

Registered no: 04320977

Ascot Racecourse Limited
Annual report and financial statements
for the year ended 31 December 2020



Ascot Racecourse Limited

Annual report and financial statements for the year ended 31 December 2020

	Page(s)
Strategic report	1 – 4
Directors' report	5 – 7
Independent auditors' report	8 – 9
Profit and loss account	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13 – 27

Ascot Racecourse Limited

Strategic report for the year ended 31 December 2020

The directors present their strategic report on the company for the year ended 31 December 2020.

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.

An outbreak of coronavirus disease (Covid-19) was declared as a global pandemic in March 2020. As a result of this, British horse racing was suspended by the BHA on 18 March 2020 and other restrictions were imposed by the government through the Health Protection (Coronavirus, Restrictions) (England) Regulations 2020. Following publication of Government guidance on elite sport behind closed doors on 30 May 2020, horse racing recommenced behind closed doors on 1 June 2020. Royal Ascot 2020 was the first event to be held at the racecourse after the recommencement, albeit without crowds. With the exception of owners and trainers, who have been allowed to attend certain race meetings under specific restrictions, crowds returned to Ascot Racecourse for Royal Ascot 2021 under the UK Government’s Events Research Programme, albeit at significantly reduced attendance. On 19 July 2021 crowd restrictions were lifted. As a result, the restrictions in place have directly impact on the company’s income streams and therefore the directors anticipate a decline in the performance of the company until crowds attend horse racing at the same levels as prior to the Covid-19 pandemic. When crowds do return to these levels the directors anticipate a similar level of profitability as prior to the Covid-19 pandemic. Due to the difficult conditions the company undertook staff restructuring exercises during 2020 which resulted in termination benefits of £0.9m (2019: £nil).

There were 20 racedays (13 flat, 7 jump) in 2020, including QIPCO British Champions Day which Ascot hosts on behalf of British Champions Series Limited (2019: 26 racedays). Five of the 26 scheduled racedays in 2020 were cancelled due to the Covid-19 pandemic and one was abandoned due to a waterlogged track. Attendance decreased by 96.4% to 21,266 (2019: 586,362). 18 of the 20 racedays held in 2020 took place behind closed doors due to Covid-19 restrictions with no public attendance and only essential personnel present along with owners when conditions allowed. 13 of the 35 (2019: 13 of 35) UK Group One Flat races were held at Ascot between June and October, of which four (2019: four) are on QIPCO British Champions Day. Three of the 14 (2019: three of 19) UK Open Grade One Jumps races were held at Ascot in January, February and December.

Turnover decreased from £93.8m in 2019 to £21.7m because of the Covid-19 pandemic. Royal Ascot 2020 was run behind closed doors (2019: Attendance of 293,000).

Loss before taxation was £4.5m (2019: £0.0m profit) and loss after tax for the financial year was £4.7m (2019: £1.0m). These figures are stated after receiving £28.6m (2019: £nil) in insurance proceeds as a result of the curtailment of Royal Ascot 2020, £1.4m in business rates relief (2019: £nil) and £1.0m (2019: £nil) in Coronavirus Job Retention Scheme (CJRS) government support. Loss before taxation, insurance proceeds, business rates relief and CJRS support was £35.5m (2019: £0.0m profit).

At the year end the company had net liabilities of £2.5m (2019: £2.2m net assets).

Capital expenditure during the year was restricted to essential projects, committed projects or those involving statutory obligations. In addition to capital expenditure the Planned Preventative Maintenance (PPM) programme continued, resulting in £0.5m (2019: £1.9m) of expenditure which was expensed to the profit and loss account. A review of the company’s non-financial assets was conducted in the year which resulted in the derecognition of assets with a carrying value of £3.5m.

Despite the challenges in 2020 related to the outbreak of coronavirus disease (Covid-19), the board is committed to a policy of developing the business across seven key income streams, which currently each represent between 10% and 20% of income, to drive its focus on investment in customer experience and facilities, racing (including infrastructure and prize money) and debt repayment.

Ascot Racecourse Limited

Strategic report for the year ended 31 December 2020 (continued)

Key Performance Indicators (KPIs)

Turnover, profit before tax and the level of net debt are the key financial performance indicators used by the directors to monitor the performance of the business. Quality of racing, attendance and customer experience are the key non-financial indicators used by management. Performance on these KPIs is described in the review of business above.

Environmental Impact

Ascot Authority (Holdings) Limited presents a Streamlined Energy and Carbon Reporting (SECR) disclosure for the group, including the company, for the year ended 31 December 2020. 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 mains water is rarely used to irrigate the course. As much waste as possible is recycled; including glass, wood, carpet, food and paper.

Principal risks and uncertainties

The principal risks and uncertainties facing the company are:

- Whilst insurance was held to cover the curtailment of Royal Ascot 2020 (including communicable diseases cover), a risk still exists of continued restrictions or recurrence of the pandemic and the resultant impact on the ability to obtain insurance with similar coverage. Abandonment insurance is held in respect of Royal Ascot 2021, albeit subject to limits on cover. The costs and finances of the business are actively managed, with particular focus on cost management throughout the Covid-19 pandemic.
- Other 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.

Section 172(1) statement

The Companies (Miscellaneous Reporting) Regulations 2018 require directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (a) to (f) of the Companies Act 2006 ('s172') when performing their duty to promote the success of the company under s172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company. This s172 statement explains how the directors:

- have engaged with employees, suppliers, customers and others; and
- have had regard to employee interests, the need to foster the company's business relationships with suppliers, customers and the community, and the effect of that regards, including on the principal decisions taken by the company during the financial year.

The s172 statement focuses on matters of strategic importance to Ascot, and the level of information disclosed is consistent with the size and the complexity of the business.

General confirmation of Directors' duties

Ascot's board has a clear framework for determining the matters within its remit and has approved terms of reference for the matters delegated to its committees. Certain financial and strategic thresholds have been determined to identify matters requiring board consideration and approval. When making decisions, each director ensures that they act in the way they consider, in good faith, would most likely promote the success of the company. Based on Ascot's purpose under the Ascot Authority Act 1913, to further and promote the welfare and prosperity of the Ascot Races, the strategy set by the board is intended to concentrate on four themes: our values, our assets and infrastructure, our customers and our communities.

The directors recognise that Ascot employees are fundamental and core to the business and delivery of its strategic ambitions. The success of the business depends on attracting, retaining and motivating employees. The directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible, from ensuring that Ascot remains a responsible employer, to pay and benefits, health and safety and the workplace environment.

Ascot Racecourse Limited

Strategic report for the year ended 31 December 2020 (continued)

Section 172(1) statement (continued)

General confirmation of Directors' duties (continued)

Delivering Ascot's strategy requires strong mutually beneficial relationships with suppliers, customers, the horsemen and wider racing industry, and other stakeholders. Ascot seeks the promotion and application of certain principles with its suppliers and uses these principles as an important factor in the decision to enter into or remain in such relationships. The company continuously assesses the priorities related to its customers and partners, seeking feedback on its racedays and events and using the feedback to develop future strategy.

Ascot, through its "Ascot Racecourse Supports" initiative, assists selected local and equine charities. Over 250 local charities, community groups and businesses benefit each year via exposure on Ascot's national platform, money contributions and complimentary tickets for use as raffle/auction prizes.

The board periodically reviews and approves clear frameworks, such as its Modern Slavery Statement, to ensure that its high standards are maintained both within Ascot and the business relationships it maintains. This, complemented by the ways the board is informed and monitors compliance with relevant governance standards, helps ensure that Ascot acts in a way that promotes high standards of business conduct.

Culture

The board recognises that it has an important role in assessing and monitoring that the desired culture is embedded in the values, attitudes and behaviours of the business, including in its activities and stakeholder relationships. The board has established the 'Ascot Way' values of elegant, uplifting, and original, recognising the rich Royal heritage and dedication to deliver the very best racing experience.

Stakeholder engagement (including employee engagement)

The board recognises the important role Ascot has to play in the community and is deeply committed to collaboration and engagement with its stakeholders. This commitment is at the heart of Ascot's strategic ambitions. The board strongly believes that Ascot achieves success by working together with its customers, communities, business partners, horsemen and wider racing industry, and other stakeholders.

Ascot Racecourse Limited

Strategic report for the year ended 31 December 2020 (continued)

Section 172(1) statement (continued)

Principal decisions

Principal decisions taken by the board are defined as those decisions in 2020 that are of a strategic nature and that are significant to key stakeholder groups.

Principal decisions	Long-term consequences	Accommodations / mitigations
The board made prudent financial decisions to protect the long term future of the company, such as the company's parent company, Ascot Authority (Holdings) Limited, which acts as treasurer for the company, securing £20.0m funding in the form of a senior secured revolving credit facility benefitting from the UK government's Coronavirus Large Business Interruption Loan Scheme (CLBILS), drawing down a separate £5.0m revolving credit facility and taking advantage of a lower mandatory loan repayment as a result of previous years' voluntary loan repayments.	The drawdown of the existing revolving credit facility, the securing of the new CLBILS revolving credit facility and the reduced loan repayment will result in increased interest payments and delay the erosion of net debt, but also ensure the longer term financial protection of the company.	The board considers the short and long term impacts of its financial decisions in order to protect the company and its key stakeholders. The costs and finances of the business are actively managed, with particular focus on cost management throughout the Covid-19 pandemic
The board ensures strict compliance with Covid-19 guidance and safety measures. Policies regarding on-site safety of staff and contractors are regularly revised in line with latest guidance from Government. Safety protocols during raceday and events, implemented in conjunction with the BHA and Safety Advisory Groups, are strictly monitored and maintained.	Strict conformity with all safety measures is enforced by the board to ensure the risk of the spread of Covid-19 is minimised.	Staff are regularly reminded of safety guidelines. Contractors are required to provide Risk Assessment Method Statements before attending the site and all attendants at the racecourse, when racedays are being run behind closed doors, are required to have undertaken appropriate Covid-19 training, make the necessary medical declarations and pass a temperature test before admission to site. Strict zoning is in place on site during racedays to ensure the segregation of elite sport bubbles.
The board regularly monitored and approved the decisions of the 'Ascot Racecourse Supports' initiative, covering volunteering, community activities, equine charity support and the support of other charity initiatives.	Ascot Racecourse is at the heart of the community and has a specific corporate social responsibility function to determine the most effective application of the Ascot Racecourse Supports initiative for the long term benefit of the local community and charities.	The board not only considers the level of financial support to the local community and charities, but the support that can be given by way of employee volunteering and other non-financial community engagement to support community stakeholders.

On behalf of the Board



G Henderson
Executive Chairman

20 August 2021

Date

Ascot Racecourse Limited

Directors' report for the year ended 31 December 2020

The directors present their report and the audited financial statements of the company for the year ended 31 December 2020.

Results and dividends

The loss for the financial year is £4.7m (2019: £1.0m). The directors do not recommend the payment of a dividend for the year ended 31 December 2020 (2019: £nil).

The Covid-19 pandemic has had a negative financial impact on the company in 2020 and will continue to do so until such time as crowds return to the same levels as prior to the pandemic. The company meets its day-to-day working capital requirements through its bank facilities. In 2020 the company's parent company, Ascot Authority (Holdings) Limited, which acts as treasurer for the company, has secured additional funding in the form of a senior secured revolving credit facility benefitting from the UK government's Coronavirus Large Business Interruption Loan Scheme (CLBILS). This resulted in an increase in the facility available which provides access to additional working capital if required to support the objectives of the group. 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 will enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Economic conditions and UK Government Covid-19 restrictions have continued to create uncertainty over the company's speed of recovery. The company's forecasts and projections, taking account of changes to UK Government Covid-19 restrictions and the resultant trading performance, show that the company should be able to operate within the level of its current facilities for at least the next 12 months. Given the current Covid-19 pandemic, the directors have also considered the impact if trading results do not meet projections. A range of sensitivity scenarios have been modelled considering potential downside impacts of Covid-19 on the business. Sensitivity analysis has been performed reflecting the restricted crowds permitted for Royal Ascot 2021 and assuming the lifting of in 2022. The analysis produces adequate headroom, however, should results fall short of these projections the directors believe that the company has the resources available to it and have identified a number of mitigating actions that could be instigated, such as further reducing costs in a number of areas if required, to enable the company to continue to meet its obligations as they fall due for the foreseeable future.

Future developments

An outbreak of coronavirus disease (Covid-19) was declared as a global pandemic in March 2020. As a result of this, British horse racing was suspended by the BHA on 18 March 2020 and other restrictions were imposed by the government through the Health Protection (Coronavirus, Restrictions) (England) Regulations 2020. Following publication of Government guidance on elite sport behind closed doors on 30 May 2020, horse racing recommenced behind closed doors on 1 June 2020. Royal Ascot 2020 was the first event to be held at the racecourse after the recommencement, albeit without crowds. With the exception of owners and trainers, who have been allowed to attend certain race meetings under specific restrictions, crowds returned to Ascot Racecourse for Royal Ascot 2021 under the UK Government's Events Research Programme, albeit at significantly reduced attendance. On 19 July 2021 crowd restrictions were lifted. The restrictions in place during the pandemic have directly impacted the company's income streams and therefore the directors anticipate a decline in the performance of the company until crowds attend horse racing and other events at the same levels as prior to the Covid-19 pandemic. When crowds do return to these levels the directors anticipate a similar level of profitability as prior to the Covid-19 pandemic.

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	N K Smith	J M Slot (resigned 31 August 2020)
A J M Warwick	J R Parker	F J Barnard (appointed 12 April 2021)
I D McGregor CVO		

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.

Ascot Racecourse Limited

Directors' report for the year ended 31 December 2020 (continued)

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.

Streamlined Energy and Carbon Reporting (SECR) Disclosure

Ascot Authority (Holdings) Limited presents a Streamlined Energy and Carbon Reporting (SECR) disclosure for the group, including the company, for the year ended 31 December 2020.

Statement of engagement with suppliers, customers and other in a business relationship with the company

The directors consider it important to foster the company's business relationships with suppliers, customers, horsemen and the wider racing industry, and others. The principal decisions taken by the company during the financial year are listed in the Section (172) Statement in the Strategic Report, including the long-term consequences of the decisions and the accommodations/mitigations considered in reaching those decisions.

Statement of directors' responsibilities in respect of the financial statements

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, 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 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. 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.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have 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.

Ascot Racecourse Limited

Directors' report for the year ended 31 December 2020 (continued)

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

A handwritten signature in black ink, appearing to read 'G Henderson', written over a horizontal line.

G Henderson
Executive Chairman

20 August 2021

Date

Ascot Racecourse Limited

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 2020 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: Balance sheet as at 31 December 2020; Profit and loss account, 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

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 2020 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 in respect of the financial statements, 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.

Ascot Racecourse Limited

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

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. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of health and safety regulations, tax legislation, General Data Protection regulation, and industry regulations such as Equine welfare and food standards, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of board meeting minutes;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management; and
- Incorporating elements of unpredictability into the audit procedures performed.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. 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 obtained 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

20 August 2021.
Date

Ascot Racecourse Limited

Profit and loss account for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Turnover	5	21,668	93,820
Cost of sales		(20,209)	(58,483)
Gross profit		1,459	35,337
Administrative expenses		(33,557)	(33,246)
Other operating income:			
- Insurance proceeds	6	28,577	
- Other	6	1,098	260
Operating (loss)/profit	6	(2,423)	2,351
Interest receivable and similar income		8	5
Interest payable and similar expenses	8	(2,059)	(2,342)
(Loss)/profit before taxation		(4,474)	14
Tax on (loss)/profit	9	(258)	(1,056)
Loss for the financial year		(4,732)	(1,042)

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.

Ascot Racecourse Limited

Balance sheet as at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	10	131	33
Tangible assets	11	44,312	62,987
Investments	12	-	-
		44,443	63,020
Current assets			
Stock	13	-	181
Debtors	14	8,030	12,528
Cash at bank and in hand		4,501	2,040
		12,531	14,749
Creditors – Amounts falling due within one year	15	(24,240)	(26,335)
Net current liabilities		(11,709)	(11,586)
Total assets less current liabilities		32,734	51,434
Creditors – Amounts falling due after more than one year	16	(31,929)	(44,577)
Deferred credits	18	(3,301)	(4,621)
Net (liabilities)/assets		(2,496)	2,236
Capital and reserves			
Called up share capital	19, 20	1,000	1,000
Share premium account	20	77,440	77,440
Profit and loss account	20	(80,936)	(76,204)
Total shareholders' (deficit)/funds		(2,496)	2,236

The notes on pages 13 to 27 are an integral part of these financial statements.

The financial statements on pages 10 to 27 were approved by the board of directors and were signed on its behalf by:



G Henderson
Executive Chairman
Ascot Racecourse Limited
Ascot Racecourse, Ascot, Berkshire, SL5 7JX

Registered no: 04320977

20 August 2021

Date

Ascot Racecourse Limited

Statement of changes in equity for the year ended 31 December 2020

	Called up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total shareholders' funds/(deficit) £'000
1 January 2019	1,000	77,440	(75,162)	3,278
Loss for the financial year	-	-	(1,042)	(1,042)
31 December 2019	1,000	77,440	(76,204)	2,236
Loss for the financial year	-	-	(4,732)	(4,732)
31 December 2020	1,000	77,440	(80,936)	(2,496)

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2020

1. General Information

Ascot Racecourse Limited ('the company') is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is Ascot Racecourse, Ascot, Berkshire, England 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.

b) Going Concern

These financial statements have been prepared on a going concern basis, which assumes that the company will be able to meet its obligations as and when they fall due for the foreseeable future.

The Covid-19 pandemic has had a negative financial impact on the company in 2020 and will continue to do so until such time as crowds return to the same levels as prior to the pandemic. The company meets its day-to-day working capital requirements through its bank facilities. In 2020 the company's parent company, Ascot Authority (Holdings) Limited, which acts as treasurer for the company, has secured additional funding in the form of a senior secured revolving credit facility benefitting from the UK government's Coronavirus Large Business Interruption Loan Scheme (CLBILS). This resulted in an increase in the facility available which provides access to additional working capital if required to support the objectives of the group. 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 will enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Economic conditions and UK Government Covid-19 restrictions have continued to create uncertainty over the company's speed of recovery. The company's forecasts and projections, taking account of changes to UK Government Covid-19 restrictions and the resultant trading performance, show that the company should be able to operate within the level of its current facilities for at least the next 12 months.

Given the current Covid-19 pandemic, the directors have also considered the impact if trading results do not meet projections. A range of sensitivity scenarios have been modelled considering potential downside impacts of Covid-19 on the business. Sensitivity analysis has been performed reflecting the restricted crowds permitted for Royal Ascot 2021 and assuming the lifting of in 2022. The analysis produces adequate headroom, however, should results fall short of these projections the directors believe that the company has the resources available to it and have identified a number of mitigating actions that could be instigated, such as further reducing costs in a number of areas if required, to enable the company to continue to meet its obligations as they fall due for the foreseeable future.

After making appropriate enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore consider it is appropriate to adopt the going concern basis in preparing the financial statements.

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

3. Summary of significant accounting policies (continued)

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.

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 (k).

f) Other income

Other operating income relating to insurance of the curtailment of Royal Ascot is recognised when it is probable that the cash will be received from the insurer, and the amount can be measured reliably, in accordance with FRS 102 section 2.

Coronavirus Job Retention Scheme receipts from government, to compensate for part of the wages, associated national insurance contributions and employer pension contributions of employees who have been placed on furlough (i.e. placed on a temporary leave of absence), is a government grant accounted for in accordance with FRS 102 paragraph 24.4. Government grants are treated under the accrual model, FRS 102 paragraph 24.5d, where the grant is recognised as other operating income on a systematic basis over the periods in which the related costs, for which the grant is intended to compensate, are recognised. The income from the grant is recognised in the furlough period for each relevant employee.

g) Intangible assets

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

Software and 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.

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

3. Summary of significant accounting policies (continued)

h) 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 (3.5 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.

i) 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.

j) Stock

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

k) 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.

l) 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.

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

3. Summary of significant accounting policies (continued)

m) Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year, reflected in the profit and loss account.

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.

n) 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.

Termination benefits are employee benefits payable as a result of either the company's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits, in accordance with FRS 102 paragraph 28.1(d). The company recognises such payments as a liability and an expense only when the company is demonstrably committed either to terminate the employment of an employee or group of employees before the normal retirement date or to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy under FRS 102 paragraph 28.34.

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

3. Summary of significant accounting policies (continued)

o) Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments. Basic financial instruments, including trade and other receivables and payables, bank loans and cash and bank balances are recognised at transaction price less transaction costs. Such assets are subsequently carried at amortised cost using the effective interest method.

p) 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 2020 a net deferred tax asset of £1.7m (2019: £1.3m) 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, £44.3m at 31 December 2020 (2019: £63.0m), requires the directors to make an estimate of the assets' useful economic lives and undertake an annual review for impairment. The estimated lives applied are detailed in note 3(g). Following an exercise which was undertaken in the year to identify tangible assets recognised by the group where no future economic benefits were expected from their use, assets with a net book amount of £3.5m were derecognised in accordance with FRS 102 paragraph 17.27.

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 £3.3m (2019: £3.1m). No capital grant (2019: £nil) was received from the HBLB.

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

6. Operating (loss)/profit

Operating profit is stated after charging/(crediting):	Note	2020 £'000	2019 £'000
Staff costs:			
Wages and salaries		6,802	7,763
Social security costs		716	883
Other pension costs	22	716	668
Long-term employee benefits		-	295
Termination benefits		892	-
Total staff costs		9,126	9,609
Depreciation and amortisation:			
Impairment of tangible assets	11	3,505	-
Loss on disposal of tangible assets		-	141
Amortisation of intangible assets	10	27	65
Depreciation of tangible assets	11	17,884	17,274
Amortisation of deferred credits	18	(1,320)	(1,320)
Net depreciation and amortisation		20,096	16,160
Operating lease charges:			
Total operating lease charges – land & buildings		1,239	1,236
Auditors' remuneration:		2020 £'000	2019 £'000
Fees payable to the company's auditors for the audit of the company's financial statements		55	55
Fees payable to the company's auditors and their associates for other services:			
- Tax advisory services		15	14
- Tax compliance services		25	23
- Other services		8	78
Total payable to the company's auditors and their associates		103	170
Other operating income comprises:		2020 £'000	2019 £'000
Insurance proceeds		28,577	-
Government grants		996	-
Rental income		102	260
Other operating income		29,675	260

Insurance proceeds relate to an insurance claim for the curtailment of Royal Ascot 2020.

During the year the company received government grants in the form of the Coronavirus Job Retention Scheme (CJRS), a scheme put in place to help businesses through the ongoing Covid-19 situation. Under the CJRS, grant income may be claimed in respect of certain costs to the company of furloughed employees. The CJRS income reflects the costs incurred in the year that are eligible to be included in CJRS grant claims to the extent the company considers there to be reasonable certainty that the grant will be received.

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

6. Operating (loss)/profit (continued)

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.

7. Employees and directors

Employees

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

	2020 Number	2019 Number
Administration	137	135
Course and grounds and maintenance	38	43
	175	178

Directors

The directors' emoluments were as follows:

	2020 £'000	2019 £'000
Aggregate emoluments	1,631	1,663
Company pension contributions to money purchase schemes	34	50
Aggregate amounts receivable under long-term incentive schemes	-	295
	1,665	2,008

Post-employment benefits accrued to two directors (2019: four) under money purchase arrangements. No director is accruing a long-term incentive scheme benefit (2019: five). Compensation for loss of office of £306k (2019: £nil) is included within aggregate emoluments.

Highest paid directors' emoluments

	2020 £'000	2019 £'000
Aggregate emoluments	377	479
Aggregate amounts receivable under long-term incentive schemes	-	93
	377	572

Post-employment benefits of £nil (2019: £nil) were accrued by the highest paid director under money purchase or defined benefit pension arrangements.

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

8. Interest payable and similar expenses

	2020 £'000	2019 £'000
Interest payable on loans from group undertakings	2,059	2,342

9. Tax on loss/profit

a) Tax expense included in the profit and loss account	2020 £'000	2019 £'000
UK Corporation tax on profits for the year	583	853
Adjustment in respect of prior periods	-	183
Total current tax: UK corporation tax on loss/profit for the financial year	583	1,036
Deferred tax:		
Origination and reversal of timing differences	(611)	44
Adjustments in respect of prior years	274	(43)
Effects of changes in tax rates	12	19
Total deferred tax	(325)	20
Tax charge on loss/profit	258	1,056

b) Reconciliation of tax charge

Tax assessed for the year is higher (2019: higher) than the standard rate of corporation tax in the United Kingdom for the year ended 31 December 2020 of 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
(Loss)/profit before taxation	(4,474)	14
(Loss)/profit before taxation multiplied by the standard rate of tax in the UK of 19% (2019: 19%)	(850)	3
Effects of:		
- Expenses not deductible for tax purposes	1,545	894
- Origination and reversal of timing differences	(611)	-
- Adjustments in respect of prior years	274	140
- Changes in tax rates	12	19
- Group relief surrendered for no consideration	(112)	-
Total tax charge for the year	258	1,056

c) Tax rate changes

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to reduce the tax expense for the period by £524k and to increase the deferred tax asset by £524k.

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

10. Intangible assets

	Software & Website development £'000
Cost	
At 1 January 2020	1,036
Additions	125
As 31 December 2020	1,161
Accumulated amortisation	
At 1 January 2020	1,003
Charge for the year	27
At 31 December 2020	1,030
Net book amount	
At 31 December 2020	131
At 31 December 2019	33

Amortisation of intangible fixed assets is included in administrative expenses.

11. Tangible assets

	Land & buildings (leasehold improvements) £'000	Plant, machinery, fixtures and fittings £'000	Total £'000
Cost			
At 1 January 2020	173,654	100,142	273,796
Additions in the year	1,614	1,100	2,714
Impairment	(8,457)	(14,878)	(23,335)
As 31 December 2020	166,811	86,364	253,175
Accumulated depreciation			
At 1 January 2020	133,286	77,523	210,809
Charge for the year	11,662	6,222	17,884
Impairment	(7,675)	(12,155)	(19,830)
At 31 December 2020	137,273	71,590	208,863
Net book amount			
At 31 December 2020	29,538	14,774	44,312
At 31 December 2019	40,368	22,619	62,987

Following an exercise which was undertaken in the year to identify tangible assets recognised by the group where no future economic benefits were expected from their use, assets with a net book amount of £3,505k (2019: £nil) were impaired in accordance with FRS 102 paragraph 17.24. The impairment of tangible assets is charged through administrative expenses in the profit and loss account.

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

12. Investments

	2020 £'000	2019 £'000
Shares in associate	-	-
Loans to associate		
At 1 January	633	746
Repayments in the year	(114)	(113)
At 31 December	519	633
Less provisions for impairment	(519)	(633)
Loans to associate net of impairment	-	-
Net investment in associate	-	-

At 31 December 2020 the company had a 28.2% (2019: 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). The registered office of British Champions' Series Limited is 20-22 Bedford Row, London, WC1R 4EB.

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 £519k (2019: £633k) remains against the total advance, given historic profitability and that the loan repayment schedule extends out to 2025. The company is not committed to any further loans to BCS.

13. Stock

	2020 £'000	2019 £'000
Bloodstock	-	181

The company owns three racehorses (2019: four), which it races for the enjoyment of members of its proprietary club, The Royal Ascot Racing Club.

14. Debtors

	2020 £'000	2019 £'000
Amounts falling due within one year		
Trade debtors	2,023	5,364
Other taxation and social security	403	-
Prepayments and accrued income	3,944	5,829
	6,370	11,193
Amounts falling due after more than one year		
Deferred tax (note 17)	1,660	1,335
	8,030	12,528

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

15. Creditors – Amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	762	1,129
Corporation tax	727	365
Other taxation and social security	-	1,919
Accruals and deferred income	22,751	22,922
	24,240	26,335

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

	2020 £'000	2019 £'000
Amounts owed to group undertakings	31,929	44,577

Amounts owed to group undertakings are in respect of non-instalment debts which are unsecured and repayable by 2023. Interest is charged at 0.5% above the rate paid by Ascot Authority (Holdings) Limited to the external lender.

17. Deferred tax

	Amount recognised	
	2020 £'000	2019 £'000
Capital allowances	1,771	1,299
Short term timing differences	(111)	36
Deferred tax asset	1,660	1,335

Unrelieved tax losses at 31 December 2020 amount to £nil (2019: £nil).

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 2020	40,661	(36,040)	4,621
Credited to the profit and loss account	-	(1,320)	(1,320)
At 31 December 2020	40,661	(37,360)	3,301

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 2020, the amount repayable in such circumstances was £nil (2019: £nil).

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

19. Called up share capital

	2020 £'000	2019 £'000
Allotted, issued and fully paid		
1,000,000 ordinary shares of £1 each (2019: 1,000,000 ordinary shares)	1,000	1,000

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

	Land & buildings	
	2020 £'000	2019 £'000
Not later than one year	1,226	1,239
Later than one year and not later than five years	1,671	2,833
	2,897	4,072

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2020 (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 Scottish Widows 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:

	2020 £'000	2019 £'000
Current year contributions	716	668

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 2018 by qualified independent actuaries, Punter Southall LLP. At 31 March 2018 the scheme was valued at £493k surplus, with a funding level of 111%, and therefore no additional contributions are required of the company. Consequently, the company made no deficit reduction contributions in the year (2019: £nil).

The actuarial valuation as at 31 March 2018 has been updated for the purposes of meeting the requirements of FRS102. The major assumptions used were:

	2020	2019
Rate of increase in benefits and pensions in payment	3.04%	3.05%
Discount rate	1.31%	1.93%
Rate of inflation – CPI	2.80%	3.05%
Longevity at age 65 for future pensioners (men)	22.8 years	23.6 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 2020 of 1.31% (2019: 1.93%), whereas the funding basis uses the rate of government bonds (2.25% as at 31 March 2018) less 0.3%, i.e. 1.95% as at 31 March 2018.

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

	Assets £'000	Liabilities £'000	Total £'000
1 January 2020	4,676	(3,851)	825
Settlements	(318)	262	(56)
Interest income/(expense)	61	(50)	11
Actuarial loss	-	(605)	(605)
Return on plan assets excluding interest income	706	-	706
31 December 2020	5,125	(4,244)	881

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

22. Post-employment benefits (continued)

b) Defined benefit scheme (continued)

The 1974 scheme is closed to contributions. Under FRS102, none of the £881k (2019: £825k) 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 as an expense:

	2020 £'000	2019 £'000
Net interest income	11	33
Settlements	(56)	(85)
Change in unrecognised surplus	45	52
Pension cost recognised as an operating expense	-	-
Return on plan assets less interest income	706	516
Actuarial loss	(605)	(903)
Change in unrecognised surplus	(101)	387
Actuarial gain recognised in the profit and loss account	-	-
Total defined benefit scheme gain recognised	-	-

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

	2020 £'000	2019 £'000
Government bonds	5,122	4,675
Cash	3	1
Fair value of plan assets	5,125	4,676

The return on the fund assets was:

	2020 £'000	2019 £'000
Interest income	61	112
Return on plan assets less interest income	706	516
Total return on plan assets	767	628

Ascot Racecourse Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

23. Related party transactions

Transactions and balances with related parties are as follows:

	Sales		Debtors	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
British Champions' Series Limited	160	227	160	-
Weatherbys Limited	2	118	-	-
	162	345	160	-

	Purchases		Creditors	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
British Champions' Series Limited	-	-	37	89
Weatherbys Limited	90	228	102	15
Weatherbys Hamilton LLP	6	9	-	-
	96	237	139	104

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.

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 £519k (2019: £633k). The net book value of loans to BCS, after provisions for impairment, is £nil (2019: £nil).

Ascot Racecourse Limited purchases racecards from, and sells sponsorship and hospitality packages to, Weatherbys Limited, a company which shared a director (J R Weatherby – resigned 22 June 2020) with the Group. It also purchases horse insurance from Weatherbys Hamilton LLP.

Ascot Authority (Holdings) Limited directors J R Weatherby (resigned 22 June 2020), Sir Francis Brooke Bt., H M C Morley and Lady Celina Carter are members of The Jockey Club, which owns and operates a number of racecourses in the UK.

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

24. Ultimate parent company and controlling party

The immediate parent undertaking is Ascot Authority (Holdings) Limited which is also the parent undertaking of the smallest and largest company to consolidate these financial statements. Copies of the consolidated financial statements of Ascot Authority (Holdings) Limited are available from The Company Secretary, Ascot, Ascot Racecourse, Berkshire SL5 7JX.

Sir Francis Brooke Bt., H M C Morley and Lady Celina Carter 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.