2017	5,098	(4,310)	788

On an FRS102 accounting basis the scheme shows a surplus of £788k 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 £200k funding surplus as at 31 March 2015.

Notes to the financial statements for the year ended 31 December 2017 (continued)

22. Post-employment benefits (continued)

b) Defined benefit scheme (continued)

The 1974 scheme is closed to contributions. Under FRS102, none of the £788k (2016: £976k) 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 amount recognised in the profit and loss account is as follows:

	2017 £'000	2016 £'000
Interest cost	25	73
Change in unrecognised surplus	(25)	(73)
Total operating charge	-	-

Total amount recognised in the statement of comprehensive income is as follows:

	2017 £'000	2016 £'000
Return on plan assets less interest income	29	490
Actuarial loss	(242)	(1,399)
Change in unrecognised surplus	213	909
Actuarial loss recognised in the statement of comprehensive income	-	-

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

	2017 £'000	2016 £'000
Corporate bonds	-	2,554
Government bonds	5,088	2,380
Cash	10	10
Fair value of plan assets	5,098	4,944

The return on the fund assets was:

	2017 £'000	2016 £'000
Interest income	125	173
Return on plan assets less interest income	29	490
Total return on plan assets	154	663

Notes to the financial statements for the year ended 31 December 2017 (continued)

23. Related party transactions

Transactions and balances with related parties are as follows:

	Sales		Debtors	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
British Champions Series Limited	213	209	75	83
Weatherbys Limited	81	55	-	1
Weatherbys Hamilton LLP	1	-	-	-
Troy Asset Management Limited	14	15	-	-
	309	279	75	84

	Purchases		Creditors	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
British Champions Series Limited	-	-	55	109
Weatherbys Limited	238	253	24	13
Weatherbys Hamilton LLP	17	12	-	10
	255	265	79	132

British Champions Series Limited (BCS) is an associate undertaking and Ascot Racecourse hosts QIPCO British Champions Day (QBCD) for BCS. Ascot Racecourse Limited collects income and incurs expenditure for QBCD, 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 2018 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 £933k (2016: £1,160k). The net book value of loans to BCS, after provisions for impairment, is £nil (2016: £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 directors J R Weatherby and Sir Francis Brooke Bt. are members of The Jockey Club, which owns and operates a number of racecourses in the UK.

The daughter of one (2016: daughter of one) of the directors of the company was employed by Ascot Racecourse Limited and paid £8k in aggregate for her services (2016: £3k). There are no amounts outstanding as at 31 December 2017.

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

**Notes to the financial statements
for the year ended 31 December 2017 (continued)****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, Sir Francis Brooke Bt. and H M C Morley 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 immediate and ultimate parent undertaking of the company and the above Trustees are therefore the ultimate controlling parties. The Ascot Authority is the parent of the only group including the company. The Ascot Authority is not required to prepare consolidated financial statements.