

**ADMINISTRATION OF GAMBLING ON
TRACKS LIMITED**

Report and Financial Statements

31 December 2010



ADMINISTRATION OF GAMBLING ON TRACKS LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Independent auditor's report	4
Income and expenditure account	6
Balance sheet	7
Cash flow statement	8
Notes to the cash flow statement	9
Notes to the financial statements	10

ADMINISTRATION OF GAMBLING ON TRACKS LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mrs T Barlow (Chairman)
M Fogarty
B Johnson
S Winfield
A Styles
R Grossmith
G Thorpe

SECRETARY

P Smith

REGISTERED OFFICE

3A King's Hall
St Ives Business Park
St Ives
Cambridgeshire
PE27 4WY

BANKERS

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

SOLICITORS

Taylor Vinters
Merlin Place
Milton Road
Cambridge
CB4 0DP

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge

ADMINISTRATION OF GAMBLING ON TRACKS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

ACTIVITIES

The company's principal activity is the administration of on-course betting rings at all meetings held at horse racecourses in Great Britain

REVIEW OF DEVELOPMENTS

The directors report a surplus for the year

The directors have considered the level of reserves required to ensure that the company is adequately financed and have agreed that reserves in excess of this figure are available to be returned to bookmakers by way of a future reduction in fees. The directors therefore expect to report a loss for the forthcoming year

AGT has fulfilled its contractual obligations with regards to betting ring administration and regularly provides updates and reports to the RCA

DIRECTORS

The directors who served during the year and subsequent to the year end, unless otherwise stated, are as follows

Mrs T Barlow (Chairman)

M Fogarty

R Grossmith

B Johnson

K Johnson (resigned 19 August 2010)

A Styles

S Winfield

G Thorpe (appointed 19 August 2010)

The company is limited by guarantee and does not have share capital. In the event of the company being wound up, each member has guaranteed to contribute £1. At 31 December 2010 and 31 December 2009 there were 7 members, comprising 2 members from the National Association of Bookmakers, 2 members from the Rails Bookmakers Association, 1 member from the Association of Racecourse Bookmakers and 2 independent members, Mrs T Barlow and S Winfield

ADMINISTRATION OF GAMBLING ON TRACKS LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS' RESPONSIBILITIES STATEMENT

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

AUDITOR

Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

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

Approved by the Board of Directors
and signed on behalf of the Board on 27 SEPTEMBER 2011



P Smith
Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADMINISTRATION OF GAMBLING ON TRACKS LIMITED

We have audited the financial statements of Administration of Gambling on Tracks Limited for the year ended 31 December 2010 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 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its surplus for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADMINISTRATION
OF GAMBLING ON TRACKS LIMITED (continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report

A. J. Swarbrick

Andrew Swarbrick BA FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom

23 September 2011

ADMINISTRATION OF GAMBLING ON TRACKS LIMITED

INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 2010

	Note	2010 £	2009 £
INCOME	2	942,339	1,039,791
Cost of operations		439,319	423,590
Gross surplus		<u>503,020</u>	<u>616,201</u>
Administrative expenses	3	356,705	374,680
OPERATING SURPLUS	5	146,315	241,521
Interest receivable and similar income		150	111
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>146,465</u>	<u>241,632</u>
Tax on surplus on ordinary activities	6	(30)	(23)
SURPLUS FOR THE FINANCIAL YEAR		<u>146,435</u>	<u>241,609</u>
Retained surplus brought forward		<u>275,066</u>	<u>33,457</u>
Retained surplus carried forward		<u><u>421,501</u></u>	<u><u>275,066</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.

ADMINISTRATION OF GAMBLING ON TRACKS LIMITED

BALANCE SHEET 31 December 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible assets	7	46,648	58,714
CURRENT ASSETS			
Debtors	8	95,500	113,917
Cash at bank and in hand		428,271	258,209
		<u>523,771</u>	<u>372,126</u>
CREDITORS: amounts falling due within one year	9	<u>148,918</u>	<u>155,774</u>
NET CURRENT ASSETS		<u>374,853</u>	<u>216,352</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>421,501</u>	<u>275,066</u>
RESERVES			
Income and expenditure account	10	<u>421,501</u>	<u>275,066</u>

The financial statements of Administration of Gambling on Tracks Limited, registered number 3595282, were approved by the Board of Directors and authorised for issue on *27 SEPTEMBER 2011*

Signed on behalf of the Board of Directors



Mrs T A Barlow
Director

ADMINISTRATION OF GAMBLING ON TRACKS LIMITED

CASH FLOW STATEMENT Year ended 31 December 2010

	Note	£	2010 £	£	2009 £
Net cash inflow from operating activities	A		178,625		276,584
Returns on investments and servicing of finance					
Interest received		150		111	
Net cash inflow from returns on investments and servicing of finance			150		111
Taxation			(23)		(414)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(16,390)		(59,932)	
Receipts from sales of tangible fixed assets		7,700		17,300	
Net cash outflow from capital expenditure and financial investment			(8,690)		(42,632)
Net cash inflow before use of liquid resources			170,062		233,649
Management of liquid resources					
Decrease in cash from loans		-		(70,000)	
Net cash outflow from management of liquid resources			-		(70,000)
Increase in cash in the year	B		170,062		163,649
Reconciliation of net cash flow to movement in net funds					
Increase in cash in the year	B		170,062		163,649
Cash flow from increase in loans			-		70,000
Movement in net funds in year			170,062		233,649
Net funds at 1 January			258,209		24,560
Net funds at 31 December	B		428,271		258,209

ADMINISTRATION OF GAMBLING ON TRACKS LIMITED

NOTES TO THE CASH FLOW STATEMENT

Year ended 31 December 2010

A RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2010	2009
	£	£
Operating surplus	146,315	241,521
Depreciation	24,791	24,105
Profit on sale of tangible fixed assets	(4,035)	(10,917)
Decrease in debtors	18,417	7,229
(Decrease) increase in creditors	(6,863)	14,646
	<u>178,625</u>	<u>276,584</u>
Net cash inflow from operating activities	<u><u>178,625</u></u>	<u><u>276,584</u></u>

B ANALYSIS OF NET FUNDS

	At 1 January 2010 £	Cash flows £	At 31 December 2010 £
Cash at bank and in hand	<u>258,209</u>	<u>170,062</u>	<u>428,271</u>

ADMINISTRATION OF GAMBLING ON TRACKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

1. ACCOUNTING POLICIES

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

Basis of accounting

The financial statements are prepared under the historical cost convention.

Going concern

Following the signing of the service contract with the 60 individual horse racecourses in 2008, the company believes that its future is adequately secure to continue as a going concern.

The company reported a strong trading performance during 2010 which has significantly strengthened its net asset position. This, along with conservative forecast projections, stands the company in a good stable position to manage its business risks successfully despite the current uncertain economic outlook and challenging trading conditions currently being encountered by racecourse bookmakers.

The directors continue to review the financial performance of the company to ensure it is adequately funded whilst being mindful of the fees and charges made to racecourse bookmakers.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence until at least September 2012, at which point the service contract with the RCA is due for renewal. Initial discussions to renew the service contract beyond 2012 have already commenced. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

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

ADMINISTRATION OF GAMBLING ON TRACKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

2. 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

	2010 £	2009 £
Betting administration fees	645,557	664,970
Registration fees	3,427	19,900
List position fees	267,477	313,560
Other income	25,878	41,361
	<u>942,339</u>	<u>1,039,791</u>

3. ADMINISTRATIVE EXPENSES

	2010 £	2009 £
Office	289,161	302,303
Establishment	24,878	25,866
General	42,666	46,511
	<u>356,705</u>	<u>374,680</u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2010 £	2009 £
Independent directors' remuneration		
Emoluments	22,000	22,000
	<u>Number</u>	<u>Number</u>
Average number of persons employed		
Board members	2	2
Field staff	6	6
Administration	4	6
	<u>12</u>	<u>14</u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	452,655	450,923
Social security costs	48,476	49,927
Pension costs	35,530	37,647
	<u>536,661</u>	<u>538,497</u>

ADMINISTRATION OF GAMBLING ON TRACKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2010

4. 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 A Barlow and S W H Winfield. The other 5 directors are member representatives who receive no remuneration.

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

5 OPERATING SURPLUS

	2010 £	2009 £
Operating surplus is after charging (crediting):		
Depreciation		
Owned assets	24,791	24,105
Profit on disposal of fixed assets	(4,035)	(10,917)
Rentals under operating leases	15,000	14,949
Auditor's remuneration	5,000	2,500
	<u> </u>	<u> </u>

6. TAX ON SURPLUS ON ORDINARY ACTIVITIES

	2010 £	2009 £
United Kingdom corporation tax charge for the year	30	23
	<u> </u>	<u> </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 21% (2009 - 21%). 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:

	2010 £	2009 £
Surplus before taxation	146,465	241,632
Tax on surplus at standard rate	30,758	50,743
Factors affecting charge for the year		
Surplus not assessable to tax due to mutual trading status of company	(30,728)	(50,720)
Current tax charge for the year	<u> </u>	<u> </u>
	30	23

In June 2010 the UK Government announced that it would introduce legislation that would reduce the corporation tax rate to 20% with effect from 1 April 2011. This legislation was substantively enacted on 27 July 2010. The effective tax rate for the period to 30 June 2011 is expected to reduce accordingly.

ADMINISTRATION OF GAMBLING ON TRACKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2010

7. TANGIBLE ASSETS

	Computers, fixtures and fittings £	Motor vehicles £	Total £
Cost			
At 1 January 2010	79,921	81,438	161,359
Additions in year	3,691	12,699	16,390
Disposals	(6,277)	(30,317)	(36,594)
At 31 December 2010	<u>77,335</u>	<u>63,820</u>	<u>141,155</u>
Depreciation			
At 1 January 2010	71,109	31,536	102,645
Charge in year	3,632	21,159	24,791
Depreciation on disposals	(6,277)	(26,652)	(32,929)
At 31 December 2010	<u>68,464</u>	<u>26,043</u>	<u>94,507</u>
Net book value			
At 31 December 2010	<u>8,871</u>	<u>37,777</u>	<u>46,648</u>
At 31 December 2009	<u>8,812</u>	<u>49,902</u>	<u>58,714</u>

8. DEBTORS

	2010 £	2009 £
Trade debtors	82,334	92,585
Other debtors	-	7,056
Prepayments and accrued income	13,166	14,276
	<u>95,500</u>	<u>113,917</u>

All amounts are due within one year

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade creditors	24,449	42,073
Corporation tax	30	23
Other taxation and social security	36,017	34,239
Accruals and deferred income	88,422	79,439
	<u>148,918</u>	<u>155,774</u>

ADMINISTRATION OF GAMBLING ON TRACKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2010

10. RECONCILIATION OF MOVEMENTS IN MEMBERS' FUNDS

	2010 £	2009 £
Surplus attributable to members of the company	146,435	241,609
Opening members' funds	275,066	33,457
	<hr/>	<hr/>
Closing members' funds	421,501	275,066
	<hr/> <hr/>	<hr/> <hr/>

11. FINANCIAL COMMITMENTS

Operating lease commitments

At 31 December 2010 the company was committed to making the following payments during the next year in respect of operating leases

	Land and buildings		Other	
	2010 £	2009 £	2010 £	2009 £
Leases which expire				
Within one year	15,000	15,000	3,960	3,960
	<hr/>	<hr/>	<hr/>	<hr/>

12. PENSION SCHEMES

The company operates a defined contribution retirement benefit scheme. The pension cost for the company for the year amounted to £35,530 (2009 - £37,647). There were no outstanding pension contributions at the year end.

13. 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 2010 and 31 December 2009 there were 7 members, comprising 2 members from the National Association of Bookmakers, 2 members from the Rails Bookmakers Association, 1 member from the Association of Racecourse Bookmakers and 2 independent members, Mrs T Barlow and S Winfield.