



NATIONAL JOINT PITCH COUNCIL  
ANNUAL REPORT & ACCOUNTS 2005

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## THE NATIONAL JOINT PITCH COUNCIL

### Registered office:

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Telephone: 01480 499180 Fax: 01480 499181 Website: [www.njpc-ltd.co.uk](http://www.njpc-ltd.co.uk)

### Directors:

#### Chairman

Tom Clarke

*Appointed by the Horserace Betting Levy Board*

#### Independent members

Michael Bowler

Bill Blaney

*Appointed by the Horserace Betting Levy Board*

#### Members

Caroline Davies

Adam Waterworth

*Nominated by the Racecourse Association*

Robin Grossmith

*Nominated by the Rails Bookmakers' Association*

George Moir

*Nominated by the National Association of Bookmakers*

#### Chief Executive Officer

Tim Moore

#### Financial Controller

Peter Smith

### 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, City House, Hills Road, Cambridge CB2 1RY

## FUNCTIONS

**The object for which the National Joint Pitch Council is established is to be the body responsible for the administration of betting rings at all meetings at horse racecourses (excepting point-to-point meetings) having a Certificate of Approval from the Horserace Betting Levy Board.**

In pursuit of this object the Company shall have the following further objectives:

- To be responsible for the National Pitch Rules, for the administration and conduct of betting rings as approved by the Horserace Betting Levy Board and to promulgate and enforce the Rules;
- To set up one Local Joint Pitch Council for each racecourse in Great Britain comprising five members:
  - two members to be nominated by the relevant racecourse executive
  - two members to be nominated jointly by the National Association of Bookmakers Limited and by the Rails Bookmakers' Association Limited
  - the Betting Ring Manager;
- To do such things as may be required to ensure betting rings are administered in accordance with the conditions of the Horserace Betting Levy Board's Certificate of Approval;
- To report to the Horserace Betting Levy Board at least once a year on the administration and conduct of the betting rings and to make recommendations for any changes to the National Pitch Rules;
- To maintain the Bookmakers' Lists at approved racecourses and to register and record all sales and transfers of list positions;
- To provide a mechanism for the auctioning of list positions and to make arrangements for such auctions including the payment of transfer fees and registration fees;
- To decide annually through each Local Joint Pitch Council the appropriate designated pitch numbers at each racecourse;
- To apply any surplus funds towards funding improvements in the betting ring.



LEFT TO RIGHT Tim Moore, Adam Waterworth, Caroline Davies, Michael Bowler, Tom Clarke, Robin Grossmith, Bill Blaney, Peter Smith, George Moir.

## CHAIRMAN'S STATEMENT

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**For the National Joint Pitch Council, 2005 was a mix of progress and frustration. Progress because of the positive development of our administration of racecourse betting rings and our relationship with other authorities in the betting and racing industries. Frustration because some of the questions which were unanswered at the start of the year remained unanswered at the end of it – in particular, the Office of Fair Trading's inquiry into Designated Numbers and a clear route of the future for us when the Gambling Act is implemented in September 2007.**

I start with my belief that, contrary to what some would state, there is a distinct sign of racecourse betting being far from sick.

Probably the most reliable gauge of the health of the ring is provided by the statistics from the private sales and auctions and bookmaker attendances during the year.

In 2005, a total of 1,154 List Positions was sold (224 at auction, 930 privately) for £7,777,458 - an average of £6,740. The figures for the previous year were: 1,355 positions sold (439 at auction, 916 privately); total £7,083,375; average £5,228. The figures for 2003 were: 1,333 positions sold (481 at auction, 852 privately); total £9,271,460; average £6,955. (I note that the figures for private sales are estimates but there is no reason to believe they are significantly inaccurate).

So the number of positions changing hands reduced (to less than 13 per cent of the total of 8,979 positions) and, after a fall in 2004, the average value returned to near its 2003 level.

Put another way, fewer bookmakers were looking to sell and would-be purchasers were prepared to pay more for available positions.

The number of Authorised Bookmakers (including companies and partnerships) rose from 667 to 680 and Nominated Officers from 224 to 269, while Authorised Representatives fell from 231 to 214.

As for bookmaker racecourse attendances . . . Of the total Designated Number positions of 63,432, 49,596 (78 per cent) were occupied – the same percentage as in 2004.

So there was virtually no drop in the number of bookmakers believing it was worth their while going racing.

Of course, there were variations from course to course and major differences between premier and minor racing days but overall the picture was not one of the gloom described by some observers (including bookmakers). Indeed, considering the effects of the off-course industry's hedging manoeuvres, the on-course bookmakers' hot-and-cold relations with the betting exchanges and the perceived uncertainty of future bookmaker-racecourse commercial relations, it would be fairer to depict the on-course sector as surprisingly stable and confident.

With this in mind, I trust that racecourses and on-course bookmakers will view each other as partners rather than adversaries as they prepare for the era of commercial deals. That is still some four years away but the groundwork should begin as soon as possible, with the NJPC available, if asked, to chair meetings, offer guidance and act as independent broker.

My belief, after listening to the views of racecourse executives and bookmakers, is that there are more opportunities for racecourse betting than there are threats to it.

Consider these figures . . . From 2000 to 2005, the number of fixtures per year increased from 1,132 to 1,300 and total attendance increased from 5.16 million to 6.05 million in 2004 (with a fall last year

attributed mainly to the switch of Royal Ascot to York). With the launch of Kempton Park's all-weather track and the scheduled advent of Great Leighs, there are 1,391 fixtures scheduled for 2006. No lack of opportunities there!

I realise that the number of fixtures has been inflated by Regional Racing (78 fixtures in 2005, with an average attendance of barely 900) – low-quality racing with a low level of betting interest and a correspondingly low attendance of bookmakers on course.

If there is a need for competition for low-grade horses (as I am sure there is), would it not be better to have, say, a couple of races for them added to some regular fixtures to create eight-race programmes that could encourage extra revenue for racecourses and bookmakers (and additional entertainment for racegoers) for limited extra expense?

Following the initiatives at Goodwood, Cheltenham, Chepstow, Haydock Park and Newmarket in recent years, I offer two examples from 2005 of racecourses and Local Joint Pitch Councils creating a new or revised betting environment for their mutual advantage.

Towcester reopened last year after a near-£8 million makeover which included a substantial redesign of the spectator accommodation (and free admission for spectators) and relocated Rails and ring betting areas. Management and bookmakers met through the LJPC, discussed the pros and cons of alternative ring layouts, and emerged with betting facilities that suited everybody.

Chester's management had for long been asked by customers to allow bookmakers to trade in the centre of the course. The LJPC made proposals of exactly where the ring would be situated and how many bookmakers would be appropriate; the racecourse applied for – and received –

approval from the Horserace Betting Levy Board; and now there are five bookmakers trading in the new ring.

So, clearly, racecourses and bookmakers can work together – and it is vital for both that they do so on an ever-increasing scale.

If I have been disappointed by the prophets of doom in the ring, then so have I by a charge from a bookmaker – one who contributed to the thinking of the NJPC in its early days – that we were “anonymous”.

We are not a trade association - bookmakers' rights are the preserve of the National Association of Bookmakers, the Rails Bookmakers' Association, the various regional bodies and individual bookmakers. We are an administrator and a monitor with a remit to ensure a fair market for the benefit of racecourses and bookmakers and their customers and, by extension, the off-course betting industry and its customers.

We are not here to shout opinions. We are here to referee – and, like all good referees, if the players and we do our job properly, then we will need to blow the whistle rarely.

Our role beyond the administration of racecourse rings is one of observation and consultation. We observe the mood of the ring and its customers and its role in the wider betting and racing environment and, where we think it advisable, we recommend changes to the National Pitch Rules and their guidelines. We are consulted widely – and we, in turn, consult widely.

In 2005, the NJPC's views were sought by the Gambling Commission, the Department for Culture, Media and Sport, the Office of Fair Trading, the Horserace Betting Levy Board, the British Horseracing Board, the Jockey Club, the Starting Price Regulatory Commission, Gamcare, the Press and other organisations concerned with the betting industry. I would even go as far as to say that our submission to the Jockey Club's

“insider trading” inquiry was a key factor in its deliberations.

Most importantly, as the Gambling Commission started its preparations for the full implementation of the Gambling Act in September 2007, we met regularly with its transition team and passed on, via our Council members, to racecourses and bookmakers what we had learned and what issues remained to be settled.

This much is certain: the Commission and the NJPC are both determined that any change in the method of administration of racecourse betting will be well thought through and introduced smoothly.

The NJPC was consulted, too, by individual racecourses and bookmakers, as well as by their trade associations. We attempted to find answers to problems that had not been solved at Local Joint Pitch Council level and to clarify interpretations of the National Pitch Rules.

On my racecourse visits – and the same applied to the other independent members of the Council and to our Betting Ring Managers and our Headquarters staff – I heard from racecourse executives and from bookmakers of their hopes and their doubts. Their observations, along with the views sent to us by e-mail, post and telephone, were all taken into consideration as we planned the way ahead.

One issue frequently put to me was the representation of bookmakers on the regional and national trade associations; there were accusations that, for example, front-line bookmakers were under-represented. My reply was: The trade associations are democratically-elected and have annual meetings at which complaints can be aired – go to these meetings and make known your views. This route, I believe, is used as rarely as the open meetings organised by each Local Joint Pitch Council.



**Tom Clarke**  
Chairman

We are committed to the continued development of a racecourse betting market that is fair, friendly and sensibly administered and that has a major place in the future of the betting and racing industries.

The open meetings were designed from the very beginning of the NJPC in 1998 to be forums where every bookmaker with a position at the course and racecourse representatives would be free to offer their opinions on local matters. The reality – in most cases – was that only a handful of bookmakers attended the meetings and little was learnt from them. So is everything problem-free out there – or are bookmakers reluctant to air any grievances in front of their peers?

We intend to increase publicity for the open meetings in an attempt to boost attendance and our awareness of bookmakers' and racecourses' concerns.

## CHAIRMAN'S STATEMENT (CONTINUED)



Of all the issues faced by the NJPC during the year, probably the most frustrating in terms of progress was the OFT's continuing inquiry into Designated Numbers. After three years of talks with the OFT, the NJPC's representatives (Michael Bowler, an independent member, Tim Moore, our Chief Executive Officer, and me) arrived at a system of Maximum Numbers – with variations according to the scale of the fixture - which was acceptable to the OFT and which we hoped would be agreed by our full Council. However, it was turned down by the bookmakers' and racecourses' representatives. The bookmakers – in the shape of the Federation of Racecourse Bookmakers – then approached the OFT with an alternative proposal on Bookmaker Numbers and, as I write, the discussions continue.

The NJPC was served with much distinction in 2005 by its staff at Head Office at St Ives, Cambridgeshire, and with the eight Betting Ring Managers in the field. I make particular mention of Tim Moore and Peter Smith.

Together they completed our seamless relocation to smaller offices, with ongoing savings of £45,000 a year.

Tim Moore lead our team not only with great expertise and enthusiasm – but also with remarkable diligence in compiling responses to the many (and lengthy) consultation documents and questionnaires issued by the Gambling Commission, the OFT and other bodies in these times of change in racing and betting.

Peter Smith, our Financial Controller, guided the NJPC's finances so well that we closed the year within one per cent of our overall budget – a very steady performance in an unsteady environment. One immediate result was that the Council was able to authorise a cut in the daily Pitch Administration Fees and Rails Joint Hire Fees paid by bookmakers – a total benefit to bookmakers of £75,000 a year.

The Advance Booking System and the Auction Department at St Ives provided bookmakers with a stream of assistance and information, and the BRMs patrolled the rings with fair and firm rulings where necessary. In fact, there were only five breaches of the National Pitch Rules in 2005 – compared with ten the previous year. Additionally, the BRMs arbitrated in disputes between bookmakers and customers, up from 449 to 466, but still an average of only one dispute every 2.8 meetings.

The Council members responded to their responsibilities with lively debate and effective results. The bookmakers' representatives (George Moir from the NAB and Robin Grossmith from the RBA) and the Racecourse Association's delegates (Caroline Davies and Adam Waterworth) put forward their points with strength and reasonableness. The independent members – Michael Bowler and Bill Blaney, as well as me – brought their experience to bear, Michael, with his legal background, chairing the Appeals Tribunal and the sub-committee considering the NJPC's

**The NJPC showed members of the Gambling Commission how the betting ring operates at Lingfield Park**

Memorandum and Articles of Association and Bill, with his business knowledge, working with Peter Smith on financial issues and chairing the New Standard Joints Sub-Committee.

The NJPC continued to received support from the Horserace Betting Levy Board, under whose authority we operate, and, in particular, Rob Hughes, its Chairman. Rodney Brack, a founding father of the NJPC in 1998 and one of our staunchest allies, retired last year as Chief Executive. We wish him well, and we welcome Sir Tristram Ricketts as his successor. Sir Tristram, through his previous duties as Secretary-General of the British Horseracing Board and one of its representatives on the Levy Board, is thoroughly familiar with what we do, and his advice has already been helpful to us.

The NJPC keeps open the door for the views of racecourse executives, bookmakers and the racegoing public - via the e-mail link on our website ([www.njpc-ltd.co.uk](http://www.njpc-ltd.co.uk)), post, fax or the Betting Ring Managers. We welcome your contributions.

We are committed to the continued development of a racecourse betting market that is fair, friendly and sensibly administered and that has a major place in the future of the betting and racing industries.

## CHIEF EXECUTIVE OFFICER'S REPORT

### COUNCIL MEMBERS

There were no changes to the composition of the Council during the year, which aided continuity. Bill Blaney and Michael Bowler, who alongside the NJPC Chairman Tom Clarke are the independent members appointed by the Horserace Betting Levy Board, put their considerable experience and skills to great use. Caroline Davies and Adam Waterworth represented the Racecourse Association admirably, while George Moir and Robin Grossmith spoke persuasively and with purpose for the bookmakers.

Tom Clarke chaired the Council with wisdom and enthusiasm, encouraging participation from all Council members and communicating widely with bookmakers, racecourses and other industry bodies. I am grateful to all Council members for their efforts, input and support throughout the year.

### AUCTIONS AND PRIVATE SALES

The aggregate hammer price of the 208 lots (224 List Positions) sold was £625,275. This compared to the 395 lots sold totalling £1,090,825 in 2004. These reductions were due to the continuing strength of private sales. The clearance rate of List Positions sold at auction increased from 42 per cent in 2004 to 47 per cent in 2005.

The average value per lot of £3,006 represented a nine per cent increase on the average of £2,762 in 2004. Because of the reduced number of lots sold,

however, it was difficult to deduce any direct comparisons year-on-year.

The NJPC received six per cent commission on lots sold and this, combined with the related fees and the commission/fees earned on the transfer of List Positions sold privately, resulted in revenue of £538,004 compared to £518,104 in 2004.

The transfer of List Positions through private sale proved to be a popular method of selling, outperforming auctions in both volume and value. Auction and Private Sales Manager Karen Greenwood processed 832 private sales (930 List Positions) with a total value of £7,152,183 at an average of £7,691 per List Position. This increased the average overall value of List Positions sold to £6,740 compared to £5,228 in 2004.

A total of 1,154 individual List Positions were sold during the year, compared with 1,355 in 2004, a reduction of 15 per cent.

A fourth auction had been planned for Newcastle in November: however, this attracted only 67 lots and, owing to the unavoidable expense involved in running an auction, we decided reluctantly to postpone the event since it was unlikely that potential income would cover costs.

The Council reappointed Captain Nick Lees as auctioneer for a further two years from 1 January 2006. I thank Captain Lees for his efforts during the year.



**Tim Moore**  
Chief Executive Officer

The field staff of eight permanent Betting Ring Managers (BRMs) and eight casual BRMs remained unaltered throughout the year. At least one BRM was present at each of the 1,300 race meetings. The BRMs are the public face of the NJPC to bookmakers, racecourses and racegoers, and they fulfilled their roles with considerable tenacity and diligence.

DATE	AUCTION	SALES HAMMER PRICE	NJPC TRANSFER/ ENTRY FEES (NET OF VAT)	NO. OF LOTS SOLD	NO. OF LOTS OFFERED
15/02/05	Cheltenham	399,875	34,154	109	211
26/05/05	Kempton	156,325	14,225	68	147
13/09/05	Leicester	69,075	7,930	31	85
<b>TOTALS</b>		<b>625,275</b>	<b>56,309</b>	<b>208</b>	<b>443</b>

## CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)



### AUTHORISATIONS

The number of people authorised to work in the betting ring over the last two years is shown below.

	2005	2004
Bookmakers	680	667
Nominated Officers	269	224
Representatives	214	231
Assistants	1,185	1,288

The number of Authorised Bookmakers increased by 6 per cent compared to the previous year, while the number of Bookmakers' Assistants fell by 8 per cent. Sandra Couzens once again excelled in the role of Authorisations Assistant and ensured the highest levels of compliance from those going through the authorisation process.

The Authorisation Committee vetted all new applicants as Bookmaker, Nominated Officer and Representative. The Committee authorised 96 of the 99 applicants.

### DESIGNATED NUMBERS

Designated Numbers remained at a level broadly in line with those set in 2004. Local Joint Pitch Councils continued the policy of examining relevant data in order to reach appropriate Designated Number decisions, enabling the number of bookmakers to be matched to the likely crowd and other local factors.

The total Designated Number for 2005 – that is, the number of bookmakers who would have been allowed to attend had they chosen to do so – was 63,432. The actual total bookmaker attendance was 49,596, which indicates that 13,836 pitches (22 per cent) stood empty during the year.

The Office of Fair Trading inquiry into the Designated Numbers and "Extra Ten" procedures continued throughout the year, having commenced in August 2002. At the time of writing, the OFT enquiry is ongoing: this is disappointing, given that the NJPC negotiating team of Tom Clarke, Michael Bowler and me had worked hard on detailed proposals which we had hoped would be acceptable to all parties. The bookmakers and racecourses did not support the proposals when they were finally presented, however, placing us back at square one and requiring us to invest scarce time and resources into meeting the OFT's numerous further requests for data, documents and information.

### FIELD STAFF

The field staff of eight permanent Betting Ring Managers (BRMs) and eight casual BRMs remained unaltered throughout the year. At least one BRM was present at each of the 1,300 race meetings. The BRMs are the public face of the NJPC to bookmakers, racecourses and racegoers, and they fulfilled their roles with considerable tenacity and

diligence. Particular mention should go to John Whelan for his management of the relocated Royal Ascot meeting at York racecourse, which required a great deal of organisation and communication.

For the sixth year, the BRMs held open meetings to discuss local issues such as Designated Numbers and betting ring layout, although, disappointingly most of the meetings were poorly attended.

### FINANCE DEPARTMENT

Financial Controller Peter Smith, Finance Manager Nancy Humba and Finance Assistant Kerri Marchant once again proved an effective team in meeting the financial challenges that faced the NJPC during the year. Peter, who is also Company Secretary and Secretary to the NJPC Appeal Tribunal, was an invaluable member of the executive and I thank him for his contribution and his wisdom.

### BREACHES

During the year, five bookmakers were served with breach notices for contravention of the National Pitch Rules. By comparison, ten bookmakers had received breach notices in 2004. One bookmaker was issued with a written warning, three bookmakers were fined and one bookmaker was fined and suspended from trading for three months.



### ADVANCE BOOKING SYSTEM

The Advance Booking System (ABS) enables bookmakers to declare which race meetings they wish to attend.

John Hoy and Lindsay Gauge departed the ABS department during the year and were replaced by Liam Mohan and Jill Walker, who between them learned ABS procedures almost from scratch. Liam's enthusiasm and knowledge of bookmaking has been invaluable, while Jill's determined efficiency and pleasant manner has endeared her to bookmakers and staff alike.

The total bookmaker attendance in 2005 was 49,596 of which 6,569 opted in through the ABS department. This compared to 51,505 bookmaker attendances and 6,534 opt-ins during 2004, when there was one fewer race meeting (1,300 in 2005 compared to 1,299 in 2004). The 1,909 fewer bookmaker attendances represented a reduction of nearly four per cent and it was apparent that midweek race meetings were less well-attended as bookmakers appeared to take account of the difficult trading circumstances.



### RACECOURSE DEVELOPMENTS

During the year, several racecourses took the decision to close minor betting rings, which triggered a response by the Local Joint Pitch Councils to merge the bookmakers' lists or, as was the case at Beverley racecourse, create a Lower Tattersalls list. Similarly, some racecourses – mainly in Scotland – decided to adopt a one-enclosure policy, with free access around the racecourse for all racegoers and no differentiation between Members and Tattersalls areas. While Ascot and Doncaster were closed for major redevelopment, we welcomed the re-opening of Towcester racecourse with new facilities and relocated betting rings. A new approved betting area at Chester racecourse (five pitches near the weighing room) proved popular with punters and bookmakers, with brisk business taking place in an area formerly served only by the Tote.

### LATE PAY SERVICE

The Late Pay department continued to provide a valuable service to punters and bookmakers. Caroline Bowe in the Late Pay department efficiently administered 1,356 claims in 2005 compared to 1,332 in 2004.

### NJPC WEBSITE

The popularity of the NJPC website was illustrated by the number of "hits" received – nearly 2,500 per week. The website is practical and information-driven with few frills: it is designed to be a working tool for bookmakers rather than a PR exercise aimed at the general public. A summary of decisions taken at NJPC meetings is now posted on the website, enabling bookmakers to be better informed about what is happening nationally. Similarly, the minutes of LJPC meetings are published on the website, making bookmakers aware of local issues and improving the transparency of the process. We intend to make increasing use of the website as a source of information and data.

# CHIEF EXECUTIVE OFFICER’S REPORT (CONTINUED)



## STARTING PRICE MARGINS

Starting Price margins had tightened steadily since October 1998. The average SP margin in 2005 was 1.49 per cent per runner, compared with 1.61 per cent per runner in 2004, a reduction of over seven per cent. Although some may argue differently, I would attribute this firmly to the impact of betting exchanges being used by on-course bookmakers and, while punters made hay, bookmakers continued to face an uphill struggle to cover significant operational expenses.

Some race meetings – notably the Cheltenham Festival – realised SP margins only just above 1% per runner (1.03% for the showpiece meeting), underlining the value of betting in the ring but causing concern over the long-term sustainability of on-course bookmaking and forcing many bookmakers to review their cost bases.

During the year, and under the auspices of the Starting Price Regulatory Commission, the method of calculation for Starting Price margins was amended, and we are grateful to the Racing Post for providing us with the relevant statistics.

## BETTING DISPUTES

There was a small increase in the number of disputes between bookmakers and racegoers in 2005 compared to 2004. Disputes totalled 466 compared to 449 in 2004, 451 in 2003, 467 in 2002 and 738 in 2001. The vast majority of disputes involved either the customer’s mistaken instruction to the bookmaker or the bookmaker inadvertently keying in an incorrect stake or horse number. Only six required a referral to Tattersalls Committee.

## The Average SP Margin

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	AVG
<b>2005</b>	1.49	1.54	1.49	1.50	1.55	1.51	1.54	1.51	1.41	1.45	1.43	1.48	1.49%
<b>2004</b>	1.66	1.59	1.59	1.60	1.61	1.67	1.71	1.72	1.51	1.56	1.53	1.63	1.61%
<b>2003</b>	1.65	1.70	1.71	1.72	1.74	1.77	1.63	1.78	1.61	1.60	1.62	1.69	1.69%
<b>2002</b>	2.01	2.12	1.87	1.92	1.92	1.88	1.92	1.91	1.73	1.76	1.75	1.78	1.88%
<b>2001</b>	1.92	1.94	1.87	1.87	1.89	1.96	1.92	1.98	1.94	1.96	1.83	1.99	1.92%
<b>2000</b>	2.00	1.97	1.85	1.84	2.03	2.11	2.16	2.18	2.11	2.08	2.01	2.12	2.04%
<b>1999</b>	2.04	2.02	1.89	1.93	1.94	2.03	2.07	2.09	2.01	1.90	1.96	2.02	1.99%
<b>1998</b>	2.30	2.31	2.11	2.10	2.18	2.20	2.23	2.17	2.08	2.08	2.09	2.04	2.16%



## FINANCIAL STATEMENTS 2005

# REPORT AND FINANCIAL STATEMENTS

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

### 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.

### Review of developments

The directors report a deficit for the year and expect a similar level of activity in the year ahead. The deficit for the year was planned so that the cash assets of the company would remain neutral, thus if the depreciation on the Rails project was excluded from the expenditure account a cash deficit before taxation of £2,681 would have been reported for the year.

### 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  
A Waterworth

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 2005 and 31 December 2004 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. The directors have chosen to prepare the accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the company and of the surplus or deficit of the company and comply with UK GAAP and the Companies Act 1985. In preparing those 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.

### Auditors

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 Council Meeting.

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

**Peter 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 2005 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

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 are not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

## 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 judgements 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.

## 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 2005 and of its deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

## Deloitte & Touche LLP

Chartered Accountants and Registered Auditors  
Cambridge, England

## INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 2005

	Note	Year ended 31 December 2005 £	Year ended 31 December 2004 £
<b>INCOME</b>	2	1,108,593	1,147,272
Cost of operations		770,086	717,761
Gross surplus		338,507	429,511
Administrative expenses	3	634,257	670,278
<b>OPERATING DEFICIT</b>	5	(295,750)	(240,767)
Interest receivable and similar income		40,053	23,771
<b>DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(255,697)	(216,996)
Tax on deficit on ordinary activities	6	(7,138)	(3,271)
<b>DEFICIT FOR THE FINANCIAL YEAR</b>		(262,835)	(220,267)
<b>Retained surplus brought forward</b>		1,313,011	1,533,278
<b>Retained surplus carried forward</b>		1,050,176	1,313,011

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.

# BALANCE SHEET

31 December 2005

	Note	31 December 2005 £	31 December 2004 £
<b>FIXED ASSETS</b>			
Tangible assets	7	518,913	716,278
<b>CURRENT ASSETS</b>			
Debtors	8	165,363	125,338
Investments	9	820,000	600,000
Cash at bank and in hand		192,897	535,287
		1,178,260	1,260,625
<b>CREDITORS: amounts falling due within one year</b>	10	494,623	478,054
<b>NET CURRENT ASSETS</b>		683,637	782,571
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,202,550	1,498,849
<b>CREDITORS: amounts falling due after more than one year</b>	11	152,374	185,838
<b>NET ASSETS</b>		1,050,176	1,313,011
<b>RESERVES</b>			
Income and expenditure account		1,050,176	1,313,011

These financial statements were approved by the Board of Directors on 4 April 2006.

Signed on behalf of the Board of Directors  
**Tom Clarke**  
 Chairman

## CASH FLOW STATEMENT

Year ended 31 December 2005

	Note	£	31 December 2005 £	£	31 December 2004 £
<b>Net cash (outflow) inflow from operating activities</b>	1		(47,293)		428,402
<b>Returns on investments and servicing of finance</b>					
Interest received		40,053		23,771	
<b>Net cash inflow from returns on investments and servicing of finance</b>			40,053		23,771
<b>Taxation</b>			(3,271)		(1,671)
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets		(129,496)		(133,617)	
Receipts from sales of tangible fixed assets		29,650		33,196	
<b>Net cash outflow from capital expenditure and financial investment</b>			(99,846)		(100,421)
<b>Net cash (outflow) inflow before use of liquid resources</b>			(110,357)		350,081
<b>Management of liquid resources</b>					
Investment in short term deposits		(220,000)		-	
<b>Net cash outflow from management of liquid resources</b>			(220,000)		-
<b>(Decrease) increase in cash in the year</b>			(330,357)		350,081
<b>Reconciliation of net cash flow to movement in net funds</b>	2				
(Decrease) increase in cash in the year			(330,357)		350,081
Cash outflow from increase in liquid resources			220,000		-
<b>Movement in net funds in year</b>			(110,357)		350,081
<b>Net funds at 1 January</b>			1,123,254		773,173
<b>Net funds at 31 December</b>			1,012,897		1,123,254

## NOTES TO THE CASH FLOW STATEMENT

Year ended 31 December 2005

	<b>At 31 December 2005</b>	<b>At 31 December 2004</b>
	£	£
<b>1. RECONCILIATION OF OPERATING DEFICIT TO NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES</b>		
Operating deficit	(295,750)	(240,767)
Depreciation	300,883	293,128
Profit on sale of tangible fixed assets	(3,672)	(3,473)
(Increase) decrease in debtors	(40,025)	40,842
(Decrease) increase in creditors	(8,729)	338,672
<b>Net cash (outflow) inflow from operating activities</b>	<b>(47,293)</b>	<b>428,402</b>

	<b>At 31 December 2004</b>	<b>Cash flows</b>	<b>At 31 December 2005</b>
	£	£	£
<b>2. ANALYSIS OF NET FUNDS</b>			
Cash at bank and in hand	535,287	(342,390)	192,897
Bank overdraft	(12,033)	12,033	-
		(300,357)	
Current asset investment	600,000	220,000	820,000
	1,123,254	(110,357)	1,012,897

# NOTES TO THE ACCOUNTS

Year ended 31 December 2005

## 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 or term of lease

### Leases

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

### Deferred taxation

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

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 on a reasonable and consistent basis.

## 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.

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
Pitch administration fees	383,378	420,683
Registration fees	115,842	111,842
List position fees	534,322	504,725
Other income	75,051	110,022
	1,108,593	1,147,272

## NOTES TO THE ACCOUNTS (CONTINUED)

Year ended 31 December 2005

	Year ended 31 December 2005	Year ended 31 December 2004
	£	£
<b>3. ADMINISTRATIVE EXPENSES</b>		
Office	493,392	470,740
Establishment	76,668	137,220
General	63,042	62,318
Grants to members for improvements to racecourse betting rings	1,155	-
	634,257	670,278

	2005	2004
	£	£
<b>4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES</b>		
<b>Independent directors' remuneration</b>		
Emoluments	52,394	50,610

<b>Average number of persons employed</b>	Number	Number
Council members	3	3
Field staff	8	8
Administration	9	9
	20	20

<b>Staff costs during the year (including directors)</b>	£	£
Wages and salaries	583,854	563,769
Social security costs	65,829	56,114
Pension costs	49,315	43,427
	698,998	663,310

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

	2005	2004
	£	£
<b>5. OPERATING DEFICIT</b>		
<b>Operating deficit is after charging (crediting):</b>		
Depreciation		
– Owned assets	300,883	293,128
Profit on disposal of fixed assets	(3,672)	(3,473)
Rentals under operating leases	39,473	53,576
Auditors' remuneration	8,000	8,000

## NOTES TO THE ACCOUNTS (CONTINUED)

Year ended 31 December 2005

	Year ended 31 December 2005	Year ended 31 December 2004
	£	£
<b>6. TAX ON DEFICIT ON ORDINARY ACTIVITIES</b>		
United Kingdom corporation tax charge for the year	7,138	3,271

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:

	2005	2004
	£	£
Operating deficit before taxation	(255,697)	(216,996)
Tax on operating deficit at standard rate	(48,582)	(41,229)
Factors affecting charge for the year:		
Deficit not assessable to tax due to non-profit making status of company	56,192	45,745
Marginal relief	(472)	(1,245)
Current tax charge for the year	7,138	3,271

	Computers, fixtures & fittings	Motor vehicles	Standard joints	Total
	£	£	£	£
<b>7. TANGIBLE FIXED ASSETS</b>				
<b>Cost</b>				
At 1 January 2005	106,727	111,193	1,502,310	1,720,230
Additions in year	26,832	72,104	30,560	129,496
Disposals in year	(6,297)	(75,809)	-	(82,106)
At 31 December 2005	127,262	107,488	1,532,870	1,767,620
<b>Depreciation</b>				
At 1 January 2005	81,076	39,081	883,795	1,003,952
Charge in year	12,659	35,208	253,016	300,883
Disposals in year	(5,658)	(50,470)	-	(56,128)
At 31 December 2005	88,077	23,819	1,136,811	1,248,707
<b>Net book value</b>				
At 31 December 2005	39,185	83,669	396,059	518,913
At 31 December 2004	25,651	72,112	618,515	716,278

## NOTES TO THE ACCOUNTS (CONTINUED)

Year ended 31 December 2005

	31 December 2005	31 December 2004
	£	£
<b>8. DEBTORS</b>		
Debtors	120,775	85,702
Prepayments and accrued income	44,588	39,636
	165,363	125,338

All amounts are due within one year.

	2005	2004
	£	£
<b>9. INVESTMENTS HELD AS CURRENT ASSETS</b>		
Short term deposit	820,000	600,000
	820,000	600,000

	2005	2004
	£	£
<b>10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Bank overdraft	-	12,033
Trade creditors	56,615	35,842
Corporation tax	7,138	3,271
Other taxation and social security	42,059	97,082
Accruals and deferred income	388,811	329,826
	494,623	478,054

	2005	2004
	£	£
<b>11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		
Accruals and deferred income	152,374	185,838
	152,374	185,838

	2005	2004
	£	£
<b>12. CAPITAL COMMITMENTS</b>		
Contracted for but not provided in the financial statements	10,500	28,500
	10,500	28,500

The capital commitment relates to amounts payable under the rails installation project.

## NOTES TO THE ACCOUNTS (CONTINUED)

Year ended 31 December 2005

	31 December 2005	31 December 2004
	£	£
<b>13. RECONCILIATION OF MOVEMENTS IN MEMBERS' FUNDS</b>		
Deficit attributable to members of the company	(262,835)	(220,267)
Opening members' funds	1,313,011	1,533,278
Closing members' funds	1,050,176	1,313,011

### 14. FINANCIAL COMMITMENTS

#### Operating lease commitments

At 31 December 2005 the company was committed to making the following payments during the next year in respect of operating leases:

	31 December 2005		31 December 2004	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Leases which expire:				
Within one year	39,600	7,021	19,800	7,021
After five years	67,850	-	66,062	-
	107,450	7,021	85,862	7,021

## NOTES TO THE ACCOUNTS (CONTINUED)

Year ended 31 December 2005

### 15. PENSION SCHEMES

The company participates in a pension scheme operated by the Horserace Betting Levy Board (the HBLB).

The HBLB operates a pension scheme providing 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 are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the HBLB.

In the past, contributions to the scheme 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. Following the announcement by the Government of its intention to bring forward legislation to end the levy system and the HBLB, an actuarial valuation was carried out as at 30 June 2004. The valuation was carried out on a discontinuance basis and assumed that the HBLB would cease operations in September 2006 subsequently deferred to September 2009.

The actuarial valuation at 30 June 2004, which assumed that all liabilities would be bought out in full, showed that the market value of the Scheme's assets amounted to £36.7m which represented 76% of the schemes liabilities, giving rise to a deficiency of £12m. The main assumptions used in the valuation were the rates of interest would be 6.9% per annum pre-retirement and 4.9% post retirement, that pensionable salaries would increase by 3.5% per annum and that pension increases would be 5% for benefits accrued up to 28 February 1990, and 3% for benefits accrued from 1 March 1990.

Following the announcement that the closure of the HBLB was to be deferred from September 2006, to 30 September 2009, HBLB have considered the effect the revised closure date will have on the funding of the Scheme deficit, in particular the risk of investment returns not matching the Scheme liabilities and the effect of changes in mortality rates.

During the year the Trustees purchased a buyout policy with an insurance company which insures estimated benefits for active and deferred members assuming a termination date of September 2009. In addition to an upfront payment of approximately £24m paid by the Trustees in December 2005, the policy requires three further instalments of approximately £3 million (net of employees' 4% and employer's 14.2% contributions), which the Board has agreed to pay in principle in September 2006, 2007 and 2008.

The pension scheme 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.

The HBLB defined benefit scheme closed to new members on 1 April 2003 and a group personal pension scheme was established from that date.

The group personal pension scheme is a defined contribution scheme, and the contributions are charged to the profit and loss account.

#### 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 £49,315 (2004–£43,427). 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 2005 there were 7 members, comprising 3 members from the Horseracing 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.

## INCOME AND EXPENDITURE ACCOUNT

### Year ended 31 December 2005

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.

	Note	Year ended 31 December 2005 £	Year ended 31 December 2004 £
<b>INCOME</b>	1	1,108,593	1,147,272
Cost of operations	2	770,086	717,761
<b>GROSS INCOME</b>		338,507	429,511
Percentage (%)		30.53	37.44
<b>LESS OVERHEAD EXPENSES</b>			
Office	3	494,547	470,740
Establishment	4	76,668	137,220
General	5	63,042	62,318
		634,257	670,278
<b>NET EXPENDITURE FOR THE YEAR</b>		(295,750)	(240,767)
<b>ADD: OTHER INCOME</b>			
Interest receivable and similar income	6	40,053	23,771
<b>DEFICIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(255,697)	(216,996)

## NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 2005

	Year ended 31 December 2005	Year ended 31 December 2004
	£	£
<b>1. INCOME</b>		
Pitch administration fees	383,378	420,683
Registration fees	115,842	111,843
List position transfer fees	534,322	504,723
Other income	75,051	110,023
	1,108,593	1,147,272
<b>2. COST OF OPERATIONS</b>		
Staff costs:		
– Field staff salaries	241,400	225,785
– Temporary field staff salaries	36,930	31,809
– Employer's NIC	26,196	27,083
– PSA costs	10,702	4,483
– Pension costs	22,371	19,672
– Health and medical insurance	8,171	7,930
Standard joints	8,830	8,549
Travel, subsistence and other expenses	91,279	83,003
Motor vehicle running costs	10,113	4,387
Telephone	11,251	10,583
Auction expenses	6,202	12,266
Authorisation badges	2,728	3,233
Depreciation on motor vehicles and standard joints	288,224	282,963
Profit on disposal of fixed assets	(4,311)	(3,985)
Marketing	10,000	-
	770,086	717,761

## NOTES TO THE INCOME AND EXPENDITURE ACCOUNT (CONTINUED)

	Year ended 31 December 2005 £	Year ended 31 December 2004 £
<b>3. OFFICE EXPENSES</b>		
Staff costs:		
– Directors' remuneration	52,394	50,610
– Office based salaries	240,788	247,370
– Employer's NIC	28,931	29,031
– Health and medical insurance	22,993	9,005
– Pension costs	26,944	23,755
– Temporary office staff salaries	12,342	8,195
Telephone	9,484	11,627
Equipment maintenance and repairs	22,190	13,039
Postage	9,782	13,728
Printing and stationery	29,445	31,031
Meetings, conferences and seminars	7,136	6,616
Staff and council members' expenses	17,821	16,547
Depreciation on computers and office expenses	12,503	9,674
Loss on disposal of fixed assets	639	512
	493,392	470,740
Grants to members for improvements to racecourse betting rings, etc.	1,155	-
	494,547	470,740
	<b>2005</b>	<b>2004</b>
<b>4. ESTABLISHMENT EXPENSES</b>	<b>£</b>	<b>£</b>
Rent	39,473	53,576
General rates	16,115	25,068
Property repairs	18,966	57,156
Light, heat and utilities	1,958	933
Depreciation on furniture and fittings	156	487
	76,668	137,220
	<b>2005</b>	<b>2004</b>
<b>5. GENERAL EXPENSES</b>	<b>£</b>	<b>£</b>
General insurance	8,875	10,826
Legal and professional fees	20,628	19,564
Audit and accountancy	10,275	10,835
Bank charges	6,476	5,348
Sundry expenses	371	568
Staff meetings, training and expenses	14,660	8,530
Recruitment	977	5,887
Web site	780	760
	63,042	62,318
	<b>2005</b>	<b>2004</b>
<b>6. INTEREST RECEIVABLE AND SIMILAR INCOME</b>	<b>£</b>	<b>£</b>
Bank interest	40,053	23,771

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