

**NATIONAL JOINT PITCH COUNCIL  
LIMITED**

**Report and Financial Statements**

**31 December 2006**

# **NATIONAL JOINT PITCH COUNCIL LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2006**

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# **NATIONAL JOINT PITCH COUNCIL LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2006**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

T Clarke (Chairman)  
M Bowler  
W Blaney  
Miss C Davies  
R Grossmith  
J Stevenson  
A Waterworth

#### **SECRETARY**

P Smith

#### **REGISTERED OFFICE**

2b Kings Hall  
St Ives Business Park  
St Ives  
Cambridgeshire  
PE27 4WY

#### **BANKERS**

HSBC Bank plc  
89 Buckingham Palace Road  
Belgravia  
London SW1W 0QL

#### **SOLICITORS**

Harbottle & Lewis  
Hanover House  
14 Hanover Square  
London W1R 0OB

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Cambridge

# **NATIONAL JOINT PITCH COUNCIL LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2006.

This directors report has been prepared in accordance with the special provisions relating to small companies under sections 246(4) of the Companies Act 1985.

## **ACTIVITIES**

The company's principal activity is the administration of on-course betting rings at all meetings held at horse racecourses in Great Britain. The company also monitors compliance with the National Pitch Rules and recommends revisions to those rules from time to time.

## **REVIEW OF DEVELOPMENTS**

The directors report a deficit for the year and expect to report a further deficit in the year ahead.

Due to the implementation of the Gambling Act 2005, the DCMS (Department for Culture Media and Sports) set up a working group in February 2007, comprised of members drawn from the racing and betting industry, to look into the future administrative arrangements for racecourse betting rings. The company's Executive chaired and attended the meetings of the working group and its report into the future administrative arrangements was finalised and published in December 2007. This report laid the foundation of the requirements for the future administration of existing betting rings in Great Britain.

The company's principal activity ceased on 31 August 2007 with the implementation of the 2005 Gambling Act. This Act removed the HBLB authority to issue certificates of approval to racecourses. The certificate of approval included a condition that required adherence to the National Pitch Rules administered by the company.

The company subsequently contracted with the Racecourse Association to provide similar services to those previously provided under the authority of the HBLB during the period from 1 September 2007 to the inception of the new contract.

The directors considered the solvency of the company at 31 August 2007 and agreed that, following a reduction of staffing levels via voluntary redundancies, limited services could be provided until 31 December 2007 to enable the working group time to complete its deliberations and to ensure continuity within racecourse betting rings.

A new administrator is due to be appointed by the racecourses. Preliminary negotiations with the Racecourses Association, acting on behalf of individual racecourses, have commenced with a view to the company being appointed the new administrator of betting rings until September 2012.

The directors have agreed to continue to trade beyond 31 December 2007 on the basis this contract will be awarded. The directors and members are currently obtaining legal advice on changing the membership of the company. These changes are likely to occur in early 2008 and would remove the HBLB and Racecourse Association from the list of members, and they would be replaced with additional members from the National Association of Bookmakers and Rails Bookmakers Association, and introduce a new member from the Association of Racecourse Bookmakers.

# NATIONAL JOINT PITCH COUNCIL LIMITED

## DIRECTORS' REPORT

### DIRECTORS

The directors who served throughout the year are as follows:

T Clarke (Chairman)

M Bowler

W Blaney

Miss C Davies

R Grossmith

G Moir (resigned 28 June 2007)

A Waterworth

J Stevenson (appointed 28 June 2007)

The company is limited by guarantee and does not have share capital. Consequently, there are no disclosable interests in share capital. In the event of the company being wound up, each member has guaranteed to contribute £1. At 31 December 2006 and 31 December 2005 there were 7 members, comprising 3 members from the Horserace Betting Levy Board, 2 members from the Racecourse Association Limited, 1 member from the Rails Bookmakers Association and 1 member from the National Association of Bookmakers.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# NATIONAL JOINT PITCH COUNCIL LIMITED

## DIRECTORS' REPORT (continued)

### AUDITORS

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board on

P Smith  
Secretary

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL JOINT PITCH COUNCIL LIMITED**

We have audited the financial statements of National Joint Pitch Council Limited for the year ended 31 December 2006 which comprise the income and expenditure account, the balance sheet, the cash flow statement, the notes to the cash flow statement and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL JOINT PITCH COUNCIL LIMITED (continued)**

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its deficit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

### **Emphasis of matter - Going concern**

Without qualifying our opinion, we draw attention to the disclosures made in note 2 of the financial statements concerning the company's ability to continue as a going concern. The company is awaiting the formal enactment of the recommendations of the Department for Culture, Media and Sport Working Group regarding the future administration of existing betting rings in order to obtain the authority required to continue in its principal business activity. These conditions, along with other matters as set forth in note 2, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

### **Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
Cambridge, United Kingdom



# NATIONAL JOINT PITCH COUNCIL LIMITED

## INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 2006

	Note	2006 £	2005 £
<b>INCOME</b>	2	1,092,581	1,108,593
Cost of operations		<u>809,565</u>	<u>770,086</u>
Gross surplus		283,016	338,507
Administrative expenses	3	<u>637,920</u>	<u>634,257</u>
<b>OPERATING DEFICIT</b>	5	(354,904)	(295,750)
Interest receivable and similar income		<u>30,877</u>	<u>40,053</u>
<b>DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(324,027)	(255,697)
Tax on deficit on ordinary activities	6	<u>(5,642)</u>	<u>(7,138)</u>
<b>DEFICIT FOR THE FINANCIAL YEAR</b>		(329,669)	(262,835)
<b>Retained surplus brought forward</b>		<u>1,050,176</u>	<u>1,313,011</u>
<b>Retained surplus carried forward</b>		<u><u>720,507</u></u>	<u><u>1,050,176</u></u>

All activities derive from continuing operations.

There are no recognised gains or losses for the current financial year and the preceding financial year other than as stated in the income and expenditure account. Accordingly no statement of total recognised gains and losses has been provided.

# NATIONAL JOINT PITCH COUNCIL LIMITED

## BALANCE SHEET 31 December 2006

	Note	2006 £	2005 £
<b>FIXED ASSETS</b>			
Tangible assets	7	<u>333,851</u>	<u>518,913</u>
<b>CURRENT ASSETS</b>			
Debtors	8	140,042	165,363
Investments	9	650,000	820,000
Cash at bank and in hand		85,369	192,897
		<u>875,411</u>	<u>1,178,260</u>
<b>CREDITORS: amounts falling due within one year</b>	10	<u>339,059</u>	<u>494,623</u>
<b>NET CURRENT ASSETS</b>		<u>536,352</u>	<u>683,637</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		870,203	1,202,550
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	11	<u>149,696</u>	<u>152,374</u>
<b>NET ASSETS</b>		<u><u>720,507</u></u>	<u><u>1,050,176</u></u>
<b>RESERVES</b>			
Income and expenditure account		<u><u>720,507</u></u>	<u><u>1,050,176</u></u>

These financial statements were approved by the Board of Directors on  
Signed on behalf of the Board of Directors

Director

# NATIONAL JOINT PITCH COUNCIL LIMITED

## CASH FLOW STATEMENT Year ended 31 December 2006

	Note	2006 £	£	2005 £
<b>Net cash outflow from operating activities</b>	A	(174,920)		(47,293)
<b>Returns on investments and servicing of finance</b>				
Interest received		<u>30,877</u>	<u>40,053</u>	
<b>Net cash inflow from returns on investments and servicing of finance</b>		30,877		40,053
<b>Taxation</b>		(7,138)		(3,271)
<b>Capital expenditure and financial investment</b>				
Payments to acquire tangible fixed assets		(139,022)	(129,496)	
Receipts from sales of tangible fixed assets		<u>12,675</u>	<u>29,650</u>	
<b>Net cash outflow from capital expenditure and financial investment</b>		<u>(126,347)</u>		<u>(99,846)</u>
<b>Net cash outflow before use of liquid resources</b>		(277,528)		(110,357)
<b>Management of liquid resources</b>				
Movement in short term deposits		<u>170,000</u>	<u>(220,000)</u>	
<b>Net cash inflow (outflow) from management of liquid resources</b>		<u>170,000</u>		<u>(220,000)</u>
<b>Decrease in cash in the year</b>	B	<u>(107,528)</u>		<u>(330,357)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>	B			
Decrease in cash in the year		(107,528)		(330,357)
Cash (outflow) inflow from (decrease) increase in liquid resources		<u>(170,000)</u>		<u>220,000</u>
<b>Movement in net funds in year</b>		<u>(277,528)</u>		<u>(110,357)</u>
<b>Net funds at 1 January</b>		<u>1,012,897</u>		<u>1,123,254</u>
<b>Net funds at 31 December</b>		<u><u>735,369</u></u>		<u><u>1,012,897</u></u>

# NATIONAL JOINT PITCH COUNCIL LIMITED

## NOTES TO THE CASH FLOW STATEMENT Year ended 31 December 2006

### A. RECONCILIATION OF OPERATING DEFICIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2006 £	2005 £
Operating deficit	(354,904)	(295,750)
Depreciation	311,425	300,883
Profit on sale of tangible fixed assets	(16)	(3,672)
Decrease (increase) in debtors	25,321	(40,025)
Decrease in creditors	(156,746)	(8,729)
<b>Net cash outflow from operating activities</b>	<u>(174,920)</u>	<u>(47,293)</u>

### B. ANALYSIS OF NET FUNDS

	At 31 December 2005 £	Cash flows £	At 31 December 2006 £
Cash at bank and in hand	192,897	(107,528)	85,369
Current asset investment	820,000	(170,000)	650,000
	<u>1,012,897</u>	<u>(277,528)</u>	<u>735,369</u>

# NATIONAL JOINT PITCH COUNCIL LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2006

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

#### Accounting convention

The financial statements are prepared under the historical cost convention.

#### Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Computers, fixtures and fittings	33 1/3% per annum
Standard joints	16 2/3% per annum
Motor vehicles	33 1/3% per annum

#### Leases

Operating lease rentals are charged to the income and expenditure account as incurred.

#### Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### Pension costs

The company has a defined benefit scheme for employees who had joined the company before 31 March 2003. In accordance with FRS 17, contributions made to the defined benefit scheme have been accounted for as if it were a defined contribution scheme. This is because the company cannot identify its share of the underlying assets and liabilities of the group scheme on a reasonable and consistent basis.

The company pays pension contributions into a group personal pension scheme of employees. Contributions are charged to the profit and loss account as they become payable.

### 2. GOING CONCERN

Following the implementation of the Gambling Act 2005, the company is reliant upon the formal adoption of the Department for Culture, Media and Sport Working Group's recommendations regarding the future administration of existing betting rings. The Working Group has recommended that the company continue to provide services similar to those previously provided under the authority of the Horserace Betting Levy Board until September 2012. Adoption of this agreement is to be accomplished through a signed contractual agreement with the racecourses. Without this contract the company will not have the authority required to continue in its principal business activity.

Whilst there can be no certainty concerning future contractual agreements, the directors are confident that the Department for Culture, Media and Sport Working Group's recommendation will be ratified through the signing of contractual arrangements. This will enable the company to continue in its principal business activity.

They therefore believe that the going concern basis is appropriate. However, should this not be the case, adjustments would have to be made to reduce the value of the assets to their realisable amount and to provide for any further liabilities which might arise.

# NATIONAL JOINT PITCH COUNCIL LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2006

### 3. INCOME

Income represents amounts derived from the provision of services which fall within the company's ordinary activities after deduction of value added tax.

The income, which arises in the United Kingdom, is attributable to the company's principal activity.

	2006 £	2005 £
Pitch administration fees	399,025	383,378
Registration fees	111,575	115,842
List position fees	462,104	534,322
Other income	119,877	75,051
	<u>1,092,581</u>	<u>1,108,593</u>

### 4. ADMINISTRATIVE EXPENSES

	2006 £	2005 £
Office	501,968	493,392
Establishment	77,778	76,668
General	58,174	63,042
Grants to members for improvements to racecourse betting rings	-	1,155
	<u>637,920</u>	<u>634,257</u>

### 5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2006 £	2005 £
<b>Independent directors' remuneration</b>		
Emoluments	<u>54,029</u>	<u>52,394</u>
	<b>Number</b>	<b>Number</b>
<b>Average number of persons employed</b>		
Council members	3	3
Field staff	7	8
Administration	9	9
	<u>19</u>	<u>20</u>
	<b>£</b>	<b>£</b>
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	597,612	583,854
Social security costs	74,083	65,829
Pension costs	47,446	49,315
	<u>719,141</u>	<u>698,998</u>

# NATIONAL JOINT PITCH COUNCIL LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2006

### 5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

No pension contributions were paid on behalf of directors.

The directors who received remuneration during the year were T Clarke, M Bowler and W Blaney.

A small team of betting ring managers were also employed on a daily basis when the number of fixtures exceeded the number of field staff.

### 6. OPERATING DEFICIT

	2006	2005
	£	£
<b>Operating deficit is after charging (crediting):</b>		
Depreciation		
Owned assets	311,425	300,883
Profit on disposal of fixed assets	(16)	(3,672)
Rentals under operating leases	46,657	39,473
Auditors' remuneration	8,500	8,000
	<u>          </u>	<u>          </u>

### 7. TAX ON DEFICIT ON ORDINARY ACTIVITIES

	2006	2005
	£	£
United Kingdom corporation tax charge for the year	<u>5,642</u>	<u>7,138</u>

The company has agreed mutual trading status with the Inland Revenue and is therefore chargeable to corporation tax only on its investment income.

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19%. The actual tax charge for the current and previous year differs to the standard tax rate for the reasons set out in the following reconciliation:

	2006	2005
	£	£
Deficit before taxation	<u>(324,027)</u>	<u>(255,697)</u>
Tax on deficit at standard rate	(61,565)	(48,582)
Factors affecting charge for the year:		
Deficit not assessable to tax due to non-profit making status of company	67,431	56,192
Marginal relief	<u>(224)</u>	<u>(472)</u>
Current tax charge for the year	<u>5,642</u>	<u>7,138</u>

# NATIONAL JOINT PITCH COUNCIL LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2006

### 8. TANGIBLE FIXED ASSETS

	Computers, fixtures and fittings £	Motor vehicles £	Standard joints £	Total £
Cost				
At 1 January 2006	127,262	107,488	1,532,870	1,767,620
Additions in year	26,600	35,822	76,600	139,022
Disposals in year	(48,363)	(35,384)	-	(83,747)
	<u>105,499</u>	<u>107,926</u>	<u>1,609,470</u>	<u>1,822,895</u>
At 31 December 2006				
Depreciation				
At 1 January 2006	88,077	23,819	1,136,811	1,248,707
Charge in year	22,063	34,969	254,393	311,425
Disposals in year	(47,499)	(23,589)	-	(71,088)
	<u>62,641</u>	<u>35,199</u>	<u>1,391,204</u>	<u>1,489,044</u>
At 31 December 2006				
Net book value				
At 31 December 2006	<u>42,858</u>	<u>72,727</u>	<u>218,266</u>	<u>333,851</u>
At 31 December 2005	<u>39,185</u>	<u>83,669</u>	<u>396,059</u>	<u>518,913</u>

### 9. DEBTORS

	2006 £	2005 £
Trade debtors	25,915	31,636
Other debtors	72,305	89,139
Prepayments and accrued income	41,822	44,588
	<u>140,042</u>	<u>165,363</u>

All amounts are due within one year.

### 10. INVESTMENTS HELD AS CURRENT ASSETS

	2006 £	2005 £
Short term deposit	<u>650,000</u>	<u>820,000</u>



# NATIONAL JOINT PITCH COUNCIL LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2006

### 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Trade creditors	71,596	56,615
Corporation tax	5,642	7,138
Other taxation and social security	53,237	42,059
Accruals and deferred income	208,584	388,811
	<u>339,059</u>	<u>494,623</u>

### 12. PROVISIONS FOR LIABILITIES AND CHARGES

#### Other provisions

Movement in year	£
At 1 January 2006	152,374
Profit and loss release	(2,678)
	<u>149,696</u>
At 31 December 2006	<u>149,696</u>

### 13. RECONCILIATION OF MOVEMENTS IN MEMBERS' FUNDS

	2006 £	2005 £
Deficit attributable to members of the company	(329,669)	(262,835)
Opening members' funds	1,050,176	1,313,011
	<u>720,507</u>	<u>1,050,176</u>
Closing members' funds	<u>720,507</u>	<u>1,050,176</u>

### 14. FINANCIAL COMMITMENTS

#### Operating lease commitments

At 31 December 2006 the company was committed to making the following payments during the next year in respect of operating leases:

	2006		2005	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases which expire:				
Within one year	29,700	7,597	39,600	7,021
After five years	70,528	-	67,850	-
	<u>100,228</u>	<u>7,597</u>	<u>107,450</u>	<u>7,021</u>

# NATIONAL JOINT PITCH COUNCIL LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2006

### 15. PENSION SCHEMES

The company participates in a defined retirement benefit pension scheme (RBS) operated by the Horserace Betting Levy Board (HBLB). The RBS closed to new members on 1 April 2003 and a group personal pension scheme was established from that date.

The RBS pension scheme provides benefits based on final pensionable salary. The assets of the scheme are held separately from those of the HBLB, being invested with one fund manager. Contributions to the RBS have been charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the Group. Such contributions have been determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The last actuarial valuation was carried out as at 30 June 2004.

The actuarial valuation at 30 June 2004, which assumed that all liabilities will be bought out, showed that the market value of the Scheme's assets amounted to £36.7m which represented 76% of the Scheme's liabilities, giving rise to a deficiency of £12m. The main assumptions used in the valuation were that the rate of interest would be 6.9% per annum pre retirement and 4.9% post retirement; pensionable salaries would increase by 3.5% per annum and pension increases would be 5.0% for benefits accrued up to 28 February 1990, and 3% for benefits accrued after 1st March 1990.

The HBLB and the Trustees of the scheme have agreed that, in order to fund continuing benefits, contributions to the RBS will continue at 18.2%, of which employees will contribute 4%, and additional payments would be made to eliminate the funding deficit.

During 2005 the Trustees of the RBS purchased a buyout policy with an insurance company which insured estimated benefits for active and deferred members assuming a HBLB termination date of September 2009. The Trustees purchased the buyout policy with the objective of eliminating risks arising from investment returns and longevity, thus providing greater certainty over the future funding required.

In addition to an initial payment of approximately £24m paid by the Trustees in December 2005, and c£3.3m in September 2006, a further two instalments of approximately £3m, net of employees 4%, and employers 14.2% contributions, are due to be paid in September 2007 and 2008 by the HBLB in line with the buyout policy.

The RBS is a defined benefit scheme but because the company cannot identify its share of the underlying assets and liabilities, the pension cost has been treated as if it were a defined contribution scheme.

FRS 17

In accordance with FRS 17 the NJPC accounts for its contribution to the HBLB pension scheme as if it were a defined contribution scheme. This is because the company cannot identify its share of the underlying assets and liabilities of the scheme on a reasonable and consistent basis.

The pension cost for the company for the year amounted to £47,446 (2005 - £49,315). There were no outstanding pension contributions at the year end.

### 16. CALLED UP SHARE CAPITAL

The company is limited by guarantee and does not have share capital. Consequently, there are no disclosable interests in share capital. In the event of the company being wound up, each member has guaranteed to contribute £1. At 31 December 2006 there were 7 members, comprising 3 members from the Horserace Betting Levy Board, 2 members from the Racecourse Association Limited, 1 member from the Rails Bookmaker Association and 1 member from the National Association of Bookmakers.

## **NATIONAL JOINT PITCH COUNCIL LIMITED**

### **ADDITIONAL INFORMATION**

The additional information which comprises the income and expenditure account and related notes 1 to 6 has been prepared from the accounting records of the company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the auditors' report thereon.

# NATIONAL JOINT PITCH COUNCIL LIMITED

## INCOME AND EXPENDITURE ACCOUNT Year ended 31 December 2006

	Note	2006 £	2005 £
<b>INCOME</b>	1	1,092,581	1,108,593
Cost of operations	2	<u>809,565</u>	<u>770,086</u>
<b>GROSS INCOME</b>		<u>283,016</u>	<u>338,507</u>
%		25.90	30.53
 <b>LESS OVERHEAD EXPENSES</b>			
Office	3	501,968	494,547
Establishment	4	77,778	76,668
General	5	<u>58,174</u>	<u>63,042</u>
		<u>637,920</u>	<u>634,257</u>
<b>NET EXPENDITURE FOR THE YEAR</b>		(354,904)	(295,750)
 <b>ADD: OTHER INCOME</b>			
Interest receivable and similar income	6	<u>30,877</u>	<u>40,053</u>
<b>DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u><u>(324,027)</u></u>	<u><u>(255,697)</u></u>

# NATIONAL JOINT PITCH COUNCIL LIMITED

## NOTES TO THE INCOME AND EXPENDITURE ACCOUNT Year ended 31 December 2006

	2006 £	2005 £
<b>1. INCOME</b>		
Pitch administration fees	399,025	383,378
Registration fees	111,575	115,842
List position transfer fees	462,104	534,322
Other income	119,877	75,051
	<u>1,092,581</u>	<u>1,108,593</u>
<b>2. COST OF OPERATIONS</b>		
Staff costs		
Field staff salaries	241,230	241,400
Temporary field staff salaries	50,187	36,930
Employer's NIC	27,839	26,196
PSA costs	11,688	10,702
Pension costs	20,531	22,371
Health and medical insurance	5,975	8,171
Standard joints	40,345	8,830
Travel, subsistence and other expenses	96,293	91,279
Motor vehicle running costs	3,267	10,113
Telephone	14,208	11,251
Auction expenses	6,424	6,202
Authorisation badges	2,822	2,728
Depreciation on motor vehicles and standard joints	289,361	288,224
Profit on disposal of fixed assets	(605)	(4,311)
Marketing	-	10,000
	<u>809,565</u>	<u>770,086</u>
<b>3. OFFICE EXPENSES</b>		
Staff costs		
Directors' remuneration	54,029	52,394
Office based salaries	252,166	240,788
Employer's NIC	34,556	28,931
Health and medical insurance	7,209	22,993
Pension costs	26,915	26,944
Temporary office staff salaries	-	12,342
Telephone	7,642	9,484
Equipment maintenance and repairs	23,233	22,190
Postage	10,508	9,782
Printing and stationery	32,872	29,445
Meetings, conferences and seminars	7,987	7,136
Staff and council members' expenses	22,198	17,821
Depreciation on computers and office expenses	22,064	12,503
Loss on disposal of fixed assets	589	639
	<u>501,968</u>	<u>493,392</u>
Grants to members for improvements to racecourse betting rings, etc.	-	1,155
	<u>501,968</u>	<u>494,547</u>

# NATIONAL JOINT PITCH COUNCIL LIMITED

## NOTES TO THE INCOME AND EXPENDITURE ACCOUNT Year ended 31 December 2006

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>4. ESTABLISHMENT EXPENSES</b>		
Rent	39,636	39,473
General rates	18,652	16,115
Property repairs	17,886	18,966
Light, heat and utilities	1,604	1,958
Depreciation on furniture and fittings	-	156
	<u>77,778</u>	<u>76,668</u>
<b>5. GENERAL EXPENSES</b>		
General insurance	7,643	8,875
Legal and professional fees	27,486	20,628
Audit and accountancy	12,855	10,275
Bank charges	4,578	6,476
Sundry expenses	522	371
Staff meetings, training and expenses	4,444	14,660
Recruitment	-	977
Web site	646	780
	<u>58,174</u>	<u>63,042</u>
<b>6. INTEREST RECEIVABLE AND SIMILAR INCOME</b>		
Bank interest	<u>30,877</u>	<u>40,053</u>