NEWBURY
RACECOURSE

2017

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

NEWBURY RACECOURSE PLC

Contents

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	M L Thompson (appointed 01 January 2018)
N W E Penser	

SECRETARY C E Spencer

REGISTERED OFFICE
The Racecourse
Newbury
Berkshire
RG14 7NZ

AUDITORS
KPMG LLP
Arlington Business Park
Theale
RG7 4SD

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
Pinsent Mason
30 Crown Place
London
EC2A 4ES

REGISTRARS
Link 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

2017 saw us making further steady progress against our long term strategy of redevelopment and growth.

Financial Performance

Total turnover grew by 5% to £17.81m in 2017. We have seen improvements in trading performance across a number of areas of the business, with like for like growth in racing revenues of 1%, another excellent year for the Rocking Horse Nursery with growth in revenues of 30% and revenue from The Lodge hotel operation increasing by 76% in its first full year of trading. The Conference and Events business had a more difficult trading year with turnover down 26%, in our view, a result of both wider market conditions and the inevitable short term impact of the construction works on the appearance of the venue.

Profit before interest and exceptional items of £0.49m was inline with prior year (2016 restated; £0.49m). Exceptional profits in the year were £0.29m (2016: £16.11m), with a resulting full year profit after tax of £1.18m (2016 restated: £13.60m).

Racing Highlights

The action on the track in 2017 has, as ever, been high quality, demonstrating our continued ability to attract the very best horses. Highlights included *Altior*'s and *Native River*'s wins on Betfair Super Saturday in February, which continues to be an important stepping stone for many ahead of the Festival, with the former going on to win the Arkle and the latter finishing third in the Gold Cup.

The 2017 flat season saw some spectacular performances, including *Barney Roy* winning the JLT Greenham Stakes, subsequently going on to finish a close second in the 2,000 Guineas and *Ribchester*'s victory in the Group 1 Al Shaqab Lockinge Stakes in May, confirming himself as one of the leading milers in Europe.

At the Weatherbys Super Sprint meeting in July we hosted Jess Glynne, who performed after an excellent day's racing attended by some 18,000 people and was the first of our music nights. Our second Party in the Paddock event for 2017 on Betfred Ladies Day in August, saw pop sensation Olly Murs take to the stage in front of a sell out crowd of 24,000, our largest raceday attendance in five years.

As we turned to the jumps once more, *Total Recall*'s thrilling and hard fought win in the inaugural running of the Ladbroke's Trophy in early December, saw the first Irish trained winner of this race since 1980. The two-day Ladbrokes Winter Carnival meeting, heralded the start of our exciting new partnership with Ladbrokes and attracted attendances of over 25,000 across the two days. With £700,000 in prizemoney on offer, this is a meeting for which we have big aspirations in the future.

The Development

The exciting redevelopment of our own "heartspace" continued apace throughout 2017. The new saddling boxes and pre-parade ring were completed in time for the Dubai Duty Free Spring Trials weekend in April, attended once again by Her Majesty The Queen. The new Eastern Entrance was completed in July and has hugely improved the arrival experience for racegoers and visitors. We were also delighted to complete and open our new Owners' Club in October, providing a state of the art facility for owners and trainers, as well as a superb conference, events and wedding space.

The next phase of heartspace works which includes re-modelling the main parade ring and improvements to the customer areas behind the stands, commenced in late 2017 and is due to be completed by the end of 2018. The refurbishment of the Berkshire Stand and improvements to the wider infrastructure continue and our customers are starting to see the benefits of these works which will enhance the visitor experience for all, whilst generating improved financial returns for the wider business in the longer term.

In August we were granted planning consent for the upgrading of the Pall Mall stand, a much needed investment in this aged building which occupies a prime location opposite the winning post and will, when completed, provide some of the most prestigious hospitality space on the racecourse. The total cost of this project is an estimated £5.17m, taking our total projected redevelopment investment to an estimated £21.0m.

The David Wilson Homes residential development is now more than halfway through, with c.870 homes out of the total 1,480 now built. Demand for new homes on the site remains strong and sales are in line with expectations.

Outlook and market developments

Trading prospects for 2018 look positive to date and the board remains confident in the delivery of the long term business objectives.

The Board has committed to Phase 2 of the racecourse infrastructure development, being the refurbishment of the Berkshire Stand and Pall Mall building, in the long term interests of shareholders, as we need to enhance facilities for both racing and the wider customer experience in order to deliver those long term business objectives for growth in revenue and profits.

The Department for Digital, Culture, Media and Sport is consulting with the bookmaking industry, Local Authorities, charities and other interested parties about new rules for Fixed Odds Betting Terminals "FOBTs" (which make a significant contribution to profits for the UK's bookmakers), together with social responsibility measures in relation to online gaming and gaming machines. Depending on the outcome of this consultation, and in particular the maximum stake for FOBTs, it is possible that the bookmaking industry may suffer a material reduction in profitability and there could be a material reduction in betting shops. The implications of such changes on the horse racing industry are difficult to predict at this stage, but could adversely affect sponsorship from bookmakers, prize money from the Horserace Levy Betting Board and revenues from media rights. The Government is due to report on the consultation and make final proposals later in 2018.

The dividend policy of the company, and the potential for larger returns of capital to our shareholders, are reviewed by the Board from time to time. Given the additional investment by the company in Phase 2 and the current uncertainty around the impact of the government review on FOBTs, the Board have decided that any return to paying dividends or returning capital to shareholders must be deferred until completion of the racecourse development and the final payment is received from David Wilson Homes. Therefore it is not anticipated that any dividend or return of capital to shareholders, if made, will now occur before 2022 at the earliest, following repayment of the Compton Beauchamp Estates loan and the final longstop date in the residential property development contract between the company and David Wilson Homes.

Our vision for the new Newbury Racecourse is now emerging for all to see. A racecourse and a business which will be well placed to meet the demands of the modern day consumer, whilst continuing to invest in and stage racing of the highest quality.

We were delighted to once again be named as one of the top 12 racecourses in the UK by VisitEngland and, for the third consecutive year, to be awarded the Racecourse Association and VisitEngland Excellence Accolade for customer service. On behalf of the board, I would like to thank all the staff for their continued hard work and commitment.

Our sincere thanks as ever to all sponsors, owners, trainers, stable staff, racegoers and customers for their ongoing support and patronage.

DOMINIC J BURKE
Chairman
14 May 2018

* References to "like for like" reflect year on year performance adjusted for the impact of any abandoned racedays, by excluding the affected racedays in both the current and comparative year, to allow for a fair comparison of underlying trading performance in the strategic review commentary.

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 in line with this strategy has been made in 2017.

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 before tax in the year ended 31 December 2017 was £0.48m (2016 restated: £16.29m) which includes £0.29m of exceptional profits (2016: £16.11m exceptional profits).

Turnover increased by 5% (£0.85m) to £17.81m (2016 restated: £16.96m). The Rocking Horse Nursery revenues showed growth of 30% (£0.30m) on 2016. The Lodge revenues increased by 76% (£0.27m) year on year, 2017 being the first full year of operation. Overall racing revenues grew by 4% (£0.57m), with no abandonments in the year (2016: 3 abandonments) like for like growth in racing revenues was £0.13m (1%). Conference and Events revenues decreased by 26% (£0.31m) on prior year.

Total costs increased by 5% to £17.32m (2016: £16.47m).

Profit before interest and exceptional items was in line with prior year at £0.49m (2016 restated: £0.49m).

Exceptional profits during 2017 were £0.29m (2016: £16.11m) relating to the part release of a provision for costs associated with the exceptional land sale (£0.66m) and net of the movement in fair value of the DWH debtor (£0.37m).

The tax credit of £0.71m (2016 restated: charge £2.69m) includes a deferred tax movement in respect of capital credits claimed in the year.

Profit after tax was £1.18m (2016 restated: £13.60m).

The decrease in cash reserves of £7.84m in the period (2016: £4.0m increase) includes £3.15m of cash receipts from DWH in respect of properties sold in the period, and is net of £7.91m of capital expenditure and tax instalment payments of £0.93m.

Racing

The accounts include a total of 29 days racing (2016: 29) comprising 11 days National Hunt racing (2016: 11) and 18 days flat racing (2016: 18).

As ever the racecourse hosted a full and high quality racing programme during 2017 with no abandonments (2016: 3 meetings abandoned).

Overall raceday attendances in 2017 increased by 11% to 196,000 (2016: 177,000). We saw increased attendances at a number of our fixtures, in particular *Party in the Paddock* with Olly Murs in August which delivered a sell out crowd of 24,000.

May marked the third year of *Al Shaqab's* sponsorship of *Lockinge Day*, Newbury's richest race meeting, which was attended by over 12,000 racegoers. This meeting has established itself as the flagship event in our flat racing calendar and the action on the track once again featured a string of outstanding performances.

Our cornerstone jump meeting, at the beginning of December, celebrated the start of our new five year partnership with Ladbrokes and featured the inaugural running of the Ladbrokes Trophy (formerly the Hennessy Gold Cup). We were delighted with attendances across the two day meeting of more than 25,000.

We continued to make further investment in our prizemoney, with a 4% (£0.16m) like for like increase in our contributions.

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 Ladbrokes for their investment in 2017.

We hosted two successful music events in 2017 with Jess Glynne in July and Olly Murs in August 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. £0.31m (9%), to £3.64m for the twelve months to 31 December 2017, representing c.20% of the Group's overall turnover and reflecting the continued growth in streaming and overseas activities of Racecourse Media Group.

Conference and Events

Conference and Events revenues fell back by 26% (£0.31m) versus 2016, to £0.86m as a result of an 18% decrease in event days and a 9% decrease in average spend.

The reasons for this, we believe, are ongoing uncertainty in the market, personnel changes within the sales team and the short term impact of the development works on the appearance of the venue. As previously stated, 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 year or so, the Conference and Events business performance will improve.

Our restructured Conference & Events sales team is focused entirely on growing this part of our business, through proactive selling and relationship building within key sectors and with a number of agents.

Catering, Hospitality and Retail

Our catering, hospitality and retail business saw overall year on year growth in revenues of £0.14m, although this was largely attributable to there being no abandonments in the year. Raceday catering revenues were c.2% up on 2016 on a like for like basis, however conference catering revenues were down c.20% as a result of the reduced Conference & Events business in the year.

The Rocking Horse Nursery

We are pleased to report another year of strong trading performance at the Rocking Horse Nursery with turnover increasing by 30% to £1.30m and gross operating profits of £0.42m, an improvement of 61% on 2016. This has been driven by an average occupancy increase of 11% over the course of the year.

The Lodge

Turnover for The Lodge, our on-site 36 bedroom hotel, increased by 76% year on year to £0.59m, in what was its first full year of trading.

The Lodge continues to be used as stable staff accommodation for racing and was recently shortlisted in the RCA Showcase Awards Operational Excellence category. Outside of its raceday use, it is proving to be a valuable addition to our portfolio of assets, as both a standalone hotel and in enhancing our Conference & Events offer.

The Redevelopment

The development of the racecourse heartspace progressed in line with our plans during 2017, with the new saddling boxes and pre-parade ring completed in April, the new Eastern Entrance building completed in July and the new Owners' Club completed in October.

Project costs for phase one of the heartspace development of £7.63m were in line with budget.

The next phase of works which focuses on the main parade ring and improvements to the customer areas behind the stands has now commenced and is due to be completed by the end of 2018, at an anticipated cost of £5.42m.

In addition the refurbishment of the Berkshire Stand and improvements to infrastructure across the site, in particular lifts and IT, are all underway. 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.

We successfully obtained planning permission in August for the redevelopment of the Pall Mall stand which will see this building transformed into premium hospitality space, fit for the modern consumer. These works are expected to be completed by the spring of 2019 at a total estimated cost of £5.2m.

The residential development continues to progress well, with the Central and Eastern Area construction programmes in line with schedule. DWH are now approximately half way through the ten year build programme, with all of the major infrastructure works completed and c. 870 homes out of the total 1,480, now built. Cash receipts from DWH from the sale of properties in 2017 were £3.15m, which was in accordance with our expectations.

The operational challenges, that the redevelopment inevitably presents, continue to be proactively managed by the racecourse team alongside our development partners, minimising as far as possible disruption to our customers and neighbours, to whom we are grateful for their continued support and patience.

KEY PERFORMANCE INDICATORS

The Group uses raceday attendance and trading operating profit as the primary performance indicators. Total attendance was 196,000 (2016: 177,000). Operating profit is shown within the profit and loss account on page 16.

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 2017 is 2% (2016: 3%) of the amounts invoiced by suppliers during the year. This percentage, expressed as a proportion of the number of days in the year, is 6 days (2016: 11 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 £2,360 to national charities (2016: £6,560).

By order of the Board

JULIAN THICK
Chief Executive
14 May 2018

* References to "like for like" reflect year on year performance adjusted for the impact of any abandoned racedays, by excluding the affected racedays in both the current and comparative year, to allow for a fair comparison of underlying trading performance in the strategic review commentary.

Sponsors in the year for 31 December 2017

We would like to thank our leading sponsors for their significant support in 2017

Al Shaqab
Bet365
Betfair
Betfred
Be Wiser Insurance
British European Breeders Fund
Dubai Duty Free
JLT
Ladbrokes
Thoroughbred Breeders' Association
Weatherbys
Worthington's

We also received much appreciated support from the following sponsors;

Agetur UK
AJC Premier
Alder Ridge Vineyard
Ballymacoll Stud
Bathwick Tyres
Berry Bros & Rudd
Big Group Insight
BJP Insurance Brokers
Carter Jonas
Christopher Smith Associates LLP
Coln Valley Stud
Comax
Compton Beauchamp Estates Ltd
Conundrum Consulting Ltd
Crossland Employment Solicitors
CSP
Dawnus
Denford Stud
Doom Bar
Donnington Grove Vets
Dreweatts & Bloomsbury Auctions
Equine Productions
Event Bar Management
Fuller Smith & Turner PLC
Goffs UK
Greatwood
Grundon
Haynes Hanson & Clark
HBLB
Heatherwold Stud
Highclere Thoroughbred Racing
Hot to Trot Racing Club
Johnsons Stalbridge Linen Services
KKA
Laurent Perrier
Matthew Fedrick Farrier
Mirage Signs
Mobile Pimm's Bars
Montpellier Domestic Appliances
Newbury BID
Oakley Coachbuilders
Parkway Shopping
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
Snows Peugeot
South Downs Water
St.James's Place Wealth Management
Starlight
Team Archie
Thatcham Butchers
The Kennet Centre
The Pheasant Inn
Upham Brewery
Wedgewood Estates
West Berkshire Mencap
West Berkshire Racing Club
Worshipful Company of Distillers
Zenergi

There were also 7 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 2017.

RESULTS AND DIVIDEND

The profit on ordinary activities after taxation was £1,183,000 (2016: £13,599,000). 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 (2016: 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 2017. The net book value of the land held in the balance sheet is £1.9m.

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 2017	Beneficial interest 2016
D J Burke	43,333	42,000
J Dodds	-	-
The Hon H M Herbert	12,924	12,924
Lady Lloyd-Webber	319,656	319,656
J McGrath	-	-
N W E Penser	302,327	302,327
Compton Beauchamp Estates Ltd	1,068,073	1,068,073
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:-

Non-executive directors:

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 and is a member of the Jockey Club.

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.

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 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, Deputy Chairman of Really Useful Group and Really Useful Theatres and Executive Producer of School of Rock the Musical.

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.

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.

Matthew Thompson
Matthew Thompson is currently Managing Director of Services for Mitie Group plc, a business supplying essential services to the private sector and with over 20,000 employees. Previously, Matthew spent eight years leading the Sports & Leisure business for Compass Group, both in the UK and globally. Matthew has also held senior roles at Zenith plc, Centrica and Glaxo Wellcome.

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.

Executive directors:

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

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 2017 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**	125,000	3.74%

* 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.

During the year Deloitte LLP resigned as Auditor. KPMG LLP was appointed as the Company's auditor with effect from 30 October 2017. In line with S487 of the Companies Act 2006, a resolution to re-appoint KPMG LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board

C E SPENCER
Secretary
The Racecourse
Newbury, Berkshire
RG14 7NZ

14 May 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 parent company and of their profit or loss for that period. In preparing each of the group and parent company 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK 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

1. Our opinion is unmodified

We have audited the financial statements of Newbury Racecourse plc ("the Company") for the year ended 31 December 2017 which comprise the;
Consolidated Profit and Loss account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Statement of Changes in Equity and the related notes, including the accounting policies in note 1.

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 2017 and of the Group's profit for the year then ended;
- The Group and parent Company financial statements have been properly prepared in accordance with FRS 102; *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview	
Materiality: group financial statements as a whole	£178,500 1% of Revenue
Coverage	100% of group profit before tax
Risks of material misstatement	
Recurring risks	
	Group pension obligation
	David Wilson Homes Debtor Valuation

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

Group and Parent Company KAM	The risk	Our response
Group pension obligation (£3.6 million; 2016: £3.8 million) Refer to page 23 (accounting policy) and page 37 (financial disclosures).	**Subjective valuation** Small changes in the assumptions and estimates used to value the group's pension obligation (before deducting scheme assets) would have a significant effect on the group's net pension deficit.	**Our procedures included:** - Benchmarking assumptions: challenging, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data; and - Assessing transparency: Considering the adequacy of the group's disclosures in respect of the sensitivity of the deficit to these assumptions.
David Wilson Homes Debtor Valuation (£10.6 million; 2016: £16.6 million) Refer to page 21 (accounting policy) and page 32 (financial disclosures).	**Subjective valuation** There is a risk that the annual fair valuing of the receivable from David Wilson Homes is in-correctly calculated.	**Our procedures included:** - Our sector experience: Review the discount rate and net present value assumptions within the Fair Value calculation for appropriateness - Assess the receipts and expenses recorded in the year, sample and agree to supporting documentation e.g. cash received, invoices issued/received - Assessing transparency: Assessing whether the group's disclosures detailing the accounting treatment for the debtor valuation are adequately disclosed.

3. Our application of materiality and an overview of the scope of our audit

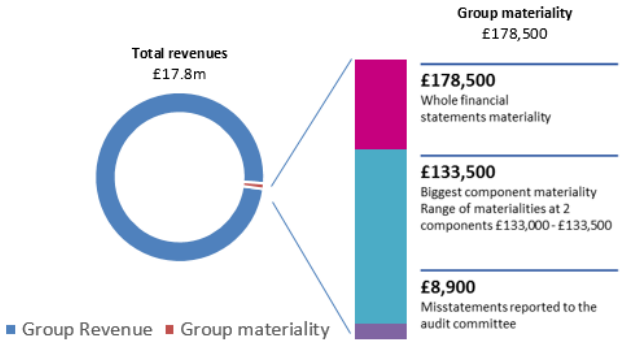
Materiality for the group financial statements as a whole was set at £178,500, determined with reference to a benchmark of total revenues of which it represents 1%.

Materiality for the parent company financial statements as a whole was set at £178,000, determined with reference to a benchmark of company total assets, of which it represents 0.6%.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £8,900, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The group only has 2 reportable components, the parent company and subsidiary. As the subsidiary primarily holds inter-company balances and transactions, this was not considered individually financially significant enough to require a full scope audit for group purposes or present specific individual risks of material misstatement that needed to be addressed.

The components within the scope of our work accounted for 100% of group revenue, profit before tax and assets.



4. We have nothing to report on going concern

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or

We have nothing to report in this respect.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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 and the part of the Directors' Remuneration Report to be audited 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.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 12, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities, or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A full description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8. The purpose of our audit work and to whom we owe our responsibilities

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.

Simon Haydn-Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading
Berkshire
RG7 4SD

Consolidated Profit and Loss Account

Year ended 31 December 2017

	Note	2017 £'000	Restated[1] 2016 £'000
Turnover	3	**17,806**	16,960
Cost of sales		**(14,662)**	(13,475)
Gross profit	3	**3,144**	3,485
Administrative expenses		**(2,655)**	(2,994)
Operational profit before exceptional items		**489**	491
Exceptional Items			
Profit on disposal of fixed assets	4	**290**	19,561
Impairment of fixed assets	4	**-**	(3,449)
Profit before interest and tax		**779**	16,603
Interest receivable and similar income	7	**6**	31
Interest payable and similar charges	8	**(307)**	(344)
Profit before taxation		**478**	16,290
Tax credit/(charge)	9	**705**	(2,691)
Profit after taxation		**1,183**	13,599
Profit per share (basic and diluted) (Note 11)		**35.3p**	406.1p

All amounts derive from continuing operations

Consolidated Statement of Comprehensive Income

Year ended 31 December 2017

	2017 £'000	Restated 2016 £'000
Profit for the financial year	**1,183**	13,599
Remeasurement of the net defined benefit liability	**115**	(820)
Deferred tax on actuarial (loss)/gain	**(22)**	164
Total recognised profit in the year	**1,276**	12,943

The accompanying notes on pages 21 to 40 form an integral part of the financial statements.

[1] See note 28 for details of prior year adjustments

Consolidated Balance Sheet

As at 31 December 2017

	Note	2017 £'000	Restated[2] 2016 £'000
Fixed assets			
Tangible assets	12	**33,560**	27,126
Investments	13	**117**	117
Investment properties	14	**1,112**	1,112
		34,789	28,355
Current assets			
Stocks	15	**203**	225
Debtors			
- due within one year	16	**11,993**	7,287
- due after more than one year	17	**14,072**	19,999
Cash at bank and in hand		**2,649**	8,783
Cash investment		**2,458**	4,163
		31,375	40,457
Creditors: amounts falling due within one year	18	**(5,965)**	(3,469)
Net current assets		**25,410**	36,988
Total assets less current liabilities		**60,199**	65,343
Creditors: amounts falling due after more than one year	19	**(4,746)**	(7,505)
Provisions for liabilities	23	**(5,774)**	(9,345)
Net assets before pension deficit		**49,679**	48,493
Pension deficit	25	**(1,127)**	(1,200)
Net assets after pension deficit, before deferred capital grants		**48,552**	47,293
Capital grants			
Deferred capital grants	24	**106**	123
Capital and reserves			
Called up share capital	21	**335**	335
Share premium account		**10,202**	10,202
Revaluation reserve	21	**75**	75
Equity reserve	21	**143**	143
Profit and loss account surplus		**37,691**	36,415
Shareholders' funds		**48,446**	47,170
Net assets		**48,552**	47,293

The financial statements of Newbury Racecourse PLC, Company registration 00080774, were approved by the Board of Directors on 14 May 2018 and signed on its behalf by:

D J BURKE (Chairman)

J M THICK (Chief Executive)

The Racecourse
Newbury, Berkshire
RG14 7NZ

The accompanying notes on pages 21 to 40 form an integral part of the financial statements.

[2] See note 28 for details of prior year adjustments

Company Balance Sheet

As at 31 December 2017

	Note	2017 £'000	Restated[3] 2016 £'000
Fixed assets			
Tangible assets	12	**33,555**	27,121
Investments	13	**7,820**	7,820
		41,375	34,941
Current assets			
Stocks	15	**203**	225
Debtors			
- due within one year	16	**12,905**	8,244
- due after more than one year	17	**14,072**	19,999
Cash at bank and in hand		**2,646**	8,783
Cash investments		**2,458**	4,146
		32,284	41,397
Creditors: Amounts falling due within one year	18	**(5,961)**	(3,472)
Net current assets		**26,323**	37,925
Total assets less current liabilities		**67,698**	72,866
Creditors: amounts falling due after more than one year	19	**(12,246)**	(15,005)
Provisions for liabilities	23	**(5,774)**	(9,345)
Net assets before pension deficit		**49,678**	48,516
Pension deficit	25	**(1,127)**	(1,200)
Net assets after pension deficit, before deferred capital grants		**48,551**	47,316
Capital grants			
Deferred capital grants	24	**106**	123
Capital and reserves			
Called-up share capital	21	**335**	335
Share premium account		**10,202**	10,202
Revaluation reserve	21	**75**	75
Equity reserve	21	**143**	143
Other reserve	21	**198**	198
Profit and loss account		**37,492**	36,240
Shareholders' funds		**48,445**	47,193
Net assets		**45,551**	47,316

The financial statements of Newbury Racecourse PLC, Company registration 00080774, were approved by the Board of Directors on 14 May 2018 and signed on its behalf by:

D J BURKE (Chairman)

J M THICK (Chief Executive)

The Racecourse
Newbury, Berkshire
RG14 7NZ

The accompanying notes on pages 21 to 40 form an integral part of the financial statements.

[3] See note 28 for details of prior year adjustments

Consolidated Statement of Changes in Equity

As at 31 December 2017

GROUP	Share Capital £'000	Share Premium £'000	Capital redemption Reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2016	335	10,202	143	75	20,671	31,426
Prior year adjustment (see note 28)	-	-	-	-	2,801	2,801
At 1 January 2016 restated	335	10,202	143	75	23,472	34,227
Profit for the financial year - restated	-	-	-	-	13,599	13,599
Other comprehensive income	-	-	-	-	(656)	(656)
At 31 December 2016 restated	335	10,202	143	75	36,415	47,170

GROUP	Share Capital £'000	Share Premium £'000	Capital redemption Reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2017 restated	335	10,202	143	75	36,415	47,170
Profit for the financial year	-	-	-	-	1,183	1,183
Other comprehensive income	-	-	-	-	93	93
At 31 December 2017	335	10,202	143	75	37,691	48,446

Company Statement of Changes in Equity

COMPANY	Share Capital £'000	Share Premium £'000	Capital redemption Reserve £'000	Revaluation reserve £'000	Other reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2016	335	10,202	143	75	198	20,519	31,472
Prior year adjustment (see note 28)	-	-	-	-	-	2,801	2,801
At 1 January 2016 restated	335	10,202	143	75	198	23,320	34,273
Profit for the financial year - restated	-	-	-	-	-	13,576	13,576
Other comprehensive income	-	-	-	-	-	(656)	(656)
At 31 December 2016 restated	335	10,202	143	75	198	36,240	47,193

COMPANY	Share Capital £'000	Share Premium £'000	Capital redemption Reserve £'000	Revaluation reserve £'000	Other reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2017 restated	335	10,202	143	75	198	36,240	47,193
Profit for the financial year	-	-	-	-	-	1,159	1,159
Other comprehensive income	-	-	-	-	-	93	93
At 31 December 2017	335	10,202	143	75	198	37,492	48,445

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.

The accompanying notes on pages 21 to 40 form an integral part of the financial statements.

Consolidated Cash Flow Statement

Year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Net cash outflow from operating activities	21	**(82)**	(1,980)
Cash flows from investing activities			
Interest received and other investment income		**6**	31
Payments to acquire tangible fixed assets/investments		**(7,912)**	(3,287)
Receipts from exceptional sale of fixed assets		**3,146**	9,269
Other associated property costs		**(2,935)**	-
Sale of fixed assets		**16**	18
Net cash (outflow)/inflow from investing activities		**(7,679)**	**6,031**
Net cash inflow before financing		**(7,761)**	**4,051**
Financing activities			
Loan finance issued*		**(78)**	(16)
Arrangement fees paid		**-**	(30)
Net cash outflow from financing		**(78)**	(46)
(Decrease)/increase in cash in the year		**(7,839)**	4,005
Cash as at 1 January		12,946	8,941
Cash as at 31 December		5,107	12,946

*Loan to Britbet Racing LLP, formation of a new betting consortium.

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

The accompanying notes on pages 21 to 40 form an integral part of the financial statements.

Notes to the Financial Statements

Year ended 31 December 2017

1. ACCOUNTING POLICIES

Newbury Racecourse PLC (the "Company") is a public company incorporated, domiciled and registered in England in the UK. The registered number is 00080774 and the registered address is The Racecourse, Newbury, Berkshire, RG14 7NZ.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

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

Services rendered, raceday income including admissions, catering revenues, sponsorship and licence fee income is recognised on the relevant raceday. Annual membership income and box rental is recognised over the period to which they relate.

Other income streams are also recognised over the period to which they relate, for example, ground rents received from residents, conference income is recognised on the day of the conference, the Lodge hotel income is recognised over the duration of the guests stay and nursery income is recognised as the child attends the nursery.

Sale of goods, revenue is recognised for the sale of food and liquor when the transaction occurs.

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.

Investment property

Investment in properties are freehold interests which are held to earn rental income. Investment properties are recognised at fair value.

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.

Other investments

Other investments in the balance sheet comprise of investments in equity and subsidiaries. Equity investments are recognised at fair value unless they cannot be reliably measured. Investments in subsidiaries are recognised at cost less impairment.

Lease assets receivable

Lease assets receivable relates to freeholds that the Group has acquired, or has the option to acquire, from David Wilson Homes. The freeholds concerned relate to residential apartment buildings constructed as part of the overall residential development. Individual apartments in the development were sold by David Wilson Homes to purchasers under long-term leases, typically of 125 years. Under the terms of their long-term leases, lessors are required to pay 'ground rent' to the freehold owner for the duration of their lease. As the majority of the risks and rewards, for much of the life of the property, lie with the lessor, the Group does not recognise a fixed asset in relation to the freehold. Since the Group's principal interest in the freehold is limited to the expected future cashflows arising from the ground rent, the

Notes to the Financial Statements (continued)

Year ended 31 December 2017

Group's cost of investment represents the cost to acquire the future ground rent cashflows.

These are initially recognised at fair value which is calculated based on the net present value of future cashflows arising from the ground rents receivable over the lease term. This also represents the market value of the freehold agreed with David Wilson Homes. These amounts are included in the balance sheet as debtors less than and greater than one year. Ground rent receipts relating to the period, are applied against the net receivable balance. The leases receivables are monitored for indications of impairment by comparing the net present value of future rentals receivable to the carrying value of the lease receivable. Where there is a shortfall in the present value of the future rentals receivable, an impairment of the carrying value of the lease receivable is recognised.

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 withholding tax but exclusive of other taxes.

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

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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 GAPP which are used to access the financial performance of the business. These measures which are termed 'non-GAPP' include reference to EBITDA within the Strategic Report.

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 (note 10).

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.

Notes to the Financial Statements (continued)

Year ended 31 December 2017

Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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. Capital grants are in deferred capital grants on the balance sheet as the associated works have been performed and it is not in any way repayable.

Horserace Betting Levy Board (HBLB) grants

The HBLB provides funding to racecourses which is used to support racing activities. HBLB grants are accounted for under the performance model in line with standard industry practice. HBLB grants 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.

Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

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 2017

Financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Fair value measurement

Assets and liabilities that are measured at fair value are classified by level of fair value hierarchy as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs for the asset or liability that are not based on observable market data.

Exceptional items

Directors exercise their judgement in classification of certain items as exceptional and outside the Group's underlying results. The determination of whether items should be separately disclosed as an exceptional item or other adjustment requires judgement on its materiality, nature and incidence. Accounting transactions related to the DWH agreement are considered outside the ordinary course of business, see note 4 for further detail.

Notes to the Financial Statements (continued)

Year ended 31 December 2017

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 2017 amounted to £0.5m (2016: £2.5m). The total carrying value of capitalised design fees at 31 December 2017 is £0.58m. 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 fair value of the long-term David Wilson Homes debtor balance 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 tangible fixed assets and investment property at the balance sheet date was £34.7 million. No impairment loss was recognised in 2017 as there was no further indication of impairment required (2016: impairment loss of £3.45m).

Notes to the Financial Statements (continued)

Year ended 31 December 2017

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.

Turnover by revenue stream

	2017 £'000	Restated* 2016 £'000
Sale of goods	2,603	2,449
Rendering of services	13,532	12,530
HBLB grants	1,671	1,981
Total	17,806	16,960

*Restated – see note 28.

Segmental Analysis

2017	Turnover £'000	Gross Profit £'000	Profit/(loss) Before Interest and Exceptional Items £'000	Exceptional Items £'000	Profit/(loss) Before Tax £'000	*Net assets £'000
Trading	15,845	2,550	146	(2)	(157)	25,800
Nursery	1,295	415	415	-	415	2,777
Lodge	594	107	107	-	107	1,136
Total	17,734	3,072	668	(2)	365	29,713
Property	72	72	(179)	292	113	18,839
Total	17,806	3,144	489	290	478	48,552

2016 restated	Turnover £'000	Gross Profit £'000	Profit/(loss) Before Interest and 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	50	50	(251)	19,561	19,310	18,154
Total	16,960	3,485	491	16,112	16,290	47,293

*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 2017

4. EXCEPTIONAL ITEMS

	2017 £'000	Restated* 2016 £'000
Proceeds from Sale of Fixed Asset	-	26,973
Net book value of asset disposal	347	(3,567)
Other associated items	308	(3,114)
DWH debtor movement in fair value	(365)	(731)
Property transactions/profit on disposal of fixed assets	290	19,561
Impairment	-	(3,449)
Total	290	16,112

In accordance with note 1, accounting transactions related to the DWH agreement are considered outside the ordinary course of business.

No impairment loss was recognised in 2017 as there was no further indication of impairment.

The net book value of assets disposed is the disposal of assets in 2017 associated with the internal redevelopment works, net of the recovery of related costs. Other associated items are attributable to the unwinding of the property provisions in connection with the land sale.

*Restated – see note 28.

5. PROFIT BEFORE EXCEPTIONAL ITEMS

This is stated after charging:	2017 £'000	2016 £'000
Depreciation (note 12)	1,187	1,053
Auditor's remuneration		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	44	43
The audit of the Company's subsidiaries pursuant to legislation	1	1
Total audit fees	45	44
Tax services	7	11
Total non audit fees	7	11
Total fees	52	55
And after crediting:		
Amortisation of deferred capital grants	(17)	(122)

Auditors remuneration relates to the new auditor KPMG LLP, and non-audit tax services, which include fees for tax compliance and tax advice, relate to the previous auditor who were in office until 30 October 2017.

Notes to the Financial Statements (continued)

Year ended 31 December 2017

6. STAFF COST

GROUP & COMPANY	2017 £'000	2016 £'000
Employee costs during the year (including Directors):		
Wages and salaries	2,937	2,768
Social security costs	259	295
Other pension costs	69	68
	3,265	3,131

	Number	Number
Office and management	32	34
Catering	12	12
Ground, maintenance and security staff	13	13
Lodge	4	4
Rocking Horse Nursery	28	24
	89	87

Directors' remuneration and transactions	£'000	£'000
Executive Directors	372	350
Non-Executive Directors	55	50
	427	400

	£'000	£'000
Highest paid Director	259	241

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	29	28

Transactions with key management personnel

Members of the Board of Directors of Newbury Racecourse PLC are deemed to be key management personnel.
Key management personnel compensation for the financial year was as follows:

GROUP & COMPANY	2017 £'000	2016 £'000
Wages and salaries	427	400
Pension costs	29	28
	456	428

7. INVESTMENT INCOME

	2017 £'000	Restated* 2016 £'000
Bank interest	6	31
	6	31

*Restated – see note 28.

8. INTEREST PAYABLE & SIMILAR CHARGES

	2017 £'000	2016 £'000
Bank overdraft and loans	24	54
Compton Beauchamp Estates Ltd loan	241	267
Pension scheme liabilities	42	23
	307	344

Notes to the Financial Statements (continued)

Year ended 31 December 2017

9. TAXATION

Total tax expense recognised in the profit and loss account, other comprehensive income and equity:

	2017 £'000	Restated* 2016 £'000
Current tax:		
Current tax on income for the year	-	1,691
Adjustments in respect of prior years*	(667)	167
Total current tax	(667)	1,858

*Adjustments in respect of prior years relate to the estimated indexed base cost of land.

Deferred taxation (see note 23):		
Origination and reversal of timing differences	(59)	565
Change in tax rate	-	(56)
Adjustment in respect of prior years	21	324
	(38)	833
Total Tax	(705)	2,691

Reconciliation of effective tax rate:

	2017 £'000	Restated* 2016 £'000
Profit on ordinary activities before tax	478	16,290
Tax on profit on ordinary activities at the standard UK rate – 19% (2016: 20%)	95	3,258
Income not chargeable for tax purposes	(378)	(605)
Expenses not deductible for tax purposes	227	1,316
Chargeable gains/rollover relief	-	(1,840)
Effect in change of rate	(3)	(56)
Adjustment in respect of prior years	(646)	618
Total actual amount of current tax	(705)	2,691

*Restated – see note 28.

The Finance Act 2016 included legislation to reduce the main rate of UK corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. These rate reductions were substantively enacted by the balance sheet date and therefore included in these consolidated financial statements.

	2017 £'000 Current tax	2017 £'000 Deferred tax	2017 £'000 Total tax	2016 £'000 Current tax	2016 £'000 Deferred tax	2016 £'000 Total tax
Recognised in Profit and loss account	(667)	(16)	(683)	1,858	669	2,527
Recognised in other comprehensive income	-	(22)	(22)	-	164	164
Recognised directly in equity	-	-	-	-	-	-
Total tax	(667)	(38)	(705)	1,858	833	2,691

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 £1,159,000 (2016: £13,576,000 – restated, see note 28).

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 2017 of £1,183,000 (2016: £13,599,000 – restated, see note 28) by the weighted average number of ordinary shares during the year of 3,348,326 (2016: 3,348,326).

Notes to the Financial Statements (continued)

Year ended 31 December 2017

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 2017 (restated – see note 28)	**39,927**	**5,872**	**254**	**46,053**
Additions	6,327	1,507	38	7,872
Asset transfers	(120)	85	35	-
Disposals	(227)	(1,104)	(40)	(1,371)
As 31 December 2017	**45,907**	**6,360**	**287**	**53,666**
Depreciation				
At 1 January 2017	**14,007**	**4,717**	**203**	**18,927**
Charge for year	1,020	146	21	1,187
Disposals	(79)	(1,001)	(40)	(1,120)
At 31 December 2017	**14,948**	**3,862**	**184**	**18,994**
Net book value at 31 December 2017	**30,959**	**2,498**	**103**	**33,560**
Net book value at 31 December 2016 (restated – see note 28)	25,920	1,155	51	27,126

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 £31,995,000 (2016: £26,957,000).

Freehold land and buildings and outdoor fixtures includes £581,424 (2016: £3,829,000) in respect of assets under construction, being capitalised design fees in connection with the heartspace redevelopment which received planning approval in October 2015.

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 2017 (restated – see note 28)	**39,922**	**5,872**	**254**	**46,048**
Additions	6,327	1,507	38	7,872
Asset transfers	(120)	85	35	-
Disposals	(227)	(1,104)	(40)	(1,371)
As 31 December 2017	**45,902**	**6,360**	**287**	**52,549**
Depreciation				
At 1 January 2017	**14,007**	**4,717**	**203**	**18,927**
Charge for year	1,020	146	21	1,187
Disposals	(79)	(1,001)	(40)	(1,120)
At 31 December 2017	**14,948**	**3,862**	**184**	**18,994**
Net book value at 31 December 2017	**30,954**	**2,498**	**103**	**33,555**
Net book value at 31 December 2016 (restated – see note 28)	25,915	1,155	51	27,121

The net book value of freehold land and buildings determined by the historical cost convention is £30,878,000 (2016: £25,839,000).

Freehold land and buildings and outdoor fixtures includes £581,424 (2016: £3,829,000) 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 2017

13. INVESTMENTS

GROUP	2017 £'000	Restated* 2016 £'000
Investment in Racecourse Media Group*	**117**	117
Investment in Racecourse Media Services Limited	**-**	-
	117	117

* Investment is held at cost as fair value cannot be reliably measured.

COMPANY	2017 £'000	Restated* 2016 £'000
Investment in Racecourse Media Group*	**117**	117
Investment in Racecourse Media Services Limited	**-**	-
Shares in subsidiary undertakings	**7,703**	7,703
	7,820	7,820

The Group has the following unlisted investments:
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 (RMG) 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). The registered office address of Racecourse Media Group Limited and Racecourse Media Services Limited is 10th Floor, The Met Building, 22 Percy Street, London W1T 2BU.
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.

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 2017. As at 31 December 2017, 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.
*Restated – see note 28.

14. INVESTMENT PROPERTY

GROUP	2017 £'000	Restated* 2016 £'000
At 1 January (restated – see note 28)	**1,112**	1,112
Additions	**-**	-
At 31 December	**1,112**	1,112

Investment in property relates to freehold interests owned by the Group for the purpose of generating rental returns and is held at fair value.

*Restated – see note 28.

Notes to the Financial Statements (continued)

Year ended 31 December 2017

15. 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.

	2017 £'000	2016 £'000
Catering	**184**	196
Sundry	**19**	29
	203	225

There is no material difference between the balance sheet value of stocks and their replacement cost. Catering and sundry stock recognised as cost of sales in the year amounted to £1,188,000 (2016: £1,144,000). The write-down of stocks to net realisable value amounted to £nil (2016: £nil). No reversals of write-downs were made in the year (2016: £nil).

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP	2017 £'000	Restated* 2016 £'000
Trade debtors	**1,508**	1,200
Other debtors	**9,115**	4,571
Other taxes	**524**	-
Deferred tax	**478**	248
Prepayments and accrued income	**368**	1,268
	11,993	7,287

COMPANY	2017 £'000	Restated* 2016 £'000
Trade debtors	**1,501**	1,200
Amounts owed by subsidiary undertakings	**919**	939
Other debtors	**9,115**	4,589
Other taxes	**524**	-
Deferred tax	**478**	248
Prepayments and accrued income	**368**	1,268
	12,905	8,244

Other debtors include £4,845,728 (2016: £3,367,011), 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.

Other debtors also include £62,590 (2016 restated: £62,590) in respect of lease asset receivables, being the value of ground rents receivable from the freehold interests of the Group.

Of the deferred tax asset £280,000 (2016: £28,000) relates to tax losses and £198,000 (2016: £220,000) deferred tax on pension scheme, see note 23 for further detail.

*Restated – see note 28.

Notes to the Financial Statements (continued)

Year ended 31 December 2017

17. DEBTORS: AMOUNTS FALLING DUE AFTER ONE YEAR

GROUP & COMPANY	2017 £'000	Restated* 2016 £'000
Other debtors	14,072	19,999

Other debtors include £10,588,000 (2016: £16,540,000) 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, and a loan of £66,973 to Britbet Racing LLP for the start-up of a new betting consortium.

In accordance with the fair value hierarchy, the David Wilson Homes debtor has been classified as level 3, 'inputs for the liability are not based on observable market data.

Other debtors also include £3,417,667 (2016 restated: £3,459,596) in respect of lease asset receivables, being the value of ground rents receivable from the freehold interests of the Group.

*Restated – see note 28.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP	2017 £'000	2016 £'000
Trade creditors	387	472
Other taxes and social security	141	1,514
Other creditors	876	275
Accruals and deferred income	1,561	1,208
CBEL loan (note 20)	3,000	-
	5,965	3,469

COMPANY	2017 £'000	2016 £'000
Trade creditors	387	472
Other taxes and social security	141	1,514
Other creditors	872	278
Accruals and deferred income	1,561	1,208
CBEL loan (note 20)	3,000	-
	5,961	3,472

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

GROUP	2017 £'000	2016 £'000
CBEL loan (note 20)	4,746	7,505

COMPANY		
CBEL loan (note 20)	4,746	7,505
Amounts owed to subsidiary undertakings	7,500	7,500
	12,246	15,005

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 2017

20. LOANS

GROUP & COMPANY

Analysis of loan repayments:	2017 £'000	2016 £'000
Between one and two years	**5,500**	4,333
Between three and five years	**2,246**	3,172
	7,746	7,505

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 15.11.19 15.11.20	3.18%	£7,745,647

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.

In accordance with the fair value hierarchy, the Compton Beauchamp Estates Limited loan has been classified as level 3, 'inputs for the liability are not based on observable market data.

* Under the terms of the loan the interest is rolled up into the loan capital sum. Interest accrued in the period to 31 December 2017 was £241,000 (2016: £267,000). 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.

21. CAPITAL AND RESERVES

Share Capital

Authorised	2017 £'000	2016 £'000
6,000,000 Ordinary shares at 10p each	**600**	600
Total	**600**	600

Allotted, called up and fully paid	2017 £'000	2016 £'000
3,348,326 Ordinary shares of 10p each	**335**	335
Total	**335**	335

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Capital redemption reserve

In 2012 the shareholders of the company passed a resolution to buy back 1,428,174 Ordinary shares owned by GPG (UK) Holdings plc at 450 pence per Ordinary share. The nominal value of the shares cancelled was £142,817.

Revaluation reserve

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.

Other reserve

COMPANY

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.

Notes to the Financial Statements (continued)

Year ended 31 December 2017

22. CASHFLOW

1. Reconciliation of operating profit to net cash outflow from operating activities	2017 £'000	Restated* 2016 £'000
Profit before interest and exceptional item	**489**	491
Interest paid	**(13)**	(28)
Depreciation charges	**1,187**	1,053
Amortisation of capital grants	**(17)**	(122)
Tax paid	**(929)**	(734)
Decrease/(increase) in stocks	**22**	(18)
Increase in debtors and prepayments	**(1,466)**	(2,285)
Increase/(decrease) in creditors and accruals	**645**	(337)
Net cash outflow from operating activities	**(82)**	(1,980)

2. Reconciliation of net cash flow to movement in net debt	2017 £'000	2016 £'000
(Decrease)/increase in cash in the period	**(7,839)**	4,005
Inception of loans	**-**	46
Change in net debt resulting from cash flows	**(7,839)**	4,051
Non cash movements	**(241)**	(296)
Net debt at 1 January	**5,441**	1,686
Net debt at 31 December	**(2,639)**	5,441

3. Analysis of change in net debt	At 1 Jan 2017 £'000	Cash flow £'000	Non cash changes £'000	At 31 Dec 2017 £'000
Cash at bank and in hand	**8,783**	(6,134)	-	**2,649**
Cash investments	**4,163**	(1,705)	-	**2,458**
Debt due within one year				
- Loan	**-**	-	(3,000)	**(3,000)**
Debt due after one year				
- Loan	**(7,505)**	-	2,759	**(4,746)**
	5,441	(7,839)	(241)	**(2,639)**

The balance of the Group's credit facility with RBS/Natwest at the year end was £nil (2016: £nil).

*Restated – see note 28.

Notes to the Financial Statements (continued)

Year ended 31 December 2017

23. PROVISIONS FOR LIABILITIES

GROUP AND COMPANY	Property provision £'000	Restated* Deferred tax £'000	Total £'000
At 31 December 2016 restated	**6,285**	**3,060**	**9,345**
Utilised in year	(3,785)	(8)	**(3,793)**
Depreciation in excess of capital allowances	-	141	**141**
Deferred tax on rolled over capital gains	-	81	**81**
At 31 December 2017	**2,500**	**3,274**	**5,774**

Property provisions relate to the constructive obligation related to potential contractual breaches associated with the land sale to David Wilson Homes, £3.79m of costs have been utilised during 2017.

*Restated – see note 28.

DEFERRED TAX LIABILITY

GROUP AND COMPANY	2017 £'000	Restated* 2016 £'000
Provision for deferred taxation consists of the following amounts:		
Depreciation in excess of capital allowances	**1,091**	950
Deferred tax on rolled over capital gains	**1,557**	1,476
Deferred tax on lease asset receivable	**626**	634
	3,274	3,060

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 2018, the net reversal of deferred tax assets and liabilities is expected to decrease the corporation tax charge for the year by £104,000. This is due to the expected add back of non-deductible income in the form of capital credits resulting in carried forward tax losses.

*Restated – see note 28.

24. CAPITAL GRANTS

GROUP AND COMPANY	2017 £'000	2016 £'000
Deferred capital grants	**106**	123

Analysis of movements on capital grants	2017 £'000
Balance as at 1 January 2017	**123**
Capital grants credited to the profit and loss account	**(17)**
Balance as at 31 December 2017	**106**

Capital Grants are shown within Capital and Reserves as the associated works have been performed and it is not in any way repayable.

Notes to the Financial Statements (continued)
Year ended 31 December 2017

25. EMPLOYEE BENEFITS

GROUP AND COMPANY

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 £54,000 (2016: £68,000). There were £10,450 (2016: £11,401) 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 3.15% 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 2017 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 2017 under FRS 102 are as follows:

Disclosure of actuarial assumptions	2017 %	2016 %	2015 %	2014 %	2013 %
Rate of increase in salaries	**3.2**	3.3	3.1	3.0	3.3
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	**3.2**	3.3	3.1	3.0	3.6
Discount rate (pre and post retirement)	**2.7**	2.9	4.2	3.9	4.6
Inflation assumption	**3.2**	3.3	3.1	3.0	3.3

Retirement benefit schemes	2017 £'000	2016 £'000
Current service cost	**8**	8
Net interest cost	**34**	15
	42	23
Recognised in other comprehensive income	**-**	-
Total cost relating to defined benefit scheme	**42**	23

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:

	2017 £'000	Restated 2016 £'000
Present value of defined benefit obligations	**(3,634)**	(3,790)
Fair value of scheme assets	**2,507**	2,590
Deficit in the scheme at the end of the year	**(1,127)**	(1,200)

Notes to the Financial Statements (continued)

Year ended 31 December 2017

Retirement benefit schemes (Continued)

Movements in the present value of defined benefit obligations were as follows:	2017 £'000	2016 £'000
At 1 January	3,790	2,846
Interest cost	106	115
Actuarial gains and losses	(118)	977
Benefits paid	(144)	(148)
At 31 December	3,634	3,790

Movements in the fair value of scheme assets were as follows:	2017 £'000	2016 £'000
At 1 January	2,590	2,489
Interest income	72	100
Actuarial gains and losses	(3)	157
Benefits paid	(144)	(148)
Plan administrative cost	(8)	(8)
At 31 December	2,507	2,590

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

	Fair value of assets	
	2017 £'000	2016 £'000
Group pension contract	1,468	1,517
Annuity contract	1,039	1,073
	2,507	2,590

Notes to the Financial Statements (continued)

Year ended 31 December 2017

26. FINANCIAL COMMITMENTS

	GROUP		COMPANY	
	2017	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
Compton Beauchamp Estates Ltd Loan	**(7,746)**	(7,505)	**(7,746)**	(7,505)
Swift Lifts Services Ltd	**(445)**	-	**(445)**	-
	(8,191)	(7,505)	**(8,191)**	(7,505)

Interest rate on profile of financial commitments	**2017**	**2016**
Compton Beauchamp Estates Ltd Loan	**2% over LGT (Ireland) International interbank rate**	2% over LGT (Ireland)International Interbank rate

Newbury Racecourse PLC has entered into a 5-year contract with Swift Lift Services Ltd for the purpose of undertaking lift maintenance and upgrade works until 31 March 2022. As at 31 December 2017, the contractual commitments regarding maintenance and upgrade of lifts were £445,000.

As at 31 December 2017 there were no hedging instruments in place.

27. 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.

Compton Beauchamp Estates Limited

During the year ended 31 December 2017, sponsorship income of £19,500 (2016: £14,500) and hospitality income of £7,775 (2016: £1,233) was received from Compton Beauchamp Estates Limited. As at the year-end a debtor balance of £nil (2016: £1,480) was outstanding. The CBEL loan of £7,745,647 is provided by Compton Beauchamp Estates Limited (see note 19). Erik Penser is a director of Compton Beauchamp Estates Limited. These are considered to be an arm's length transactions.

Jardine Lloyd Thompson Group Plc

During the year ended 31 December 2017, Jardine Lloyd Thompson Group plc provided broker insurance services to Newbury Racecourse plc to the value of £24,000 (2016: £27,000) and other services £nil (2016: £6,050). Sponsorship income of £32,272 (2016: £15,633) was also received from Jardine Lloyd Thompson Group plc. The balance outstanding at the year-end was £nil (2016: Debtor £710). Dominic Burke is the Chief Executive of Jardine Lloyd Thompson Group plc. These are considered to be an arm's length transactions.

Racing Media Group Limited

During the year ended 31 December 2017, Newbury Racecourse plc traded with Racing Media Group Limited, income received from Racing Media Group Limited amounted to £1,296,000 (2016: £1,037,000). The balance outstanding at the year-end was £1,078,000 (2016: £848,000). Newbury Racecourse plc is a shareholder in Racing Media Group Limited. Racing Media Group Limited is the parent company of Racing Media Services Limited of which Julian Thick is a director. This is considered to be an arm's length transaction.

Notes to the Financial Statements (continued)

Year ended 31 December 2017

28. EXPLANATION OF PRIOR YEAR ADJUSTMENTS

The Group has restated comparative financial information in in order to bring the accounting of certain accounting treatments in line with the requirements of FRS 102. The areas affected are set out below:

Investment property (group only):
The Group's interest in freehold property which is held for the purposes of generating rental returns and potential capital appreciation has been reclassified as Investment Property from Tangible Fixed Assets. This reclassification has reduced Tangible Fixed Assets in the Consolidated Group Balance Sheet at 31 December 2016 by £1.11m and increased Investment Property fixed assets by the same value. The carrying value of the property was already held at approximately market value (being the directors' assessment of market value) and consequently no adjustment to the carrying value was required.

Lease assets receivable (group and company):
In 2012, under the terms of the David Wilson Homes land sale agreement, part of the consideration arising from David Wilson Homes was an option to purchase, at a substantial discount to market value, the interest in the ground rents of the new residential apartment buildings. Under the requirements of FRS102, the financial statements have been restated to recognise the option to purchase the ground rent receivables on the balance sheet and an additional gain on disposal of £3.36m arising in 2012.

On exercise, the option is derecognised and a lease receivable for the present value of all expected future rentals is recognised. The effect on the financial statements is to increase debtors by £3.56m at 31 December 2016 (£0.10m due less than one year, £3.46m due in more than one year), to increase the deferred tax liability by £0.63m, to reduce fixed asset investments by £0.16m (being the option exercise price previously recognised as a fixed asset investment), to reduce profit for the year ended 31 December 2016 by £0.03m (being the ground rents received in the year) and to increase profit and loss reserves by £2.76m at 31 December 2016.

Deferred Tax (group and company):
The Group had previously offset deferred tax assets against its liabilities, FRS102 requires deferred tax assets and liabilities to be disclosed separately in the balance sheet. As at 31 December 2016 provisions for liabilities have increased by £0.03m, pension deficit has increased by £0.22m and debtors due within one year have increased by £0.25m. The application of the amendment has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

Accounting treatment of finance charges:
The Group previously presented fair value movements of the David Wilson Homes debtor partly through Profit on disposal of fixed assets and partly through Investment Income. The fair value movements are now recognised through a single line item, "Property transactions/profit on disposal" Investment Income has been reduced by £0.33m for the year ended 31 December 2016 and Profit on disposal of fixed assets has been increased by £0.33m for the year ended 31 December 2016. Movements in the fair value of the David Wilson Homes debtor are shown separately as an exceptional item given the nature of the transaction.

RECONCILIATION OF EQUITY

	Group At 1 January 2016 £'000	At 31 December 2016 £'000
Equity reported prior to restatement	**31,426**	**33,652**
Prior period adjustments:		
1 Recognition of fair value of lease asset receivable	3,438	3,397
2 Recognition of the deferred tax liability in respect of the above	(637)	(634)
Equity reported after restatement	**34,227**	**36,415**

RECONCILIATION OF PROFIT FOR YEAR ENDED 31 DECEMBER 2016

	2016 £'000
Profit for the financial period previously reported	**12,981**
1 Reversal of lease asset receivable rents recognised during the period	(33)
2 Movement in deferred tax in respect of lease assets receivable	(5)
Profit for the financial period after restatement	**12,943**

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