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Officers and Professional Advisers

DIRECTORS

D J Burke (Chairman)	C E Spencer
J Dodds	B T Stewart-Brown
The Hon H M Herbert	J M Thick
Lady Lloyd-Webber	R L Todd
J McGrath	
N W E Penser	

SECRETARY	C E Spencer	
REGISTERED OFFICE	The Racecourse Newbury Berkshire RG14 7NZ	
AUDITORS	Deloitte LLP Reading RG1 3BD	
BANKERS	Royal Bank of Scotland (National Westminster Bank) Abbey Gardens 4 Abbey Gardens Reading RG1 3BA	HSBC Bank plc 6 Northbrook Street Newbury Berkshire RG14 1DJ
	Weatherbys Bank Sanders Road Wellingborough Northamptonshire NN8 4BX	
SOLICITORS	Burges Salmon LLP One Glass Wharf Bristol BS2 0ZX	Pinsent Mason 30 Crown Place London EC2A 4ES
REGISTRARS	Capita Asset Services The Registry 3-4 Beckenham Road Beckenham Kent BR3 4TU	
CORPORATE ADVISERS	Strata Technology Partners LLP Kingsbury House 15-17 King Street London SE1Y 6QU	

Chairman's Statement

We are pleased to be able to report a positive set of results for 2016 that reflect continued progress and growth, in line with our plans for the business. This in spite of an extremely challenging first six months to the year, which saw an almost unprecedented three abandoned racedays due to weather, along with the continuing operational challenges which the ongoing redevelopment understandably presents.

Financial Performance

The full year profit after tax was £13.64m (2015: £1.61m), which includes exceptional profits of £19.23m (2015: £0.72m) relating to the sale of the final tranche of land to David Wilson Homes in April 2016, together with an exceptional impairment charge of £3.45m. Total turnover increased by 4% to £16.99m, with an 8% (£0.06m) overall improvement in the underlying trading profit before exceptionals.

We have seen improvements in trading performance across a number of areas of the business, with like for like growth in racing revenues of £0.56m (5%), steady growth in our Conference & Events business, with revenues growing by 3% year on year and another excellent year for the Rocking Horse Nursery with growth in revenues of 41%.

Racing Highlights

We hosted another excellent calendar of racing here at Newbury, with the equine stars of our sport once again delivering some outstanding performances on the track.

Betfair Super Saturday saw a superb display from Ballyandy in the Tap Tap Boom Bumper. He went on to follow up in the Bumper at the Cheltenham Festival and indeed returned to Newbury in February 2017 to win the Betfair Hurdle.

With the weather claiming Dubai Duty Free Spring Trials Weekend, our Flat season got off to a later start than usual on Friday 13 May, but the appearance of a two year colt called Cunco meant that the Racecourse was at the centre of the racing world that afternoon. Cunco is the first-born foal sired by superstar racehorse Frankel and on this day he was the first offspring of Frankel to run in a race. Despite drifting in the betting, Cunco was a comfortable winner, resulting in much media interest and excellent publicity for Newbury.

On the following day, we hosted the £750,000 Al Shaqab Lockinge Day, the biggest event in our flat racing calendar. Mehmas, owned by the sponsors, was a popular winner of the Olympic Glory Stakes and Belardo was impressive in victory in the day's big race, the Group 1 Al Shaqab Lockinge Stakes, bouncing back to the form that had made him champion two year old in 2014.

At the Weatherbys Super Sprint meeting in July we hosted Simply Red, who performed after an excellent day's racing attended by a record crowd of almost 20,000 people, being some 5,000 more than the previous highest attendance for this meeting. In addition, local superstar Will Young wowed racegoers after racing on Betfred Ladies Day in August, at which Richard Pankhurst was victorious in the Betfred Hungerford Stakes.

There was a different look to the start of the jump season in 2016, as we began with a stand-alone fixture in early November before an outstanding two day meeting at the end of the month featuring a memorable 60th and final Hennessy Gold Cup, won by Native River, giving trainer Colin Tizzard and Champion Jockey Richard Johnson their first win in the race. The big race takes on a new identity in 2017 as The Ladbrokes Trophy.

The Development

The residential development, through our partnership with David Wilson Homes, continues to make solid progress, with the central and eastern phases now well underway. Demand for new homes on the site remains high and sales are in line with our expectations.

The exciting redevelopment of our own "heartspace" is also well advanced. We were delighted with feedback on the new saddling and pre-parade ring area which was in use for the recent Dubai Duty Free Spring Trials meeting, attended by Her Majesty the Queen, with the new Owners and Trainers facility and Eastern Entrance due for completion in the summer of 2017.

The second phase of heartspace works which will include re-modelling the main parade ring and improvements to the customer areas behind the stands, is expected to commence in late 2017 and be completed by the end of 2018. We have already started refurbishment works in the Berkshire Stand and are investing in improvements to infrastructure across the site. These works are focused on enhancing the experience for all of our customers, whilst generating improved financial returns for the wider business in the longer term.

Shareholders will be aware that for this development to take place, a number of major enabling and infrastructure works, including replacement of existing infrastructure, were required across the site. Following the completion and handover of these works, the Board has undertaken a review of the carrying value of these assets relative to the future revenue streams which they will generate and this has resulted in an impairment charge of £3.45m which is recognised in the profit and loss as an exceptional item in the year.

Outlook

We continue to receive positive feedback from all stakeholders about the improvements being made to the Racecourse and our plans for the future. We were delighted to be named recently as one of the top racecourses in the UK by VisitEngland and, for the second year running, to be awarded the Racecourse Association and VisitEngland Excellence Accolade for customer service. The continued investment in our catering business was also recognised when winning three categories at the National Racecourse Catering Awards, including Best Overall Racecourse Caterer.

In light of the positive trading performance and the improvements being made to the infrastructure and the development of the racecourse, the board remains confident in the financial outturn for 2017 and the delivery of the long term business objectives.

On behalf of the board, I would like to thank all our staff for their continued hard work and commitment during the year. Our sincere thanks also to all sponsors, owners, trainers, stable staff, racegoers and customers for their ongoing support and patronage as we continue with our transformation of the racecourse – we are sure it will be worth the wait.

DOMINIC J BURKE
Chairman
8 May 2017

STRATEGIC REPORT

STRATEGY AND OBJECTIVES

The Board's long term strategy is to continue the profitable development of Newbury Racecourse as a leading racecourse, entertainment and events business, with racing at its core. Continued progress towards this aim has been made in 2016, with improved financial results and new facilities coming on line.

THE BUSINESS MODEL

Newbury Racecourse PLC is the parent of a Group of companies which own Newbury Racecourse and engage in racing, hospitality and catering retail activities. In addition, the Group operates a conference and events business, a children's nursery, an on-site hotel and estate management services. Alongside its trading activities, the Group owns freehold property from which it receives annual income and also benefits from the sale of residential properties on the site, as part of its long term development agreement with David Wilson Homes.

PERFORMANCE REVIEW

Consolidated Group profit on ordinary activities before tax in the year ended 31 December 2016 was £16.32m (2015: £1.61m) which includes £19.23m of exceptional profits (2015: £0.72m exceptional profits), together with an impairment charge of £3.45m.

Turnover for the trading business increased by 4% (£0.65m) to £16.91m (2015 restated: £16.26m)[1]. Overall racing revenues were in line with prior year, in spite of one less scheduled raceday and the unfortunate abandonment of three racedays due to weather, with like for like underlying growth in racing revenues of £0.56m (5%). Conference and Events revenues increased by 3% (£0.03m) on prior year. The Rocking Horse Nursery revenues showed an improvement of 41% (£0.29m) on 2015. The Lodge, our on-site hotel, generated £0.34m of revenue in its first full year of trading.

The improvement in overall trading performance resulted in an 8% increase in trading profits before exceptional items to £0.74m (2015: £0.69m).

The loss for the property business before exceptional items was £0.22m (2015: loss (£0.14m)), reflecting the costs of managing the ongoing relationship with David Wilson Homes, our development partner, together with the cost of temporary works to minimise disruption to our customers around the site during the ongoing redevelopment.

The overall profit on ordinary activities before interest and exceptional items was £0.52m (2015: £0.55m).

Exceptional profits during 2016 were £19.23m (2015: £0.72m) representing expected land value in respect of the sale of the final tranche of land to DWH net of associated costs of £7.74m, together with an impairment charge of £3.45m recognised against certain fixed assets (note 4 to these financial statements provides further detail).

The tax charge of £2.69m includes a provision for capital gains tax on the sale of assets and deferred tax on timing differences.

Profit on ordinary activities after tax was £13.64m (2015: £1.61m).

The increase in cash reserves of £4.0m in the period (2015: £4.51m increase) includes £9.27m of cash receipts from DWH in respect of properties sold in the period, and is net of £3.29m of capital expenditure and tax instalment payments of £0.73m.

Racing

The accounts include a total of 29 days racing (2015: 30) comprising 11 days National Hunt racing (2015: 12) and 18 days flat racing (2015: 18).

As ever the racecourse hosted a high quality racing programme during 2016, despite regrettably losing three racedays to the weather (2015: no meetings abandoned).

In May we hosted *Al Shaqab Lockinge Day*, Newbury's richest race meeting, which was attended by over 13,000 racegoers, continuing our five year partnership with Al Shaqab. This meeting is gaining traction as the flagship event in our flat racing calendar and the action on the track featured a string of outstanding performances.

Our cornerstone jump meeting, at the end of November, featured the 60th and final running of the Hennessy Gold Cup, which will be run under new sponsorship from Ladbrokes from 2017. We were delighted with attendances across the new format two day meeting of more than 25,000.

We continued to make further investment in our prizemoney, with an 8% (£0.13m) like for like increase in our contributions, despite a reduction in the funding we received from the HBLB.

Overall raceday attendances in 2016 were impacted significantly by the three abandonments in January and April, together with one less scheduled raceday, decreasing by 16% to 177,000 (2015: 210,000). We did however see increased attendances at a number of our other fixtures, in particular *Party in the Paddock* with Simply Red in July.

We are grateful to have received continued significant support from all of our sponsors, with particular thanks to Al Shaqab Racing, bet365, Betfair, Betfred, Dubai Duty Free and Moet Hennessy UK for their investment in 2016.

We hosted three successful music events in 2016 with Simply Red in July, Will Young in August and Mark

1 Turnover in both 2016 and 2015 reflects the change in accounting policy in respect of HBLB funding – note 1 of these financial statements provides further detail.

Ronson in September, attracting total attendances in excess of 42,000.

We are proud of our long association with the Dubai International Arabian Races Committee and we were, once again, delighted to host its flagship UK race meeting here in July.

Media revenues increased by c. £0.30m (9%), to £3.39m for the twelve months to 31 December 2016, representing 20% of the Group's overall turnover and reflecting the continued growth in streaming and overseas activities of Racecourse Media Group.

Catering, Hospitality and Retail

Our catering, hospitality and retail business was impacted by the abandonments, with total year on year revenues down £0.14m, however we did see underlying growth, on a like for like basis, of £0.17m (4%).

This underlying growth demonstrates the return on our investment in a number of key areas of our catering retail facilities and our continued investment in the training of our staff, as part of our drive to improve our offer to customers, which has seen us achieve industry accolades for customer service and Best Racecourse Caterer.

Pool Betting

As part of a racecourse collective, we have made progress during the year towards the structure of a new racecourse controlled Pool Betting offer, which will come into effect from July 2018. The collective have structured a business that will enable racecourses to take control of the betting landscape on their racecourses, provide a heightened level of service and innovation to racegoers, and to share in the long term strategic benefits that will flow from British racecourses controlling a pool on their racing. We will update shareholders on this when further progress has been made.

Conference and Events

Conference and Events revenues grew by 3% (£0.03m) versus 2015, to £1.17m. Gross profits of £0.26m, were 16% behind 2015, due to the changing mix of business delivered in the year.

Once again we were delighted to host successful events for a number of blue chip clients, welcoming back Thames Water, Open University, Boden and NHS, alongside a number of prestigious new clients including Waitrose, Immediate Media and Mary Howard. The total number of event days sold increased 2% on the previous year.

Our sales team continues to focus on growing this part of our business, through proactive selling and relationship building within key sectors and with a number of agents. Growing this area of our business will be challenging during our ongoing redevelopment, but we remain confident that as the redeveloped racecourse facilities come on stream over the next two years, the Conference and Events business performance will continue to improve.

The Rocking Horse Nursery

We are pleased to report another year of improved trading performance at the Rocking Horse Nursery with turnover increasing by 41% (£0.29m) and profits of £0.26m, an improvement of 150% on 2015, driven by an average occupancy increase of 6% over the course of the year. This follows the successful recruitment of a new management team, which has set this part of the business in good stead for future growth.

The Redevelopment

The racecourse redevelopment is progressing well. Phase one spend in 2016 was £2.48m against an anticipated total spend of £7.6m. The new saddling boxes and pre-parade ring are now complete and have been well received, with the Owners and Trainers facility and Eastern entrance all due to be completed in the late summer of 2017.

The next phase of works which focuses on the main parade ring and improvements to the customer areas behind the stands, are expected to commence in the autumn of 2017 and be completed by the end of 2018, at an anticipated cost of £5.4m.

In addition we will be undertaking a refurbishment of the Berkshire Stand and improvements to infrastructure, in particular lifts and IT, across the site. All of these works are focused on enhancing the experience for all of our customers, whilst generating improved financial returns for the wider business in the longer term.

The DWH residential development has continued to make excellent progress, with all of the homes in the Western Area now occupied and construction of the Central and Eastern Areas well underway. In line with our expectations, the Group's cash flows were enhanced by an additional £9.27m of payments received from DWH during the year to December 2016.

Following the completion of the enabling works by David Wilson Homes and handover of these assets, the Group carried out a review of the recoverable value of these fixed assets, a number of which were replacements for previously existing infrastructure. This review identified that a small number of these assets were being carried at a net book value which was greater than their recoverable value and has led to the recognition of an impairment loss of £3.45m, in the profit and loss account.

The operational challenges that the redevelopment has presented to date have been successfully managed by the racecourse team alongside our development partners DWH, minimising as far as possible disruption to our customers and neighbours, to whom we are grateful for their continued support and patience. We will continue to manage this proactively during the next phases of development and we remain confident that the enhanced racecourse will deliver material benefits for all stakeholders in the long term.

KEY PERFORMANCE INDICATORS

The Group uses raceday attendance and trading operating profit/loss as the primary performance indicators. Total attendance was 177,000 (2015: 210,000), the reasons for this fall in attendance have been addressed above Operating profit/loss is shown within the profit and loss account on page 14.

PRINCIPAL RISKS AND UNCERTAINTIES

Cashflow Risk

The main cash flow risks are the vulnerability of race meetings to abandonment due to adverse weather conditions and fluctuating attendances particularly for the Party in the Paddock events, together with the possibility of delayed property receipts from David Wilson Homes. The practice of covering the racetrack to protect it from frost and investment in improved drainage, as well as insuring key racedays, largely mitigates the raceday risk. Regular review of variable conferencing costs reduces the impact of a decline in conference sales. The timing and amount of receipts from David Wilson Homes is dependent upon the rate of sales of residential plots. The risk of delayed receipts is mitigated to some extent by the long stop dates in the sale agreement, in respect of the minimum guaranteed land value. Short term cash flow risk is mitigated by regular review of the expected timing of receipts and by ensuring that the Group has committed facilities in place in order to manage its working capital and investment requirements.

Credit Risk

The Group's principal financial assets are trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts in the balance sheet are net of allowances for doubtful receivables. Payment is required in advance for ticket, hospitality, sponsorship, and conference and event sales, reducing the risk of bad debt. The David Wilson Homes debtor is backed by a parent Company guarantee from Barratt Homes Plc.

Liquidity Risk

In order to maintain liquidity to ensure that sufficient funds are available for both ongoing operations and the property redevelopment, the Group uses a mixture of long-term and short-term debt finance which is secured on the property assets of the Group. The Board regularly review the facilities available to the Group to ensure that there is sufficient working capital available.

Price Risk

The Group operates within the leisure sector and regularly benchmarks its prices to ensure that it remains competitive.

Cost Risk

The Group has had a historically stable cost base. The key risks are unforeseen maintenance liabilities, movement in utility costs and additional regulatory costs for the racing business. A programme of regular maintenance is in place to manage the risk of failure in the infrastructure, while utility contracts are professionally managed.

The Group is a member of the Racecourse Association, a trade association which actively seeks to manage increases in regulatory risk.

Interest Rate Risk

The Group manages its exposure to interest rates through an appropriate mixture of interest rate caps and swaps, where necessary.

GOING CONCERN

The Board has undertaken a full and thorough review of the Group's forecasts and associated risks and sensitivities, over the next twelve months. The extent of this review reflects the current economic climate as well as specific financial circumstances of the Group.

The Board identified that the Group's cash flow forecasts are sensitive to fluctuating revenue streams from ticket sales, corporate hospitality, conference and event income and the timing of receipts and payments in respect of the property redevelopment. A system of regular reviews of forecast business and expected property receipts has been implemented to ensure all variable costs are flexed to match anticipated revenues. In addition a number of race meetings have been insured for adverse weather conditions, reducing the levels of risk carried by the Group.

The Board has reviewed the cash flow and working capital requirements in detail. The Group currently has committed credit facilities in place through to March 2022. Following this review the Board has concluded that it has a reasonable expectation that the Group has adequate resources in place to continue in operational existence for the foreseeable future and on that basis the going concern basis has been adopted in preparing the financial statements.

CORPORATE AND SOCIAL RESPONSIBILITY

Employee Consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings, and distribution of the annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Policy on Payments to Suppliers

Although no specific code is followed, it is the Group's and Company's policy, unless otherwise agreed with suppliers, to pay suppliers within 30 days of the receipt of an invoice, subject to satisfactory performance by the supplier. The amount owed to trade creditors at 31 December 2016 is 3% (2015: 7.7%) of the amounts invoiced by suppliers during the year. This percentage, expressed as a proportion of the number of days in the year, is 11 days (2015: 28 days).

Disabled Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Charitable Donations

During the year the Group made charitable contributions totalling £6,560 to national charities (2015: £27,120).

By order of the Board

JULIAN THICK
Chief Executive
8 May 2017

Sponsors in the year for 31 December 2016

We would like to thank our leading sponsors for their significant support in 2016

Al Shaqab
Bet365
Betfair
Betfred
Bewiser Insurance
British European Breeders Fund
Dubai Duty Free
JLT
Moët Hennessy UK
Thoroughbred Breeders Association
Weatherbys
Worthington's

We also received much appreciated support from the following sponsors

Agetur UK
AJC Premier
Ballymacoll Stud
Bathwick Tyres
Berry Bros & Rudd
BJP Insurance Brokers
Blackmore Building Contractors Ltd
Bloomsbury Auctions
Carter Jonas
Christopher Smith Associates LLP
Compton Beauchamp Estates Ltd
Coln Valley Stud
Comax
Conundrum Consulting Ltd
Crossland Employment Solicitors
CSP
Daisy's Dream
Denford Stud
Doom Bar
Doncaster Bloodstock Sales
Donnington Grove Vets
Equine Productions
Event Bar Management
Federation of Bloodstock Agents
Focus Insurance
Fuller Smith & Turner PLC
Greatwood
Grundon
Haynes Hanson & Clark
HBLB
Heatherwold Stud
Highclere Thoroughbred Racing
Hot to Trot Racing Club
Indzine Ltd
Inspiration Inc.
Johnsons Stalbridge Linen Services
KKA
Mobile Pimm's Bars
Mirage Signs
Newbury BID
Oakley Coachbuilders
Parkway Shopping
Papa John's Pizza
Pertemps Group
Peter O'Sullevan Charitable Trust
Powersolve Electronics
Premier Food Courts
Pump Technology Ltd
Rayner Bosch Car Services
Relyon Cleaning Services
R & M Electrical
Smith & Williamson
South Down Water
Spinal Injuries Association
Thatcham Butchers
The Pelican Cancer Foundation
Tom's Pies
Tutts Clump Cider
TKP Surfacing
Upham Brewery
Vodafone Group PLC
Wedgewood Estates
West Berkshire Mencap
West Berkshire Racing Club
Whitley Stud
Zenergi

There were also 4 races sponsored for birthdays, retirement or in memoriam.

Report of the Directors

The Directors have pleasure in submitting their annual report and the audited financial statements for the year ended 31 December 2016.

RESULTS AND DIVIDEND

The profit on ordinary activities after taxation was £13,637,000 (2015: £1,605,000). Further details of the major influences on this year's result are given in the Strategic Review.

The Directors have recommended that no final dividend be paid (2015: none).

MARKET VALUE OF LAND

The balance of the racecourse operational site was valued by a third party on 29 October 2012 at £14.5m and the directors consider this to be a fair reflection of the market value as at 31 December 2016. The net book value of the land held in the balance sheet is £0.25m.

DIRECTORS

The Directors who served during the year and held office at the year end and their interests, including family interests, in the ordinary shares of the Company at the beginning and end of the financial year under review were as follows:-

	Beneficial interest 2016	Beneficial interest 2015
D J Burke	**42,000**	23,000
J Dodds	**-**	-
The Hon H M Herbert	**12,924**	12,924
Lady Lloyd-Webber	**319,656**	319,656
J McGrath	**-**	-
N W E Penser	**1,370,400**	1,370,400
C E Spencer	**-**	-
B T Stewart-Brown	**13,332**	13,332
J M Thick	**-**	-
R L Todd	**-**	-

No Directors held any other non-beneficial interest in the shares of the Group at any time during the year. No Directors held shares in any other Group Company. The Directors are shown on page 1.

DIRECTORS' COMMITTEES

Directors serve on the following Committees:

Audit

R L Todd (Chair)
D J Burke
J Dodds

Remuneration

R L Todd (Chair)
D J Burke
B T Stewart-Brown

Nomination

B T Stewart-Brown (Chair)
D J Burke
N W E Penser
R L Todd

Report of the Directors (continued)

Directors' particulars are set out below:-

Dominic J Burke
Dominic Burke is Group Chief Executive of Jardine Lloyd Thompson Group PLC (JLT), one of the world's leading providers of insurance, reinsurance and employee benefits related advice, brokerage and associated services. JLT employs more than 10,000 staff across 42 countries and is the largest quoted Company of its type in the UK. Dominic is a keen owner and breeder with horses in training on the flat and over jumps.

John Dodds
John Dodds was Chief Executive of Kier Group PLC, the international construction Group, until March 2010, when he retired after nearly 40 years with the Company. John's extensive experience in the construction and house building industry sector will be an important asset as Newbury Racecourse continues its major property development. He is also Non Executive Chairman of Severfield PLC and Non Executive Chairman of Lagan Construction Holdings Ltd.

The Hon H M Herbert
Harry Herbert is the Chairman and Managing Director of Highclere Thoroughbred Racing Limited, a racehorse syndication Company with over 50 horses in training. The Company has enjoyed many successes and has been responsible for the Vodafone Derby winner, Motivator, as well as six other European champions; Lake Coniston, Tamarisk, Delilah, Petrushka, Memory and Harbinger. He is also Racing Advisor to Sheikh Joaan bin Hamad Al Thani and to Al Shaqab Racing, and is a member of the Jockey Club.

Lady Lloyd-Webber
Madeleine Lloyd-Webber is a former international three day eventer and owns Watership Down Stud near Newbury and Kiltinan Castle Stud in Tipperary. She has horses in training both on the flat and National Hunt. She is a member of the Jockey Club. She is also a Director and Vice Chairman of Really Useful Group and Really Useful Theatres.

Jim McGrath
Jim McGrath has worked in racing since leaving school in 1974, when he moved to Yorkshire to join the Timeform Organisation where, in a thirty-four year stint, he held numerous positions, including that of Chairman. From 1981 thru 2016, he worked as a pundit, initially for ITV, thereafter joining Channel 4 Racing in 1984. Jim has also served on various racing bodies, including both BHB and BHA, where he acted as an Independent Director. Formerly a director of Haydock Park Racecourse, he is an owner/hobby breeder.

Erik Penser
Erik Penser is the owner of a bank in Stockholm. He has owned racehorses in Sweden since 1964 and in England since 1972. He has also been a breeder since 1985. He is a member of the Jockey Club and lives and farms at Compton Beauchamp, near Lambourn.

Claire Spencer
Claire Spencer was appointed Finance Director in February 2014, having previously been Group Financial Controller at the Company. She joined the Company in 2010. She is a Fellow of the Institute of Chartered Accountants in England and Wales. She previously worked for the bloodstock departments of PricewaterhouseCoopers and James Cowper Kreston.

Brian Stewart-Brown
Brian Stewart-Brown specialised in the aviation reinsurance business at Lloyds during his career. He has had many successes as an owner, including Riverside Theatre, Ryanair Chase winner 2012, Arctic Call who won the 1990 Hennessy Cognac Gold Cup and Large Action who won the Tote Gold Trophy at Newbury. He lives at Speen, near Newbury.

Laurie Todd
Laurie Todd has held senior finance positions in listed companies for 25 years, most recently as Chief Financial Officer of Guinness Peat Group plc. Prior to joining GPG he was Finance Director, then Chief Executive, of Staveley Industries plc. Previous experience includes companies in the retail, publishing and distribution sectors. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

Julian Thick
Over the last 20 years Julian Thick has held a number of senior roles in the racing industry having been Managing Director of Aintree, Sandown and Kempton Park racecourses as well as a board member of Jockey Club Racecourses.

Report of the Directors (continued)

Shareholdings

As at 31 December 2016 the Group was aware of the following interests amounting to 3% or more in the shares of Newbury Racecourse PLC

	Number of shares	Percentage holding
Compton Beauchamp Estates Ltd*	1,068,073	31.90%
Lady Lloyd-Webber	319,656	9.50%
N W E Penser	302,327	9.03%
Mr & Mrs A Stewart**	114,000	3.40%

* N W E Penser is a director and a shareholder of Compton Beauchamp Estates Ltd
** Beneficial interests held in nominee accounts

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:-

- As far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware of; and

- The Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group'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.

In line with S487 of the Companies Act 2006, Deloitte LLP has indicated its willingness to remain in office as the Group's auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board

C E SPENCER
Secretary
Newbury
8 May 2017

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 Group and of the profit or loss of the Group 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;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the members of Newbury Racecourse PLC

We have audited the financial statements of Newbury Racecourse PLC for the year ended 31 December 2016 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 26. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 group's and the parent 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 group's and of the parent company's affairs as at 31 December 2016 and of the group's profit 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

the parent company 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.

Andrew Bond FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom
8 May 2017

Consolidated Profit and Loss Account

Year ended 31 December 2016

	Note	2016 Trading £'000	2016 Property £'000	2016 Total £'000	2015 (restated) Trading £'000	2015 (restated) Property £'000	2015 (restated) Total £'000
Turnover	3	16,910	83	16,993	16,263	49	16,312
Cost of sales		(13,475)	-	(13,475)	(13,330)	-	(13,330)
Gross profit	3	3,435	83	3,518	2,933	49	2,982
Administrative expenses		(2,693)	(301)	(2,994)	(2,246)	(184)	(2,430)
Profit/(loss) on ordinary activities before interest and exceptional items		742	(218)	524	687	(135)	552
Exceptional Items							
Profit on disposal of fixed assets	4	-	19,232	19,232	-	722	722
Impairment of fixed assets	4	(3,449)	-	(3,449)	-	-	-
(Loss)/profit on ordinary activities before interest		(2,707)	19,014	16,307	687	587	1,274
Interest receivable and similar income	7	31	329	360	34	629	663
Interest payable and similar charges	8	(344)	-	(344)	(289)	(38)	(327)
(Loss)/profit on ordinary activities before taxation		(3,020)	19,343	16,323	432	1,178	1,610
Tax (charge)/credit	9	(200)	(2,486)	(2,686)	(71)	66	(5)
(Loss)/profit on ordinary activities after taxation being (loss)/profit for the financial year		(3,220)	16,857	13,637	361	1,244	1,605
Profit per share (basic and diluted) (Note 11)				407.3p			48p

All amounts derive from continuing operations

See Note 1 for details of change in accounting policy

Consolidated Statement of comprehensive income

Year ended 31 December 2016

	2016 £'000	2015 £'000
Profit for the financial year	13,637	1,605
Actuarial (loss)/gain relating to pension scheme	(820)	566
Deferred tax on actuarial loss/(gain)	164	(120)
Total recognised profit in the year	12,981	2,051

Consolidated Balance Sheet

Year ended 31 December 2016

	Note	2016 £'000	2015 (restated) £'000
Fixed assets			
Tangible assets	12	**28,238**	35,535
Investment	13	**277**	192
		28,515	35,727
Current assets			
Stocks	14	**225**	206
Debtors			
- due within one year	15	**6,941**	4,285
- due after more than one year	16	**16,540**	-
Cash at bank and in hand		**8,783**	2,105
Cash investment		**4,163**	6,837
		36,652	13,433
Creditors: amounts falling due within one year	17	**(3,469)**	(2,487)
Net current assets		**33,183**	10,946
Total assets less current liabilities		**61,698**	46,673
Creditors: amounts falling due after more than one year	18	**(7,505)**	(7,238)
Provisions for liabilities	22	**(8,683)**	(7,461)
Net assets before pension deficit		**45,510**	31,974
Pension deficit	24	**(980)**	(303)
Net assets after pension deficit		**44,530**	31,671
Deferred income			
Deferred capital grants	23	**123**	245
Capital and reserves			
Called up share capital	20	**335**	335
Share premium account		**10,202**	10,202
Revaluation reserve		**75**	75
Equity reserve		**143**	143
Profit and loss account surplus		**33,652**	20,671
Shareholders' funds		**44,407**	31,426
		44,530	31,671

The financial statements of Newbury Racecourse PLC, Company registration 00080774, were approved by the Board of Directors on 8 May 2017 and signed on its behalf by:

D J BURKE (Chairman)

J M THICK (Chief Executive)

Company Balance Sheet

Year ended 31 December 2016

	Note	2016 £'000	2015 (restated) £'000
Fixed assets			
Tangible assets	12	**27,121**	34,418
Investment	13	**7,980**	7,895
		35,101	42,313
Current assets			
Stocks	14	**225**	206
Debtors			
- due within one year	15	**7,898**	5,245
- due after more than one year	16	**16,540**	-
Cash at bank and in hand		**8,783**	2,100
Cash investments		**4,146**	6,837
		37,592	14,388
Creditors: Amounts falling due within one year	17	**(3,472)**	(2,482)
Net current assets		**34,120**	11,906
Total assets less current liabilities		**69,221**	54,219
Creditors: amounts falling due after more than one year	18	**(15,005)**	(14,738)
Provisions for liabilities	22	**(8,683)**	(7,461)
Net assets before pension deficit		**45,533**	32,020
Pension deficit	24	**(980)**	(303)
Net assets after pension deficit		**44,553**	31,717
Deferred income			
Deferred capital grants	23	**123**	245
Capital and reserves			
Called-up share capital	20	**335**	335
Share premium account		**10,202**	10,202
Revaluation reserve		**75**	75
Equity reserve		**143**	143
Other reserve		**198**	198
Profit and loss account		[2] **33,477**	20,519
Shareholders' funds		**44,430**	31,472
		44,553	31,717

The financial statements of Newbury Racecourse PLC, Company registration 00080774, were approved by the Board of Directors on 8 May 2017 and signed on its behalf by:

D J BURKE (Chairman)

J M THICK (Chief Executive)

[2] Details of the parent company profit can be found at note 10

Consolidated Statement of Changes in Equity

At 31 December 2016

GROUP	Share Capital £'000	Share Premium £'000	Capital redemption Reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 31 December 2015	335	10,202	143	75	16,953	27,708
Changes in accounting policy*	-	-	-	-	3,718	**3,718**
At 1 January 2016 (restated)	335	10,202	143	75	20,671	31,426
Profit/(loss) for the financial year	-	-	-	-	13,637	**13,637**
Actuarial (loss) relating to pension scheme	-	-	-	-	(820)	**(820)**
Deferred tax on actuarial (gain)/loss	-	-	-	-	164	**164**
At 31 December 2016	335	10,202	143	75	33,652	44,407

Unrealised other reserves of £198,000 arose in Newbury Racecourse plc on disposal of the land south of the racecourse to Newbury Racecourse Enterprises Ltd in 2001.

* see note 1

Consolidated Cash Flow Statement

Year ended 31 December 2016

	Note	2016 £'000	2015 (restated) £'000
Net cash (outflow)/inflow from operating activities	21	**(1,980)**	1,302
Cash flows from investing activities			
Interest received and other investment income		**31**	34
Payments to acquire tangible fixed assets		**(3,287)**	(2,386)
Receipts from exceptional sale of fixed assets		**9,269**	5,494
Sale of fixed assets		**18**	-
Grant from HBLB		**-**	50
Net cash inflow from investing activities		**6,031**	**3,192**
Net cash inflow before financing		**4,051**	**4,494**
Financing activities			
Loan finance received		**(16)**	16
Arrangement fees paid		**(30)**	-
Net cash (outflow)/inflow from financing		**(46)**	16
Increase in cash in the year		**4,005**	4,510
Cash as at 1 January		8,941	4,431
Cash as at 31 December		12,946	8,941

Advantage has been taken of the exemption under FRS102 not to disclose the individual cash flow statements of the company and its subsidiaries.

Notes to the Financial Statements

Year ended 31 December 2016

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted in the current and preceding year are described below.

Accounting convention

The financial statements are prepared under the historical cost convention, as modified by the revaluation of freehold land.

Going concern

The Board has undertaken a full and thorough review of the Group's forecasts and associated risks and sensitivities. The extent of this review reflects the current economic climate as well as the specific financial circumstances of the Group.

The Board identified that the Group's cash flow forecasts are sensitive to fluctuating revenue streams from ticket sales, corporate hospitality, conference and event income and the timing of receipts and payments in respect of the property redevelopment. A system of regular reviews of forecast business and expected property receipts has been implemented to ensure all variable costs are flexed to match anticipated revenues. In addition a number of race meetings have been insured for adverse weather conditions, reducing the levels of risk carried by the Group.

The Board has reviewed the cash flow and working capital requirements in detail. At the balance sheet date the Company has adequate cash reserves, together with revolving credit facilities which are in place through to March 2022.

Following this review the Board has concluded that it has a reasonable expectation that the Group has adequate resources in place to continue in operational existence for the foreseeable future and on that basis the going concern basis has been adopted in preparing the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries Newbury Racecourse Enterprises Limited and Newbury Racecourse Management Limited.

Revenue recognition

Raceday income including licence fee income and sponsorship, is recognised on the relevant raceday and membership income is recognised over the period of the membership. Other income streams are also recognised over the period to which they relate, for example, conference income is recognised on the day of the conference and nursery income is recognised as the child attends the nursery.

Property receipts

Property receipts are recognised in accordance with the substance of the transaction being that of an exceptional sale of land. The minimum guaranteed sum, as set out in the agreement with David Wilson Homes, is recognised at the point of sale. In accordance with FRS102, at each reporting date, the sum receivable is re-estimated based upon currently projected land value with the difference between this value and the discounted net present value recorded in the profit and loss account.

Repairs and renewals

Expenditure on repairs and renewals and costs of temporary facilities during construction works are written off against profits in the year in which they are incurred.

Investments

Investments are stated at cost less provision for any impairment.

Dividends

Where dividends are declared, appropriately authorised (and hence no longer at the discretion of the Group) after the balance sheet date but before the relevant financial statements are authorised for issue, dividends are not recognised as a liability at the balance sheet date because they do not meet the criteria of a present obligation in FRS102.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is not provided on freehold land. On other assets it is provided on cost or re-valued amounts over the estimated lives of the assets as below:-

Freehold land and buildings and outdoor fixtures

- 1% - 5% straight line

Fixtures and fittings and equipment

- 5% - 25% straight line

Tractors and motor vehicles

- 5% - 20% straight line

Investment income

Dividends and other investment income receivable are included in the profit and loss account inclusive of the attributable tax credit.

Stocks

Stocks are valued at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Notes to the Financial Statements (continued)

Year ended 31 December 2016

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Cash investments

Cash which is held on deposits that are not accessible with less than 24 hours' notice, is deemed to not be liquid and is therefore classified as cash investments on the balance sheet.

Non recognised financial information

The consolidated profit and loss account includes measures which are not accounting measures under UK GAAP which are used to access the financial performance of the business. These non-GAAP measures are not considered a substitute for, or superior to, the equivalent measures calculated and presented in accordance with UK GAAP. These measures, which are termed 'non GAAP' include the separation of property, in relation to the redevelopment of the racecourse, from underlying trading activity. Property turnover includes rental income from residential properties and freehold land, together with any incremental capital receipts, in excess of the minimum guaranteed land value, arising from the sale of residential units, in accordance with the agreement with David Wilson Homes Ltd. Property expenses include those costs which are attributable to the property activities of the Group, including rental properties, and in connection with the redevelopment of the racecourse and the on-going relationship with David Wilson Homes.

Company only result for the year

As permitted by Section 408(3) of the Companies Act 2006, the profit and loss account of Newbury Racecourse Plc is not presented as part of the consolidated accounts.

Tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.
Deferred tax is provided in full on all timing differences that 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 the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associated where there is no commitment to remit these earnings. 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.

Capital grants

Capital grants received, apart from HBLB grants, are accounted for as deferred grants on the balance sheet and credited to the profit and loss account over the estimated economic lives of the asset to which they relate.

Horserace Betting Levy Board (HBLB) grants – *change in accounting policy*

HBLB grants were previously amortised to the profit and loss account over the expected useful life of the relevant asset, under the accruals concept. In the year a decision was made that these should be accounted for under the performance model. The rationale for this change was an alignment with standard industry practice. Practically, this means that instead of HBLB capital grants being amortised to the profit and loss account over the expected useful life of the relevant asset, they are credited to the P&L as revenue in the month of the raceday. The corresponding debtor is carried on the balance sheet until the cash is received. Previously reported results have been restated to reflect this change in accounting policy. For year ended 31st December 2015, Revenue and Cost of Sales have both been increased by £1.99m as a result of this change. Retained earnings as at 31 December 2015 has increased by £3.72m, and liabilities reduced by the same amount. For year ended 31st December 2016, the change in accounting policy has increased revenue and Cost of Sales by £1.98m and reduced liabilities at 31 December 2016 by £1.98m.

Employee benefits

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For defined contributions schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Borrowing costs

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs are accounted for on an accrual basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period which they arise.

Notes to the Financial Statements (continued)

Year ended 31 December 2016

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price, except for those financial assets or liabilities classified as at fair value through profit or loss, which are initially measured at fair value (transaction price less transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Notes to the Financial Statements (continued)

Year ended 31 December 2016

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements;

Capitalisation of design fees and expenditure in connection with the ongoing development works, which during the year ended 31 December 2016 amounted to £2,488,000. The total carrying value of capitalised design fees at 31 December 2016 is £3,829,000. In the directors' view these costs are directly attributable to the development of a long term fixed asset which will provide future economic benefits in excess of its carrying value.

Estimation techniques

Significant estimation techniques include;

The estimation of the useful economic life of fixed assets which is determined with reference to, expected usage, experience of rate of physical deterioration or technological obsolescence and maintenance programmes, or any relevant fixed legal terms.

The determination of the discount rate applied to the long term David Wilson Homes debtor balance, which is determined with reference to current market conditions and to reflect the risks specific to the balance due.

Impairment of assets

Determining whether assets are impaired requires an estimation of the value in use of the cash-generating units to which assets have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of assets at the balance sheet date was £28.2 million after an impairment loss of £3.45 million was recognised during 2016.

Notes to the Financial Statements (continued)
Year ended 31 December 2016

3. TURNOVER

Trading turnover, which arises solely in the United Kingdom, represents admissions to the racecourse, catering, hospitality sales, sponsorship, media rights licence fees, annual membership fees and all income from the provision of services for race meetings. It also includes income from conference and events. The nursery segment includes revenues from the Rocking Horse Nursery and the lodge segment includes revenue from the Lodge Hotel. HBLB revenue grants are included in turnover. Property turnover represents rental income. Turnover is stated net of VAT (where applicable) and is recognised when the significant risks and rewards are considered to have been transferred to the buyer.

Segmental Analysis

2016	Turnover £'000	Gross Profit £'000	Profit/ (loss) Before Exceptional Items £'000	Exceptional Items £'000	Profit/ (loss) Before Tax £'000	*Net assets £'000
Trading	15,576	3,126	433	(1,527)	(1,407)	25,100
Nursery	996	258	258	-	258	2,426
Lodge	338	51	51	(1,922)	(1,871)	1,613
Total	16,910	3,435	742	(3,449)	(3,020)	29,139
Property	83	83	(218)	19,232	19,343	15,391
Total	16,993	3,518	524	15,783	16,323	44,530

2015	Turnover £'000	Gross Profit £'000	Profit/ (loss) Before Exceptional Items £'000	Exceptional Items £'000	Profit/ (loss) Before Tax £'000	*Net assets £'000
Trading	15,554	2,831	585	-	330	33,225
Nursery	709	102	102	-	102	2,275
Total	16,263	2,933	687	-	432	35,500
Property	49	49	(135)	722	1,178	(3,829)
Total	16,312	2,982	552	722	1,610	31,671

*Net assets represents fixed assets less deferred income and term loans for property, nursery and lodge; all working capital is included within the 'Racecourse Trading' segment.

Notes to the Financial Statements (continued)

Year ended 31 December 2016

4. EXCEPTIONAL ITEMS

	2016 £'000	2015 £'000
Proceeds from Sale of Fixed Asset	26,973	722
Net book value of asset disposal	(3,567)	-
Other associated costs	(3,114)	-
DWH debtor discount charge	(1,060)	-
Net profit on disposal of fixed assets	19,232	-
Impairment	(3,449)	-
Total	15,783	722

The profit on disposal of £19,232,000 is the discounted net present value of the sale of site A, less attributable costs. (2015: £722,000 is the recognition of the incremental value of the newly built hostel, nursery, estates yard and owners' and trainers' car park, all funded by David Wilson Homes in part consideration for the land sold as part of the development agreement signed in 2012).

Following the completion of the enabling works by David Wilson Homes and handover of these assets, the Group carried out a review of the recoverable value of these fixed assets, a number of which were replacements for previously existing infrastructure. These assets included the Nursery building, the Lodge, the Estate Maintenance yard, the car parks and other infrastructure. The recoverable amount of the relevant assets has been determined on the basis of their value in use, taking into account the future cashflows they will generate. This review led to the recognition of an impairment loss of £3.45m, which has been recognised in the profit and loss account.

No impairment assessment was performed in 2015 as there was no indication of impairment and a number of the relevant enabling works were not yet handed over.

Notes to the Financial Statements (continued)
Year ended 31 December 2016

5. PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEMS

This is stated after charging:	2016 £'000	2015 (restated) £'000
Depreciation (note 12)	1,053	1,060
Impairment	-	-
Auditor's remuneration		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	43	32
The audit of the Company's subsidiaries pursuant to legislation	1	1
Total audit fees	44	33
Tax services*	11	14
Other services	-	8
Interim review	-	1
Total non audit fees	11	23
Total fees	55	56
And after crediting:		
Amortisation of deferred capital grants	(122)	(110)

*Tax services include fees for tax compliance and tax advice.

6. STAFF COSTS

GROUP & COMPANY	2016 £'000	2015 (restated) £'000
Employee costs during the year (including Directors):		
Wages and salaries	2,768	2,503
Social security costs	295	261
Other pension costs	68	65
	3,131	2,829

	Number	Number
Office and management	34	30
Catering	12	9
Ground, maintenance and security staff	13	13
Lodge	4	1
Rocking Horse Nursery	24	21
	87	74

Directors' remuneration and transactions	£'000	£'000
Executive Directors	350	339
Non Executive Directors	50	51
	400	390

	£'000	£'000
Highest paid Director	241	232

Two Directors are members of money purchase pension schemes. Contributions paid by the Company in respect of such Directors were as follows:-

	£'000	£'000
Directors	28	26

Advantage has been taken of the exemption under FRS102 not to disclose the compensation of any other key management personnel.

Notes to the Financial Statements (continued)

Year ended 31 December 2016

7. INVESTMENT INCOME

	2016 £'000	2015 £'000
Bank interest	31	34
Unwinding of discount *	329	629
	360	663

* Unwinding of the discount charge in respect of the net present value of future cashflows arising from the David Wilson Homes contract, relating to the period.

8. INTEREST PAYABLE & SIMILAR CHARGES

	2016 £'000	2015 £'000
Bank overdraft and loans	54	65
Compton Beauchamp Estates Ltd loan	267	219
Pension scheme liabilities	23	43
	344	327

9. TAXATION

	2016 £'000	2015 £'000
Charge for the year	1,691	89
Adjustments in respect of prior years	167	(155)
Total current tax	1,858	(66)
Deferred taxation:		
Origination and reversal of timing differences	560	165
Utilisation of tax losses	-	-
Effect of change in rate	(56)	(174)
Adjustment in respect of prior years	324	80
	828	71
Deferred tax on interest charge on pension scheme	-	-
Tax charge	2,686	5

The actual tax charge for the current and previous year differs from the effective rate 20%, (2015: 20.25%) for the reasons set out in the following reconciliation.

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	16,323	1,610
Tax on profit on ordinary activities at the standard UK rate – 20%	3,265	326
Income not chargeable for tax purposes	(492)	(125)
Expenses not deductible for tax purposes	1,316	95
Chargeable gains/rollover relief	(1,840)	-
Depreciation in excess of capital allowances	-	(56)
Permanent difference in respect of exceptional property transaction	-	94
Effect in change of rate	(56)	(174)
Adjustment in respect of prior years	493	(155)
Utilisation of tax losses	-	-
Total actual amount of current tax	2,686	5

Notes to the Financial Statements (continued)
Year ended 31 December 2016

10. PROFIT ATTRIBUTABLE TO THE COMPANY

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent Company is not presented as part of these accounts. The parent Company's total recognised profit for the financial year amounted to £12,964,000 (2015: £2,047,000)

11. PROFIT PER SHARE

Basic and diluted profit per share is calculated by dividing the profit attributable to ordinary shareholders for the year ended 31 December 2016 of £13,637,000 (2015: £1,605,000) by the weighted average number of ordinary shares during the year of 3,348,326 (2015: 3,348,326)

12. TANGIBLE FIXED ASSETS

GROUP	Freehold land and buildings and outdoor fixtures £'000	Fixtures fittings and equipment £'000	Tractors and motor vehicles £'000	Total £'000
Cost or valuation				
As at 1 January 2016	**44,050**	**6,150**	**266**	**50,466**
Additions	3,057	335	-	3,392
Disposals	(6,068)	(613)	(12)	(6,693)
As 31 December 2016	**41,039**	**5,872**	**254**	**47,165**
Depreciation				
At 1 January 2016	**9,951**	**4,774**	**206**	**14,931**
Charge for year	674	371	8	1,053
Disposals	(67)	(428)	(11)	(506)
Impairment charge	3,449	-	-	3,449
At 31 December 2016	**14,007**	**4,717**	**203**	**18,927**
Net book value at 31 December 2016	**27,032**	**1,155**	**51**	**28,238**
Net book value at 31 December 2015	34,099	1,376	60	35,535

In 1959 a revaluation of part of the freehold land at £117,864 gave rise to an excess of £75,486 over its cost and this sum is included in the total value of this asset. The excess on revaluation is credited to the Revaluation Reserve. The net book value of freehold land and buildings determined by the historical cost convention is £26,957,000 (2015: £34,024,000).

Freehold land and buildings and outdoor fixtures includes £3,829,000 (2015: £1,420,000) in respect of assets under construction, being capitalised design fees in connection with the heartspace redevelopment which received planning approval in October 2015.

Notes to the Financial Statements (continued)

Year ended 31 December 2016

12. TANGIBLE FIXED ASSETS CONTINUED

COMPANY	Freehold land and buildings and outdoor fixtures £'000	Fixtures fittings and equipment £'000	Tractors and motor vehicles £'000	Total £'000
Cost or valuation				
As at 1 January 2016	**42,933**	**6,150**	**266**	**49,349**
Additions	3,057	335	-	3,392
Disposals	(6,068)	(613)	(12)	(6,693)
As 31 December 2016	**39,922**	**5,872**	**254**	**46,048**
Depreciation				
At 1 January 2016	**9,951**	**4,774**	**206**	**14,931**
Charge for year	674	371	8	1,053
Disposals	(67)	(428)	(11)	(506)
Impairment charge	3,449	-	-	3,449
At 31 December 2016	**14,007**	**4,717**	**203**	**18,927**
Net book value at 31 December 2016	**25,915**	**1,155**	**51**	**27,121**
Net book value at 31 December 2015	32,982	1,376	60	34,418

The net book value of freehold land and buildings determined by the historical cost convention is £25,839,000 (2015: £32,906,000).

Freehold land and buildings and outdoor fixtures includes £3,829,000 (2015: £1,420,000) in respect of assets under construction, being capitalised design fees in connection with the heartspace redevelopment which received planning approval in October 2015.

Impairment losses recognised in the year

Following the completion of the major enabling and replacement infrastructure works during the year, the Group have undertaken an impairment review. For the purposes of the impairment review, PPE was allocated, to the cash generating units or group of units that are expected to benefit from the assets. Before recognition of impairment losses, the carrying amount of PPE had been allocated as follows:

	2016 £'000
Racing, retail, conferences and events	22,770
Rocking Horse Nursery	2,978
The Lodge	3,398
Estate maintenance	454
Rental	2,087
Total carrying value	**31,687**

The recoverable amounts of the CGUs and the group of units are determined from value in use calculations. As at 31 December 2016, the following assets were identified as having a carrying value in excess of the recoverable amounts of the CGUs to which they are allocated and as such an impairment charge has been recognised in the profit and loss account.

Breakdown of Impairment:

	2016 £'000
The Lodge	(1,922)
Estate yard	(257)
Car Parks	(1,270)
Total impairment charge	**(3,449)**

Notes to the Financial Statements (continued)
Year ended 31 December 2016

13. INVESTMENTS

GROUP	2016 £'000	2015 £'000
Investment in Racecourse Media Group	117	117
Investment in property	160	75
	277	192

COMPANY	2016 £'000	2015 £'000
Investment in Racecourse Media Group	117	117
Investment in property	160	75
Shares in subsidiary undertakings	7,703	7,703
	7,980	7,895

The Group has unlisted investments of one 'A' share (£100 and 5.6% of the 'A' shareholding) together with five hundred and eighty two 'B' shares that were issued in 2011 (£116,400 and 5.6% of the 'B' shareholding) in Racecourse Media Group Limited which owns 100% of Racing UK Limited; one share (£100 and 5.4% of the shareholding) in Racecourse Media Services Limited (RMS) which owns 50% of Amalgamated Racing Limited (TurfTV); and 12,000 £1 shares in Super 12 Racing Limited, which are fully impaired. The Directors have reviewed the valuation of the investment in Super 12 Racing Limited and they do not consider it to be recoverable. Investment in property relates to residential freehold interests owned by the Group. Shares in subsidiary undertakings represent investments in Newbury Racecourse Enterprises Limited, a Company registered in England and Wales involved in the holding and renting of land and Newbury Racecourse Management Limited, a Company registered in England and Wales involved in residential property management, but which was dormant during the year ended 31 December 2016. As at 31 December 2016, Newbury Racecourse PLC holds 100% of the ordinary share capital and voting rights of both companies.
Registered office for all subsidiaries, Newbury Racecourse, Newbury, Berkshire, RG14 7NZ,

14. STOCKS AND WORK IN PROGRESS

GROUP AND COMPANY
The Group's stock consists of food and liquor for the catering business and sundry materials held for the purpose of maintaining the racecourse and the Group's premises.

	2016 £'000	2015 £'000
Catering	196	188
Sundry	29	18
	225	206

There is no material difference between the balance sheet value of stocks and their replacement cost. Provision is made for obsolete, slow moving or defective items where appropriate.

Notes to the Financial Statements (continued)
Year ended 31 December 2016

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP	2016 £'000	2015 £'000
Trade debtors	**1,200**	889
Other debtors	**4,508**	2,157
Prepayments and accrued income	**1,233**	1,239
	6,941	4,285

COMPANY	2016 £'000	2015 £'000
Trade debtors	**1,200**	889
Amounts owed by subsidiary undertakings	**939**	955
Other debtors	**4,526**	2,162
Prepayments and accrued income	**1,233**	1,239
	7,898	5,245

Other debtors include £3,367,011 (2015: £1,971,122), being the net present value of the balance due from David Wilson Homes within the next 12 months, in respect of the currently projected value arising from the land sales completed on 18 September 2012 and 26 April 2016.

Notes to the Financial Statements (continued)

Year ended 31 December 2016

16. DEBTORS: AMOUNTS FALLING DUE AFTER ONE YEAR

GROUP & COMPANY	2016 £'000	2015 £'000
Other debtors	**16,540**	-

Other debtors include £16,540,000 (2015: £nil) being the net present value of the balance due from David Wilson Homes in more than one year, in respect of the currently projected value arising from the land sale completed on 26 April 2016.

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP	2016 £'000	2015 £'000
Trade creditors	**472**	529
Other taxes and social security	**1,514**	126
Other creditors	**275**	611
Accruals and deferred income (note 23)	**1,208**	1,221
	3,469	2,487

COMPANY	2016 £'000	2015 £'000
Trade creditors	**472**	529
Other taxes and social security	**1,514**	126
Other creditors	**278**	606
Accruals and deferred income (note 23)	**1,208**	1,221
	3,472	2,482

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

GROUP	2016 £'000	2015 £'000
CBEL loan (note 19)	**7,505**	7,238
	7,505	7,238
COMPANY		
CBEL loan (note 19)	**7,505**	7,238
Amounts owed to subsidiary undertakings	**7,500**	7,500
	15,005	14,738

Amounts owed to subsidiary undertakings are repayable in more than 5 years are unsecured and are interest free.

Notes to the Financial Statements (continued)
Year ended 31 December 2016

19. LOANS

GROUP & COMPANY

Analysis of loan repayments:	2016 £'000	2015 £'000
Between one and two years	4,333	-
Between three and five years	3,172	7,238
	7,505	7,238

Compton Beauchamp Estates Limited Loan
Under an agreement dated 29 October 2012 , Compton Beauchamp Estates Limited granted the Group the following facilities:

	Purpose	Repayment Dates	Interest*	Amount Drawn
£6,500,000	Purchase of own shares	15.11.18	2.88%	£7,505,181
		15.11.19		
		15.11.20		

The loan is secured by a charge of the Group's property to a Deed of Priority dated 3 May 2016 between National Westminster Bank PLC, Trustees of the Newbury Racecourse PLC Pension and Life Assurance Plan and Compton Beauchamp Estates Limited.

The capital sum is repayable in three equal instalments on the dates as shown, with the balance of interest accrued payable on the final payment date.

* Under the terms of the loan the interest is rolled up into the loan capital sum. Interest accrued in the period to 31 December 2016 was £267,000 (2015: £237 ,000). Interest is calculated using the six monthly LGT Bank (Ireland) Limited International Bank Rate plus 2%. In accordance with FRS102, interest accrued includes an adjustment for the effective rate method.

20. SHARE CAPITAL

	2016 £'000	2015 £'000
Authorised		
6,000,000 Ordinary shares at 10p each	600	600
Total	600	600

Allotted and fully paid	2016 £'000	2015 £'000
3,348,326 Ordinary shares of 10p each	335	335
Total	335	335

Notes to the Financial Statements (continued)
Year ended 31 December 2016

21. CASHFLOW

1. Reconciliation of operating profit to net cash outflow from operating activities	2016 £'000	2015 £'000
Operating profit	524	552
Interest paid	(28)	(80)
Depreciation charges	1,053	1,060
Amortisation of capital grants	(122)	(110)
Tax (paid)/refunded	(734)	151
(Increase) in stocks	(18)	(19)
(Increase) in debtors and prepayments	(2,318)	(282)
(Decrease)/increase in creditors and accruals	(337)	30
Net cash outflow from operating activities	(1,980)	1,302

2. Reconciliation of net cash flow to movement in net debt	2016 £'000	2015 £'000
Increase in cash in the period	4,005	4,510
Inception of loans	46	-
Change in net debt resulting from cash flows	4,051	4,510
Non cash movements	(296)	(233)
Net debt at 1 January	1,686	(2,591)
Net debt at 31 December	5,441	1,686

3. Analysis of change in net debt	At 1 Jan 2016 £'000	Cash flow £'000	Non cash changes £'000	At 31 Dec 2016 £'000
Cash at bank and in hand	8,941	4,005	-	12,946
Debt due within one year				
- Loan	-	-	-	-
Debt due after one year				
- Loan	(7,255)	16	(266)	(7,505)
- Loan arrangement fees	-	30	(30)	-
	1,686	4,051	(296)	5,441

Notes to the Financial Statements (continued)

Year ended 31 December 2016

22. PROVISIONS FOR LIABILITIES

GROUP AND COMPANY	Property provision* £'000	Deferred tax £'000	Total £'000
At 31 December 2015 (restated)	**5,891**	**1,570**	**7,461**
Released in year	(2,606)	**-**	**(2,606)**
Additions in year	3,000	**-**	**3,000**
Capital allowances in excess of depreciation	-	(842)	**(842)**
Deferred tax on rolled over capital gains	-	1,476	**1,476**
Tax losses	-	194	**194**
At 31 December 2016	**6,285**	**2,398**	**8,683**

*Recognised in other creditors at 31 December 2015.

Property provisions are liabilities related to the land sale.

DEFERRED TAX: GROUP AND COMPANY

	2016 £'000	2015 £'000
Provision for deferred taxation consists of the following amounts:		
Capital allowances in excess of depreciation	**950**	1,792
Deferred tax on rolled over capital gains	**1,476**	-
Tax losses	**(28)**	(222)
	2,398	1,570

	2016 £'000	2015 £'000
At 1 January	**1,570**	1,499
Debit for the year	**828**	71
At 31 December	**2,398**	1,570

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted in September 2016 being 19% with effect from 1 April 2017 and 17% with effect from 1 April 2020. The company's future current tax charge will reduce accordingly. Deferred tax has therefore been calculated at the reduced rate of 17% on the basis that it is unlikely the timing differences giving rise to the assets and liabilities will reverse to a material extent prior to 1 April 2020.

During the year beginning 1 January 2017, the net reversal of deferred tax assets and liabilities is expected to increase the corporation tax charge for the year by £120,000. This is due to the expected balances of capital allowances in excess of depreciation and brought forward tax losses expected to be utilised.

23. DEFERRED INCOME

GROUP AND COMPANY	2016 £'000	2015 (restated) £'000
Deferred capital grants	**123**	245
Other accruals and deferred income (included in creditors – amounts falling due within one year note 17)	**1,208**	1,221
	1,331	1,466

Analysis of movements on capital grants	2016 £'000
Balance as at 1 January 2016 (restated)	**245**
Capital grants credited to the profit and loss account	**(122)**
Balance as at 31 December 2016	**123**

Notes to the Financial Statements (continued)
Year ended 31 December 2016

24. EMPLOYEE BENEFITS

Defined Contribution Scheme
The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the fund and amounted to £68,000 (2015: £65,000). There were £11,401 (2015: £10,914) of outstanding contributions at the end of the year.

Defined Benefits Scheme
Until 1 December 2003 the Group operated a funded non-contributory defined benefit pension scheme covering its permanent employees whose employment commenced prior to 16 July 2001. The scheme was closed to future accrual on 1 December 2003 and employees are not able to accrue any further benefits after this date except that salary linkage is retained. The scheme will continue in existence but no further life assurance cover has been provided after 1 December 2001. A lump sum contribution of £300,000 was made prior to 31 December 2003. Future pension provision for those employees who were accruing benefits under the defined benefit scheme will be made through enhanced contributions to the Stakeholder scheme. For employees joining the Group after 16 July 2001 a Stakeholder scheme has been put in place.

The defined benefit scheme funds are administered by trustees and are independent of the Group's finances. The pension cost is assessed in accordance with the advice of a qualified actuary using the projected unit method. The most recent full actuarial valuation was as at 1 July 2014, the most significant assumptions being an investment return of 5% and salary increases of 3.7% per annum.

As at 1 July 2014, the market value of the scheme assets was £1,559,000 and the actuarial value of the assets was sufficient to fund 103% of the benefits that had accrued to members, after allowing for expected future increases in earnings

The actuarial valuation described above has been updated at 31 December 2016 by a qualified actuary using revised assumptions that are required by FRS 102. Investments have been valued for this purpose at fair value. The major assumptions used for calculating the liabilities at 31 December 2016 under FRS 102 are as follows:

Notes to the Financial Statements (continued)
Year ended 31 December 2016

24. EMPLOYEE BENEFITS (continued)

Disclosure of actuarial assumptions	2016 %	2015 %	2014 %	2013 %	2012 %
Rate of increase in salaries	**3.3**	3.1	3.0	3.3	3.0
Rate of increase in pensions in payment					
Pre 1 July 1993 pension	**3.0**	3.0	3.0	3.0	3.0
Post 1 July 1993 pension	**3.3**	3.1	3.0	3.6	2.7
Discount rate (pre and post retirement)	**2.9**	4.2	3.9	4.6	4.3
Inflation assumption	**3.3**	3.1	3.0	3.3	2.7

Retirement benefit schemes	2016 £'000	2015 £'000
Current service cost	**8**	8
Net interest cost	**15**	35
	23	43
Recognised in other comprehensive income	**-**	-
Total cost relating to defined benefit scheme	**23**	43

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2016 £'000	2015 £'000
Present value of defined benefit obligations	**(3,790)**	(2,846)
Fair value of scheme assets	**2,590**	2,489
Deficit in the scheme at the end of the year	**(1,200)**	(357)
Related deferred tax	**220**	54
Net liability recognised in the balance sheet	**(980)**	(303)

Notes to the Financial Statements (continued)
Year ended 31 December 2016

Retirement benefit schemes (Continued)

Movements in the present value of defined benefit obligations were as follows:	2016 £'000	2015 £'000
At 1 January	2,846	3,414
Service cost	-	-
Interest cost	115	134
Actuarial gains and losses	977	(625)
Contributions from scheme participants	-	-
Benefits paid	(148)	(77)
Losses/(gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in a business combination	-	-
At 31 December	3,790	2,846

Movements in the fair value of scheme assets were as follows:	2016 £'000	2015 £'000
At 1 January	2,489	2,534
Interest income	100	97
Actuarial gains and losses	157	(59)
Return on plan assets (excluding amounts included in net interest cost)	-	-
Contributions from the employer	-	-
Contributions from scheme participants	-	-
Benefits paid	(148)	(75)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Plan administrative cost	(8)	(8)
AT 31 December	2,590	2,489

The analysis of the scheme assets at the balance sheet date was as follows:

	Fair value of assets	
	2016 £'000	2015 £'000
Group pension contract	1,517	1,549
Annuity contract	1,073	940
	2,590	2,489

Notes to the Financial Statements (continued)

Year ended 31 December 2016

25. FINANCIAL COMMITMENTS

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Compton Beauchamp Estates Ltd Loan	(7,505)	(7,238)	(7,505)	(7,238)

Interest rate on profile of financial commitments	2016	2015
Compton Beauchamp Estates Ltd Loan	2% over LGT (Ireland) International interbank rate	2% over LGT (Ireland)International Interbank rate

As at 31 December 2016 there were no hedging instruments in place.

26. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption under FRS102 not to disclose transactions between entities, of whose voting rights are controlled within the Group.

The CBEL loan of £7,505,181 is provided by Compton Beauchamp Estates Limited (see note 19). Erik Penser is a director of Compton Beauchamp Estates Limited. This is considered to be an arm's length transaction.