

**ADMINISTRATION OF GAMBLING ON  
TRACKS LIMITED**

**Report and Financial Statements**

**31 December 2012**

# **ADMINISTRATION OF GAMBLING ON TRACKS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2012**

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# **ADMINISTRATION OF GAMBLING ON TRACKS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2012**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

Mrs T Barlow (Chairman)  
R Grossmith  
A Styles  
G Thorpe  
S Winfield  
P Crisp  
R Roberto  
T Moore

#### **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 2012.

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 deficit for the year.

The company successfully completed negotiations with the racecourses and was reappointed as betting ring administrator for a further five year term to September 2017.

From September 2012 a substantial element of the total income related to List Position transfers will no longer be available and the directors have considered a number of different business models to address the shortfall. Consequently, the directors have approved a five year budget that ensures the company can fulfil its contractual obligations whilst remaining financially stable and retaining sufficient liquid reserves as a contingency.

This has been done primarily by increasing daily attendance fees for bookmakers to a level that was previously charged from 2008 to 2011. Announcements regarding the fee increases have been posted on the company website.

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 offset current and future increase in charges and fees. It is likely that a deficit will be reported during the forthcoming year.

## 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	(resigned 30 October 2012)
R Grossmith	
B Johnson	(resigned 30 October 2012)
A Styles	
S Winfield	
G Thorpe	
P Crisp	(appointed 4 December 2012)
R Roberto	(appointed 12 December 2012)
T Moore	(appointed 1 October 2012)

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 2012 and 31 December 2011 there were 8 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 3 independent members, Mrs T Barlow, S Winfield and T Moore.

# 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

T Barlow

Chairman

## **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 2012 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 2012 and of its deficit 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.

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

# ADMINISTRATION OF GAMBLING ON TRACKS LIMITED

## INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 2012

	Note	2012 £	2011 £
<b>INCOME</b>	2	751,705	877,380
Cost of operations		(458,434)	(447,345)
Gross surplus		<u>293,271</u>	<u>430,035</u>
Administrative expenses	3	(370,301)	(366,476)
<b>OPERATING (DEFICIT) SURPLUS</b>	5	(77,030)	63,559
Interest receivable and similar income		<u>241</u>	<u>235</u>
<b>(DEFICIT) SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(76,789)	63,794
Tax on (deficit) surplus on ordinary activities	6	(48)	(50)
<b>(DEFICIT) SURPLUS FOR THE FINANCIAL YEAR</b>		(76,837)	63,744
<b>Retained surplus brought forward</b>		<u>485,245</u>	<u>421,501</u>
<b>Retained surplus carried forward</b>		<u><u>408,408</u></u>	<u><u>485,245</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 2012

	Note	2012 £	2011 £
<b>FIXED ASSETS</b>			
Tangible assets	7	<u>40,055</u>	<u>46,030</u>
<b>CURRENT ASSETS</b>			
Debtors	8	160,096	210,708
Cash at bank and in hand		<u>346,679</u>	<u>392,948</u>
		506,775	603,656
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(138,422)</u>	<u>(164,441)</u>
<b>NET CURRENT ASSETS</b>		<u>368,353</u>	<u>439,215</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>408,408</u>	<u>485,245</u>
<b>RESERVES</b>			
Income and expenditure account	10	<u>408,408</u>	<u>485,245</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

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 2012

	Note	£	2012 £	£	2011 £
Net cash outflow from operating activities	A		(31,069)		(12,050)
<b>Returns on investments and servicing of finance</b>					
Interest received		241		235	
<b>Net cash inflow from returns on investments and servicing of finance</b>			241		235
<b>Taxation</b>			(50)		(30)
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets		(21,441)		(34,478)	
Receipts from sales of tangible fixed assets		6,050		11,000	
<b>Net cash outflow from capital expenditure and financial investment</b>			(15,391)		(23,478)
<b>Decrease in cash in the year</b>	B		(46,269)		(35,323)
<b>Reconciliation of net cash flow to movement in net funds</b>					
Decrease in cash in the year	B		(46,269)		(35,323)
<b>Movement in net funds in year</b>			(46,269)		(35,323)
<b>Net funds at 1 January</b>			392,948		428,271
<b>Net funds at 31 December</b>	B		346,679		392,948

# ADMINISTRATION OF GAMBLING ON TRACKS LIMITED

## NOTES TO THE CASH FLOW STATEMENT Year ended 31 December 2012

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

	2012 £	2011 £
Operating (deficit) surplus	(77,030)	63,559
Depreciation	24,595	28,856
Profit on sale of tangible fixed assets	(3,229)	(4,760)
Decrease (increase) in debtors	50,612	(115,208)
(Decrease) increase in creditors	(26,017)	15,503
	<u>(31,069)</u>	<u>(12,050)</u>
<b>Net cash outflow from operating activities</b>	<u>(31,069)</u>	<u>(12,050)</u>

### B. ANALYSIS OF NET FUNDS

	At 1 January 2012 £	Cash flows £	At 31 December 2012 £
Cash at bank and in hand	<u>392,948</u>	<u>(46,269)</u>	<u>346,679</u>

# ADMINISTRATION OF GAMBLING ON TRACKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2012

### 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**

The service contract with the 60 individual horse racecourses was renewed in the year and expires in 2017. The company believes that its future is adequately secure to continue as a going concern.

The company reported a reduced trading performance during 2012 which was a result of a strategic pricing change to reduce fees to return some of the surplus back to the 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. The directors have produced forecasts demonstrating adequate resources for the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence. 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 2012

### 2. INCOME

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

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

	<b>2012</b>	<b>2011</b>
	£	£
Betting administration fees	535,404	590,530
Registration fees	3,070	2,520
List position fees	191,725	256,748
Other income	21,506	27,582
	<u>751,705</u>	<u>877,380</u>

### 3. ADMINISTRATIVE EXPENSES

	<b>2012</b>	<b>2011</b>
	£	£
Office	308,018	303,135
Establishment	25,076	24,766
General	37,207	38,575
	<u>370,301</u>	<u>366,476</u>

### 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	<b>2012</b>	<b>2011</b>
	£	£
<b>Independent directors' remuneration</b>		
Emoluments	22,000	22,000
	<u>22,000</u>	<u>22,000</u>
	<b>Number</b>	<b>Number</b>
<b>Average number of persons employed</b>		
Board members	2	2
Full-time field staff	6	6
Zero-hour field staff	12	12
Administration	5	5
	<u>25</u>	<u>25</u>
	£	£
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	468,797	459,468
Social security costs	51,135	51,858
Pension costs	37,473	36,064
	<u>557,405</u>	<u>547,390</u>

# ADMINISTRATION OF GAMBLING ON TRACKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2012

### 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 (DEFICIT) SURPLUS

	2012	2011
	£	£
<b>Operating (deficit) surplus is after charging (crediting):</b>		
Depreciation		
Owned assets	24,595	28,856
Profit on disposal of fixed assets	(3,229)	(4,760)
Rentals under operating leases	15,000	15,000
Auditor's remuneration	5,500	5,250
	<u>          </u>	<u>          </u>

### 6. TAX ON (DEFICIT) SURPLUS ON ORDINARY ACTIVITIES

	2012	2011
	£	£
United Kingdom corporation tax charge for the year	48	50
	<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 20% (2011 - 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:

	2012	2011
	£	£
(Deficit) surplus before taxation	(76,789)	63,794
	<u>          </u>	<u>          </u>
Tax on (deficit) surplus at standard rate	(15,358)	13,397
Factors affecting charge for the year:		
Result not assessable to tax due to mutual trading status of company	(15,406)	(13,347)
	<u>          </u>	<u>          </u>
Current tax charge for the year	48	50
	<u>          </u>	<u>          </u>

# ADMINISTRATION OF GAMBLING ON TRACKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2012

### 7. TANGIBLE ASSETS

	Computers, fixtures and fittings £	Motor vehicles £	Total £
Cost			
At 1 January 2012	79,815	69,633	149,448
Additions in year	7,442	13,999	21,441
Disposals	(2,737)	(12,699)	(15,436)
	<hr/>	<hr/>	<hr/>
At 31 December 2012	84,520	70,933	155,453
Depreciation			
At 1 January 2012	73,113	30,305	103,418
Charge in year	5,391	19,204	24,595
Eliminated on disposals	(2,737)	(9,878)	(12,615)
	<hr/>	<hr/>	<hr/>
At 31 December 2012	75,767	39,631	115,398
Net book value			
At 31 December 2012	<hr/> <hr/> 8,753	<hr/> <hr/> 31,302	<hr/> <hr/> 40,055
At 31 December 2011	<hr/> <hr/> 6,702	<hr/> <hr/> 39,328	<hr/> <hr/> 46,030

### 8. DEBTORS

	2012 £	2011 £
Trade debtors	144,865	195,648
Prepayments and accrued income	15,231	15,060
	<hr/>	<hr/>
	160,096	210,708
	<hr/> <hr/>	<hr/> <hr/>

All amounts are due within one year.

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

	2012 £	2011 £
Trade creditors	17,040	33,785
Corporation tax	48	50
Other taxation and social security	36,807	44,447
Accruals and deferred income	84,527	86,159
	<hr/>	<hr/>
	138,422	164,441
	<hr/> <hr/>	<hr/> <hr/>

# ADMINISTRATION OF GAMBLING ON TRACKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2012

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

	2012 £	2011 £
(Deficit) surplus attributable to members of the company	(76,837)	63,744
Opening members' funds	485,245	421,501
	<u>408,408</u>	<u>485,245</u>
Closing members' funds	<u>408,408</u>	<u>485,245</u>

### 11. FINANCIAL COMMITMENTS

#### Operating lease commitments

At 31 December 2012 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings		Other	
	2012 £	2011 £	2012 £	2011 £
Leases which expire:				
Within one year	15,000	11,250	-	3,960
Between two to five years	-	-	3,850	-
	<u>-</u>	<u>-</u>	<u>3,850</u>	<u>-</u>

### 12. PENSION SCHEMES

The company operates a defined contribution retirement benefit scheme. The pension cost for the company for the year amounted to £37,473 (2011 - £36,064). 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 2011 and 31 December 2010 there were 8 members, comprising 2 members from the National Association of Bookmakers, 3 members from the Rails Bookmakers Association, 1 member from the Association of Racecourse Bookmakers and 2 independent members, Mrs T Barlow, S Winfield and T Moore.