

NEWBURY RACECOURSE PLC

FINANCIAL STATEMENTS

Year ended 31 December 2008

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Year ended 31 December 2008

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NEWBURY RACECOURSE PLC
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sir David Sieff (Chairman)	N M H Jones
S A Higgins (Managing Director Racecourse & Events)	M J Kershaw (resigned 31.05.08)
S Hordern (Managing Director Property, Development & Finance)	Lady Lloyd-Webber
A M Butcher (resigned 31.07.08)	N W E Penser
The Hon H M Herbert	C J Spence
	B T Stewart-Brown

SECRETARY

Mrs S Hordern

REGISTERED OFFICE

The Racecourse
Newbury
Berkshire RG14 7NZ

AUDITORS

Deloitte LLP
3 Rivergate
Temple Quay
Bristol BS1 6GD

BANKERS

HSBC Bank plc
6 Northbrook Street
Newbury
Berkshire RG14 1DJ

Allied Irish Bank (GB)
4 Tenterden Street
London W15 1TE

SOLICITORS

Burges Salmon LLP
Narrow Quay House
Narrow Quay
Bristol BS1 4AH

REGISTRARS

Capita Registrars
Shareholder Services
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire HD8 0LA

CORPORATE ADVISERS

Arbuthnot Securities Limited
Arbuthnot House
20 Ropemaker Street
London EC2Y 9AR

NEWBURY RACECOURSE PLC

CHAIRMAN'S STATEMENT

A number of new business opportunities were successfully delivered in 2008, including the establishment of our 'in-house' catering operation, the popular band nights, and the submission of the outline planning application for the re-development of the Racecourse. We experienced record attendance in 2008 and were also delighted to be voted Racecourse of the Year by the Racehorse Owners Association for the fifth consecutive year. These are all positive achievements and I thank all the team at Newbury for their hard work and dedication in what was a very busy and demanding year.

As 2008 progressed, the trading environment continued to be increasingly challenging, particularly affecting the profitability of our Conferencing and Events business. As a result, the Company has maintained tight control over costs and introduced a number of new marketing initiatives promoting the wide range of Racecourse facilities.

Financial Results

Our in-house catering business was the main driver behind the increase in turnover to £11.0 million (2007: £7.5 million). The operating loss before exceptional items was £664,000 (2007: £55,000) due to the economic downturn affecting all sectors of our business, particularly catering, as well as the increased cost of energy. This was off-set in part by an increase in the contribution from our media rights, which continue to be successfully managed through Racing UK and Turf TV.

We also received £1.5m in May (exceptional operating income) as reimbursement for our expenditure on the Racecourse's development plans, following the exchange of contracts with David Wilson Homes Ltd. (DWH) and Barratt Developments Plc. Completing this important milestone means the Company has achieved an operating profit of £258,000 (2007: loss of £1.9 million). Exceptional costs during the year included further expenditure on the defence of the hostile takeover approach from Guinness Peat Group and subsequent EGM of £271,000 (2007: £552,000)

We are pleased to announce that Allied Irish Bank have extended our term loan facilities of £6,572,000 to 31 March 2011. A further facility of £1million has been agreed for draw down following the grant of outline planning permission to fund the design work for the detailed planning application. The term loan facilities carry an interest rate of 2.5% above LIBOR, with a further 1% charged on settlement. The overdraft facility of £750,000 has been renewed with a further review due on 31 March 2010 at an interest rate of 3% above base rate. All other facilities now bear interest at 3% above LIBOR. The facilities are subject to an interest covenant and an interest rate swap will be entered into to mitigate the risk. The Board will examine all options for refinancing prior to the bullet repayment including realising funds from property assets and raising equity finance.

Dividend

After careful consideration and as a result of the current difficult trading environment the Board does not recommend the payment of a dividend.

Operations

Property development. On 1 May we exchanged contracts with DWH and Barratt Developments PLC for the joint venture residential development of part of the Company's surplus land assets. Since then the costs related to the planning application have been borne by DWH.

NEWBURY RACECOURSE PLC
CHAIRMAN'S STATEMENT (continued)

We submitted the outline planning application to West Berkshire Council in late November, following further public exhibitions that help ensure local participation in the development of our plans. Our plan is to create a vibrant leisure and events venue that provides additional opportunities for trading on non-race days, including proposals for a hotel, coffee shop and restaurants. Details of the proposals including visuals are available at www.westberks.gov.uk under application number 08/02201/outmaj.

If outline planning permission is granted by the Council when they review our proposals later this year, a further year of work on design will be needed prior to submitting the detailed application. Site work is not, therefore, expected to begin before Autumn 2010.

Trading: During the year we established our in-house catering business and the benefits are already apparent. Public sales on race days have increased by 32% and the business' reputation for both quality and value is growing, illustrated by positive customer feedback on race days and from our conference and events clients. However the financial contribution from the catering business was adversely affected by the sharp drop in conference and event spend in the final quarter of the year.

In order to further develop the Racecourse as a leisure and events destination, we have continued to enhance our marketing initiatives. We held our first "Armed Forces" day in October, which was a great success and will be repeated in 2009 with additional activities and events to appeal to our visitors. We have recently created a corporate membership to enhance our ties with the local business community. Also we have actively marketed the racecourse to the conference and events industry and enhanced our on-line marketing to a broad cross section of potential new customers.

We held three successful "Party in the Paddock" band nights in 2008 which continue to deliver an up lift in attendance and food and beverage spend. A further three band nights will take place in 2009, at which Madness, Simply Red and Björn Again will be performing.

Board

Sarah Hordern and Stephen Higgins were appointed in May as Joint Managing Directors, following Mark Kershaw's resignation. Mark Butcher, a Non-Executive Director of the Company and a Director of GPG (UK) Holdings plc resigned in July. He has been replaced as a Non-Executive Director by Laurie Todd, who is also a director of GPG.

On behalf of the Board I would like to thank both Mark Kershaw and Mark Butcher for their valuable contribution to the Company

Outlook

With the continuing economic downturn affecting all areas of the business we will maintain tight control over costs and push forward our successful operational initiatives to broaden the appeal of the Racecourse as a leisure and events business. The proposals for development of the Racecourse, which we continue to pursue in partnership with DWH and other local stakeholders, remains at the heart of this strategy.

DAVID SIEFF
Chairman
17 April 2009

NEWBURY RACECOURSE PLC
CHAIRMAN'S STATEMENT (continued)

Sponsors in the year to 31 December 2008

We would like to thank our leading sponsors for their significant support in 2008

Bathwick Tyres	John Smith's	Totesport & totepool
Dubai Duty Free	Juddmonte	Thoroughbred Breeders
European Breeders Fund	Moët Hennessy UK Ltd	Association
Connaught plc	Weatherbys Group Ltd	

In addition we also received much appreciated support from the following sponsors

Academy Insurance Services Ltd	Haynes Hanson & Clark	Powersolve Electronics
Animal Health Trust	HBLB	Pump Technology
Aon Limited	Harino	Q Associates Limited
Arkell's Brewery	Heatherwold Stud	Racecourse and Covertside
Axminster Carpets	Hendy Van and Truck	Racing Post
Ballymacoll Stud	Highclere Thoroughbred Racing	Racing UK
Berry Bros & Rudd	Hildon	Relyon Cleaning
Betdaq	Hillwood Stud	RE Personnel
Blackmore Building Contractors	Inkerman London	Ridgeway Group
Bloor Homes	Insead MBA 1970	Thames River Capital Llp
Blue Square	Intercasino	Sanderson Weatherall
Bollinger Champagne	James Cowper	SFC Group
Burges Salmon LLP	Jewson	Sporting Index
Bryne Bros	Jupiter Unit Trust Managers Ltd	Stan James
Catridge Farm Stud Ltd	Kentford Stud	Strutt & Parker
Christopher Smith Associates	Ladbrokes	Stuart Michael Associates
Collingwood Team Services Ltd	M&C Carpets	Swettenham Stud
Coolmation Limited	Malone Roofing	The Ultimate Travel Company
CSP	Manor Farm Packers Ltd	TKP Surfacing Limited
David Wilson Homes	MC Seafoods	Trailfinders
Doncaster Bloodstock Sales Ltd	Montpelier Re	TT Tents
Doyle Clayton	Mirage Signs	Usk Valley Stud
Emma Lavelle Racing Ltd	Mountgrange Stud	UK Hygiene
Events Bar Management	Mr Brian Kilpatrick	Uplands Racing
First Great Western	Mr Harry Findlay	Vodafone Group plc
Fuller Smith & Turner plc	Newvoicemedia	Wedgewood Estates
Gardner Mechanical Services	Olympic Coach Builders	West Berkshire Mencap
George Smith Horseboxes Ltd	Paul Nicholls Racing	West Berkshire Racing Club
Greatwood	Pertemps Group	Winterthur Life UK Limited
Guinness Peat Group plc	Peter Brett Associates	Zenergi
Grundon Recycle		

There were also 22 races sponsored for charity, birthdays, retirement or in memoriam.

NEWBURY RACECOURSE PLC

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report and the audited financial statements for the year ended 31 December 2008.

RESULTS AND DIVIDEND

The profit on ordinary activities after taxation was £337,000 (2007: £2,071,000 loss). Further details of the major influences on this year's result are given in the Chairman's statement.

The directors have recommended that no final dividend be paid (2007: none).

FINANCIAL RISK MANAGEMENT

Cashflow Risk

The main cashflow risks are the vulnerability of race meetings to abandonment due to adverse weather conditions and conference and event sales. The innovative practice of covering the racetrack to protect it from frost and investment in improved drainage, as well as insuring key racedays, mitigates the raceday risk. Regular review of variable conferencing costs reduces the impact of decline in conference sales.

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.

Liquidity Risk

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

Price Risk

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

Cost Risk

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

Interest Rate Risk

The company manages its exposure to interest rates through an appropriate mixture of interest rate caps and swaps.

NEWBURY RACECOURSE PLC

REPORT OF THE DIRECTORS (continued)

Going Concern

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

The Board identified that the company's cashflow forecasts are sensitive to fluctuating revenue streams from ticket sales, corporate hospitality and conference and event income. Given the ongoing pressure on both domestic and corporate discretionary and leisure spend, a prudent approach has been taken to budgeting revenues for 2009. A system of regular reviews of forecast business has been implemented to ensure all variable costs are flexed to match anticipated revenues. In addition a greater number of race meetings has been insured for adverse weather conditions than in the past, reducing the levels of risk carried by the Company.

The Board has reviewed the cashflow and working capital requirements in detail. The existing term loan with Allied Irish Bank of £6,572,000 has been renewed and extended to 31 March 2011. An additional facility of £1 million has been agreed as available to be drawn down following the grant of outline planning permission to fund the design work for the detailed planning application. These facilities have a bullet repayment in March 2011. The Board will examine all options for refinancing prior to the bullet repayment including realising funds from property assets and raising equity finance.

The overdraft facility of £750,000 has been renewed with a further review due on 31 March 2010. All facilities are subject to an interest covenant.

Following this review the Board has concluded that it has a reasonable expectation that the company 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.

MARKET VALUE OF LAND

The agreement with David Wilson Homes enhances the potential value of the land owned by the company subject to achieving planning consent.

NEWBURY RACECOURSE PLC

REPORT OF THE DIRECTORS (continued)

ACTIVITIES AND REVIEW OF THE BUSINESS

Newbury Racecourse plc is the parent of a group of companies which owns Newbury Racecourse and engages in racing activities. In addition the group operates a conference and events centre, a golf course, and a children's nursery. The accounts include a total of 30 days racing comprising 12 days National Hunt racing and 18 days flat racing. One day of national hunt racing was abandoned in January due to frost.

In 2007 there were a total of 28 days racing comprising 11 days of National Hunt racing and 17 days of flat racing. Two days of flat racing in July were abandoned due to severe flooding.

The company uses raceday attendance and operating profit as performance indicators. Total attendance was 212,958 (2007: 193,379).

FUTURE PROSPECTS

The economic downturn has affected spending for both consumers and corporate clients. We will continue to maintain tight control over costs and push forward our successful operational initiatives to broaden the appeal of the Racecourse as a leisure and events business. The proposals for development of the Racecourse, which we continue to pursue in partnership with DWH and other local stakeholders, remains at the heart of this strategy.

NEWBURY RACECOURSE PLC

REPORT OF THE DIRECTORS (continued)

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 2008	Beneficial interest 2007	Share options 2008	Share options 2007
The Hon H M Herbert	8,616	8,616	-	-
S A Higgins	-	-	-	-
S Hordern	11,150	1,150	-	35,000
N M H Jones	-	-	-	-
Lady Lloyd-Webber	304,434	386,520	-	-
N W E Penser	712,049	277,417	-	-
Sir David Sieff	19,260	19,260	-	-
C J Spence	1,500	1,500	-	-
B T Stewart-Brown	10,832	10,832	-	-
R L Todd	-	-	-	-

R L Todd is a director of GPG (UK) Holdings plc which has 883,221 shares in the company. 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 as shown on page 1.

Further details relating to directors' share options, including options granted or exercised in the year, are given in note 5 to the accounts.

Directors' Committees

Directors serve on the following committees:

Audit

C J Spence (Chairman)
N M H Jones
N W E Penser

Marketing

Lady Lloyd-Webber (Chairman)
B T Stewart-Brown
The Hon H M Herbert
S A Higgins

Remuneration

B T Stewart-Brown (Chairman)
The Hon H M Herbert
Sir David Sieff

Media

C J Spence (Chairman)
B T Stewart-Brown
S Hordern
Sir David Sieff

NEWBURY RACECOURSE PLC
REPORT OF THE DIRECTORS (continued)

Directors

Directors' particulars are set out below:-

The Hon H M Herbert

Harry Herbert is the Chairman and Managing Director of Highclere Thoroughbred Racing Limited, a racehorse syndication company with over 40 horses in training. The company has enjoyed many successes and has been responsible for the Vodafone Derby winner, Motivator, as well as the other European champions Lake Coniston, Tamarisk, Delilah and Petrushka. He is a member of the Jockey Club and lives near Andover.

Mr S A Higgins

Stephen Higgins was appointed joint Managing Director with Sarah Hordern in June 2008 taking particular responsibility for the Racecourse and Events businesses. He joined the Newbury team in 2006, having been Managing Director of Wincanton Racecourse for 5 years. He is a Chartered Surveyor who started his career as Development Project Manager at Capita plc on amongst others, the re-development of Chelsea Football Club.

Mrs S Hordern

Sarah Hordern was appointed joint Managing Director with Stephen Higgins in June 2008, taking particular responsibility for Property and the Redevelopment Project. She was appointed Finance Director in 2002 having been Financial Controller since May 1999. She is a Chartered Accountant and previously worked for the bloodstock department of PricewaterhouseCoopers. She was part of the team which created Racing UK which she now serves as a non-executive director.

Mr N M H Jones

Nicholas Jones, a Chartered Accountant and business school graduate, is currently a senior adviser to the investment bank Lazard and the Senior Independent Director of Ladbrokes PLC. He joined Lazard as a Managing Director and subsequently Vice Chairman in 1987 from Schroders where he had worked for twelve years. He was also Chairman of the National Stud from 1991 to 2000. He owns Coln Valley Stud near Cirencester and is a member of the Jockey Club. Nicholas Jones joined the Board in May 2007.

NEWBURY RACECOURSE PLC

REPORT OF THE DIRECTORS (continued)

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 of Really Useful Group and Really Useful Theatres.

Mr N W E 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.

Sir David Sieff

David Sieff has been a member of the board since 1988 and Chairman since May 1998. He was a director of Marks & Spencer plc from 1972 to 2001. He is a member of the Jockey Club and an owner-breeder with horses in training on the flat and jumping.

Mr C J Spence

Christopher Spence returned to the Board in 2003 having been Senior Steward of The Jockey Club for five years prior to which he was Chairman of Jockey Club Racecourses. He lives at Chieveley and has been an owner-breeder since 1968. He is Chairman of the National Stud.

Mr B T 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 Arctic Call who won the 1990 Hennessy Cognac Gold Cup and Large Action who won the Tote Gold Trophy at Newbury. He lives at Donnington, near Newbury.

Mr R L Todd

Laurie Todd is 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 positions as Finance Director of UK quoted companies in the retail, publishing and distribution sectors. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

NEWBURY RACECOURSE PLC

REPORT OF THE DIRECTORS (continued)

SHAREHOLDINGS

As at 17 April 2009 the group was aware of the following interests amounting to 3% or more in the shares of Newbury Racecourse plc

	No. of shares	Percentage Holding
GPG (UK) Holdings plc	883,221	27.74%
Lady Lloyd-Webber	304,434	9.56%
Compton Beauchamp Estates Limited	712,049	22.36%

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 2008 is 7% (2007: 19.6%) of the amounts invoiced by suppliers during the year. This percentage, expressed as a proportion of the number of days in the year, is 25.5 days (2006: 71.5 days). At 31 December 2007 there were a number of substantial creditors relating to the masterplan and the defence of the hostile takeover bid. These were not replicated in 2008.

CHARITABLE DONATIONS

During the year the group made charitable contributions totalling £2,660 (2007: £2,460).

AUDITORS

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 auditors are unaware; 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 company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s234ZA of the Companies Act 1985.

On 1 December 2008 Deloitte and Touche LLP changed its name to Deloitte LLP. Deloitte LLP has indicated its willingness to remain in office as the company's auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the board

MRS S HORDERN
Secretary

The Racecourse
Newbury
17 April 2009

NEWBURY RACECOURSE PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWBURY RACECOURSE PLC

We have audited the financial statements of Newbury Racecourse plc for the year ended 31 December 2008 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Accounting Policies and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements within it or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the affairs of the group and company as at 31 December 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

DELOITTE LLP

Chartered Accountants and Registered Auditors
Bristol, United Kingdom
17 April 2009

NEWBURY RACECOURSE PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 2008

	Note	2008 £'000	(As restated see note 1) 2007 £'000
TURNOVER	1	10,997	7,514
Cost of sales		(9,324)	(6,030)
GROSS PROFIT	1	<u>1,673</u>	<u>1,484</u>
Administrative expenses		(3,043)	(3,505)
Other operating income	3	1,628	83
OPERATING PROFIT /(LOSS)	4	<u>258</u>	<u>(1,938)</u>
OPERATING LOSS BEFORE EXCEPTIONAL ITEMS	1	(664)	(55)
Exceptional cost of sales – HBLB revenue grant waived		-	(407)
Exceptional administration expenses	2		
- Masterplanning fees		(12)	(813)
- Bid defence fees		(271)	(552)
- Catering start-up		(26)	(111)
- Personnel expenses		(269)	-
Exceptional operating income			
Masterplanning fees		1,500	-
		<u>258</u>	<u>(1,938)</u>
PROFIT /(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST		<u>258</u>	<u>(1,938)</u>
Interest receivable and other investment income	6	59	-
Interest payable and similar charges	7	(413)	(311)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(96)</u>	<u>(2,249)</u>
Tax credit	8	433	178
PROFIT /(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION BEING PROFIT /(LOSS) FOR THE FINANCIAL YEAR		<u><u>337</u></u>	<u><u>(2,071)</u></u>
Basic earnings /(loss) per share	10	<u>10.8p</u>	<u>(68.0p)</u>
Diluted earnings /(loss) per share	10	<u>10.8p</u>	<u>(68.0p)</u>

All amounts derive from continuing operations.

NEWBURY RACECOURSE PLC

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 December 2008

	2008	2007
	£'000	£'000
Profit /(loss) for the financial year	337	(2,071)
Actuarial gain/(loss) relating to pension scheme	91	(3)
Deferred tax on actuarial (gain)/loss	(25)	1
Timing difference in origination and reversal due to corporation tax rate change to 28%	-	(2)
Total recognised gain/(loss) in the year	<u>403</u>	<u>(2,075)</u>

NEWBURY RACECOURSE PLC
CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Note	2008 £'000	2007 £'000
FIXED ASSETS			
Tangible assets	11	23,776	23,882
		<u>23,776</u>	<u>23,882</u>
CURRENT ASSETS			
Stocks	13	160	26
Debtors			
- due within one year	14	1,514	1,412
- due in more than one year	14	54	39
Cash at bank and in hand		670	668
		<u>2,398</u>	<u>2,145</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(8,216)	(4,287)
NET CURRENT LIABILITIES		<u>(5,818)</u>	<u>(2,142)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,958</u>	<u>21,740</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	(1,563)	(5,867)
PROVISIONS FOR LIABILITIES	17	(317)	(750)
NET ASSETS BEFORE PENSION DEFICIT		<u>16,078</u>	<u>15,123</u>
Pension deficit	22	(5)	(67)
NET ASSETS AFTER PENSION DEFICIT		<u>16,073</u>	<u>15,056</u>
ACCRUALS AND DEFERRED INCOME			
Deferred capital grants	19	3,612	3,702
CAPITAL AND RESERVES			
Called up share capital	20	318	304
Share premium account	21	4,668	3,978
Share-based payment reserve	21	-	168
Revaluation reserve	21	75	75
Profit and loss account	21	7,400	6,829
Shareholders' funds		<u>12,461</u>	<u>11,354</u>
		<u>16,073</u>	<u>15,056</u>

The financial statements were approved by the board of directors on 17 April 2009 and signed on its behalf by:

SIR DAVID SIEFF (Chairman)

S HORDERN (Director)

NEWBURY RACECOURSE PLC

COMPANY BALANCE SHEET

As at 31 December 2008

	Note	2008 £'000	2007 £'000
FIXED ASSETS			
Tangible assets	11	22,659	22,765
Investment	12	7,703	7,703
		<u>30,362</u>	<u>30,468</u>
CURRENT ASSETS			
Stocks	13	160	26
Debtors			
- due within one year	14	2,612	2,508
- due in more than one year	14	54	39
Cash at bank and in hand		644	653
		<u>3,470</u>	<u>3,226</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(8,216)	(4,287)
NET CURRENT LIABILITIES		(4,746)	(1,061)
TOTAL ASSETS LESS CURRENT LIABILITIES		25,616	29,407
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	(9,074)	(13,375)
PROVISIONS FOR LIABILITIES	17	(317)	(750)
NET ASSETS BEFORE PENSION DEFICIT		16,225	15,282
Pension deficit	22	(5)	(67)
NET ASSETS AFTER PENSION DEFICIT		16,220	15,215
ACCRUALS AND DEFERRED INCOME			
Deferred capital grants	19	3,612	3,702
CAPITAL AND RESERVES			
Called up share capital	20	318	304
Share premium account	21	4,668	3,978
Share-based payment reserve	21	-	168
Revaluation reserve	21	75	75
Other reserve	21	198	198
Profit and loss account	21	7,349	6,790
Shareholders' funds		<u>12,608</u>	<u>11,513</u>
		<u>16,220</u>	<u>15,215</u>

The financial statements were approved by the board of directors on 17 April 2009 and signed on its behalf by:

SIR DAVID SIEFF (Chairman)

S HORDERN (Director)

NEWBURY RACECOURSE PLC
CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2008

	2008		2007	
	£'000	£'000	£'000	£'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(27)		(601)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received and other investment income	59		-	
Interest paid	(425)		(323)	
	<u> </u>		<u> </u>	
Net cash outflow from returns on investments and servicing of finance		(366)		(323)
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets	(1,016)		(1,292)	
Receipts from sale of tangible fixed assets	-		293	
Receipts of HBLB capital grant	-		522	
	<u> </u>		<u> </u>	
Net cash outflow from capital expenditure		(1,016)		(477)
NET CASH OUTFLOW BEFORE FINANCING		<u>(1,409)</u>		<u>(1,401)</u>
FINANCING				
Issue of ordinary share capital	704		-	
Loan finance received	1,817		3,535	
Loan repayment	(574)		(440)	
Capital element of finance lease rental payments	(36)		(5)	
	<u> </u>		<u> </u>	
Net cash inflow from financing		1,911		3,090
INCREASE IN CASH IN THE YEAR		<u> 502</u>		<u> 1,689</u>

NEWBURY RACECOURSE PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2008

1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2008	2007
	£'000	£'000
Operating profit/(loss)	258	(1,938)
Depreciation charges	997	928
Amortisation of capital grants	(90)	(89)
Increase in stock	(134)	-
(Increase)/decrease in debtors and prepayments	(105)	107
(Decrease)/increase in creditors and accruals	(953)	375
Increase in share based payment reserve	-	16
Net cash outflow from operating activities	<u>(27)</u>	<u>(601)</u>

2. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2008	2007
	£'000	£'000
Increase in cash in the year	502	1,689
Cash (inflow)/outflow from debt and lease financing	36	5
Inception of loans	(1,817)	(3,535)
Loans repaid	574	440
Change in net debt resulting from cash flows	<u>(705)</u>	<u>(1,401)</u>
Non cash movements	(194)	23
Net debt at 1 January	(6,285)	(4,907)
Net debt at 31 December	<u>(7,184)</u>	<u>(6,285)</u>

3. ANALYSIS OF CHANGE IN NET DEBT

	At			At
	1 Jan	Cash	Non cash	31 Dec
	2008	flow	changes	2008
	£'000	£'000	£'000	£'000
Cash at bank and in hand	668	2	-	670
Overdrafts	(508)	500	-	(8)
	<u>160</u>	<u>502</u>	<u>-</u>	<u>662</u>
Debt due within one year				
- loan	(573)	574	(6,223)	(6,222)
- finance lease	(5)	36	(93)	(62)
Debt due after one year				
- loan	(5,862)	(1,817)	6,223	(1,456)
- finance lease	(5)	-	(89)	(94)
- loan arrangement fees	-	-	(12)	(12)
	<u>(6,285)</u>	<u>(705)</u>	<u>(194)</u>	<u>(7,184)</u>

NEWBURY RACECOURSE PLC

ACCOUNTING POLICIES

Year ended 31 December 2008

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

Accounting convention

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary Newbury Racecourse Enterprises Limited.

Revenue Recognition

Raceday income, including licence fee income and sponsorship, is recognised on the relevant raceday and membership income is recognised over the period of the membership. In 2008 the directors considered the classification of sponsorship income and decided that it would be more appropriate to disclose these amounts as revenue. The impact of changing this disclosure is £1,100,000 increase to turnover and cost of sales (2007:£1,100,000). The comparatives have been restated to reflect this change of classification.

Other income streams are also recognised over the period to which they relate, for example, conference income is recognised on the day of the conference, nursery income is recognised as the child attends the nursery.

Repairs and renewals

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

Investment

The investment is stated at cost less provision for any impairment.

Dividends

Where dividends are declared, appropriately authorised (and hence no longer at the discretion of the group) after the balance sheet date but before the relevant financial statements are authorised for issue, the dividends are not recognised as a liability at the balance sheet date because they do not meet the criteria of a present obligation in FRS 12.

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 revalued amounts over the estimated lives of the assets as below:

Freehold land and buildings and outdoor fixtures	-	2% - 5% straight line
Tractors and motor vehicles	-	15% - 25% reducing balance
Fixtures and Fittings	-	15% - 25% reducing balance

Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the cost of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Operating lease cost is recognised in the profit and loss account in equal amounts over the lease term.

NEWBURY RACECOURSE PLC

ACCOUNTING POLICIES (continued)

Year ended 31 December 2008

Investment income

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

Stocks

Stocks are valued at the lower of cost and net realisable value.

Tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associated where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Capital grants

Capital grants receivable from the Horserace Betting Levy Board ("HBLB") and other bodies in respect of the purchase of fixed assets are credited to a deferred capital grants reserve and are amortised to the profit and loss account over the expected useful life of the relevant asset, i.e. equal annual instalments of 2%-5% straight line for freehold buildings and 15%-25% reducing balance for other assets including outdoor fixtures.

Pensions

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

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

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

NEWBURY RACECOURSE PLC
ACCOUNTING POLICIES (continued)
Year ended 31 December 2008

Accounting for Share-based payments

The group has applied the requirements of FRS 20 (IFRS 2) Share-based Payment. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.

The group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

Finance Costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Financial Liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting its liabilities.

Bank Borrowings

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 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.

Derivative financial instruments

The group uses derivative financial instruments to reduce exposure to interest rate movements. The group does not hold or issue derivative financial instruments for speculative purposes.

The group has an interest rate cap. Interest income arising under that cap is recognised by reducing the interest payable on the underlying debt.

NEWBURY RACECOURSE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

1. TURNOVER

Turnover, which arises solely in the United Kingdom, represents admissions to the racecourse, catering, hospitality sales, sponsorship, annual membership fees and all income from the provision of services for race meetings, net of value added tax where applicable. It also includes income from conference and events, the golf club and fees for the Rocking Horse Nursery net of value added tax where applicable.

As disclosed within the accounting policies, during 2008 the directors considered the classification of sponsorship income and decided that it would be more appropriate to disclose these amounts as revenue. The comparatives have been restated to reflect this change of classification.

Segmental Analysis

		Gross Profit	Operating Profit / (Loss) before Excep'ls	Except-ional items	Profit / (Loss) before Tax	Net Assets*
	Turnover	£'000	£'000	£'000	£'000	£'000
2008						
Trading	10,151	1,566	(743)	(566)	(1,358)	16,838
Property	-	-	(28)	1,488	1,155	(1,235)
Nursery	618	128	128	-	128	113
Golf	228	(21)	(21)	-	(21)	357
	<u>10,997</u>	<u>1,673</u>	<u>(664)</u>	<u>922</u>	<u>(96)</u>	<u>16,073</u>

		Gross Profit	Operating Profit / (Loss) before Excep'ls	Except-ional items	Profit / (Loss) before Tax	Net Assets*
	Turnover	£'000	£'000	£'000	£'000	£'000
2007 as restated						
Trading	6,644	1,357	(182)	(1,070)	(1,563)	13,948
Property	-	-	-	(813)	(813)	594
Nursery	642	127	127	-	127	126
Golf	228	-	-	-	-	388
	<u>7,514</u>	<u>1,484</u>	<u>(55)</u>	<u>(1,883)</u>	<u>(2,249)</u>	<u>15,056</u>

In the 2007 financial statements the "Racecourse" caption included racecourse trading (now included within "Trading") and Property development (now separately disclosed), Conference and Event is now included within "Trading"

*Net assets represents fixed assets less deferred income for property, nursery and golf; all working capital is included within the "Trading" company.

NEWBURY RACECOURSE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

2. EXCEPTIONAL ITEMS

	2008	2007
Operating	£'000	£'000
Cost of sales – HBLB revenue grant waived	-	(407)
Operating Income		
Masterplanning fees	1,500	-
Administration expenses		
Masterplan fees written off	(12)	(813)
Bid defence fees	(271)	(552)
Catering start-up	(26)	(111)
Personnel expenses	(269)	-
	(578)	(1,476)
Total	922	(1,883)

Cost of sales

The HBLB provides revenue grants to racecourses to support the holding of race meetings. These revenue grants can be waived by racecourses and transferred to 'capital credits'. Such capital credit grants may be claimed by racecourses, but at the HBLB's discretion, against expenditure on approved capital projects. No grants have been waived by the company in the year (2007: £407,000). These are shown as an exceptional operating cost. No capital credits have been claimed against expenditure on capital projects during the year (2007: £407,000) and these are included within deferred capital grants. Deferred capital grants are not repayable and are released to the profit and loss account over the life of the asset to which they relate.

Masterplanning fees – operating income

Fees relating to the planning strategy and application, feasibility studies and public relations strategy were written off to the profit and loss account as exceptional administrative expenses in prior years (2007: £813,000). Following the exchange of contracts with David Wilson Homes (DWH) for the redevelopment of the Company's surplus land assets, DWH were recharged £1.5million in respect of the masterplanning fees incurred to date by the Company. This receipt is shown as exceptional operating income.

Masterplanning - expenses

Consultants fees have been incurred in connection with the masterplan exercise. Where the costs relate to the design of the racecourse infrastructure or the new bridge access the fees have been capitalised and included within Freehold Land and Buildings within Tangible Fixed Assets; these costs will not be depreciated until they are brought into use. Fees relating to the planning strategy and application, feasibility studies and public relations strategy have been written off to the profit and loss account as exceptional administrative expenses of £12,000 (2007: £813,000). Following the exchange of contracts David Wilson Homes bear the costs of pursuing the outline planning application. The ongoing costs to the company of managing the contract are shown as property operating costs.

Bid defence

On 14 November 2007 GPG made an offer to acquire the shares of the company. The offer was subsequently rejected by shareholders. The balance of the defence and EGM costs of £271,000 have been charged to the profit and loss account in 2008 (2007: £552,000).

NEWBURY RACECOURSE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

2. EXCEPTIONAL ITEMS (continued)

Catering start-up

In 2007 the board decided to take in house the provision of catering services at the racecourse from 1 January 2008. Exceptional costs of £26,000 were incurred as part of the set up of this new business (2007: £111,000).

Personnel expenses

All of the 140,000 share options were exercised in the period resulting in exceptional national insurance and PAYE charges for the company. In addition a payment covering Mark Kershaw's notice period was made (note 5).

3. OTHER OPERATING INCOME

	2008	2007
	£'000	£'000
Hire of land and buildings	97	67
Masterplanning fees	1,500	
Other	31	16
	<u>1,628</u>	<u>83</u>

4. OPERATING PROFIT /(LOSS)

	2008	2007
	£'000	£'000
This is stated after charging:		
Depreciation (note 11) of which £36,931 relates to assets held under finance leases (2007: £4,116)	997	928
Auditors' remuneration		
Fees payable to the company's auditors for the audit of the Group's annual accounts	26	26
Fees payable to the company's auditors for other services to the Group		
- interim review	5	5
- bid defence	8	9
	<u>39</u>	<u>40</u>
Tax Services		
- tax compliance	10	9
- tax advisory	11	35
- bid defence	31	16
	<u>52</u>	<u>60</u>
Total fees	<u>91</u>	<u>100</u>
And after crediting:		
HBLB contributions to prizemoney	(2,414)	(1,849)
Amortisation of deferred capital grants	<u>(90)</u>	<u>(89)</u>

NEWBURY RACECOURSE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

4. OPERATING PROFIT/(LOSS) (continued)

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

Other services provided by the auditors comprise interim review fees, tax compliance and advice.

Waived Horserace Betting Levy Board prize money contributions were £Nil (2007: £407,000).

5. STAFF COSTS

GROUP AND COMPANY

Employee costs during the year (including directors):	2008	2007
	£'000	£'000
Wages and salaries	2,059	1,678
Social security costs	341	174
Share based payment	-	16
Other pension costs	111	96
	<u>2,511</u>	<u>1,964</u>
	Number	Number
Office and management	20	25
Catering	14	-
Ground, maintenance and security staff	15	18
Golf Course	3	3
Rocking Horse Nursery	22	25
	<u>74</u>	<u>71</u>
Directors' remuneration: emoluments	£'000	£'000
Executive directors *	448	336
Non Executive directors	-	-
	<u>448</u>	<u>336</u>
	£'000	£'000
Highest paid director *	<u>221</u>	<u>146</u>
*see also note 2		

Two directors (2007: Three) are members of money purchase pension schemes. Contributions paid by the company in respect of such directors were as follows:

	£'000	£'000
Directors	<u>17</u>	<u>24</u>

NEWBURY RACECOURSE PLC
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

5. STAFF COSTS (continued)

Employee share options

Employee	At 1 January 2008	Number of options Granted in year	Exercised in year	At 31 December 2008	Exercise price	Market price at exercise	Date from which exercisable	Expiry date
M J Kershaw	30,000	-	30,000	-	310p	1150p	16/08/2002	16/08/2009
M J Kershaw	15,000	-	15,000	-	660p	1150p	22/09/2003	22/09/2010
M J Kershaw	15,000	-	15,000	-	490p	1150p	16/11/2004	16/11/2011
M J Kershaw	15,000	-	15,000	-	460p	1150p	31/01/2006	31/01/2013
M J Kershaw	15,000	-	15,000	-	520p	1150p	18/09/2006	18/09/2013
M J Kershaw	10,000	-	10,000	-	717.5p	1150p	25/10/2007	25/10/2014
S Hordem	5,000	-	5,000	-	490p	1150p	16/11/2004	16/11/2011
S Hordem	10,000	-	10,000	-	460p	1150p	31/01/2006	31/01/2013
S Hordem	10,000	-	10,000	-	520p	1150p	18/09/2006	18/09/2013
S Hordem	10,000	-	10,000	-	717.5p	1150p	25/10/2007	25/10/2014
L M Ward	5,000	-	5,000	-	520p	1150p	18/09/2006	18/09/2013
	<u>140,000</u>	<u>-</u>	<u>140,000</u>	<u>-</u>				

The above options were held under an Executive Share Option Scheme. All the options detailed above were exercised in the year. The market price of the shares at 31 December 2008 was 975p and the range during the year ended 31 December 2008 was 945p to 1150p.

6. INTEREST RECEIVABLE AND OTHER INVESTMENT INCOME

	2008 £'000	2007 £'000
Bank interest	<u>59</u>	<u>-</u>

NEWBURY RACECOURSE PLC
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£'000	£'000
Bank overdraft and loan	408	311
Pension scheme liabilities	5	-
	413	311

8. TAXATION

	2008	2007
	£'000	£'000
Charge for the year at 28% (2007: 30%)	-	-
Adjustments in respect of prior years	-	-
Total current tax	-	-
Deferred taxation		
Origination and reversal of timing differences	(41)	(131)
Adjustment in respect of prior years	(392)	-
Share-based payments	-	(47)
Total deferred tax	(433)	(178)
Timing difference original and reversal in connection with the pension deficit	-	-
Tax credit	(433)	(178)

The above includes £7,000 (2007: £31,000) in respect of exceptional items detailed in note 2.

NEWBURY RACECOURSE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

8. TAXATION (continued)

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2007: 30%). The actual tax charge for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation

	2008 £'000	2007 £'000
Loss on ordinary activities before tax	(96)	(2,249)
Tax on loss on ordinary activities at the standard rate	(26)	(675)
Expenses not deductible for tax purposes	261	560
Capital allowances in excess of depreciation	(130)	(31)
Creation / utilisation of tax losses	148	162
Employee Share Scheme deduction	(253)	-
Share-based payments	-	47
Timing difference in origination and reversal in connection with the corporation tax rate change to 28%	-	(63)
Total actual amount of current tax	<u>-</u>	<u>-</u>

Deferred tax has not been provided on revaluations of fixed assets. This tax will only become payable if the assets are sold and rollover relief is not obtained. The estimated amount of tax that would become payable in these circumstances is £21,000 (2007: £21,000).

9. PROFIT/(LOSS) OF PARENT COMPANY

As permitted by section 230 of the Companies Act, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial year amounted to £325,000 (2007: loss of £2,081,000).

NEWBURY RACECOURSE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

10. EARNINGS/(LOSS) PER SHARE

Basic profit per share is calculated by dividing the profit attributable to ordinary shareholders for the year ended 31 December 2008 of £337,000 (2007: £2,071,000 loss) by the weighted average number of ordinary shares during the year of 3,122,366 (2007: 3,044,333).

For 31 December 2007 diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to 3,118,007 on the assumption that conversion of all 140,000 dilutive potential ordinary shares occurs. The group has only one category of dilutive potential ordinary share, those share options granted where the exercise price is less than the average price of the company's ordinary shares in the year.

As at 31 December 2008 all share options have been exercised and therefore the diluted earnings per share is the same as the basic earnings per share.

11. 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				
At 1 January 2008	28,127	4,412	292	32,831
Additions	31	844	16	891
At 31 December 2008	<u>28,158</u>	<u>5,256</u>	<u>308</u>	<u>33,722</u>
Depreciation				
At 1 January 2008	6,296	2,420	233	8,949
Charge for year	615	364	18	997
At 31 December 2007	<u>6,911</u>	<u>2,784</u>	<u>251</u>	<u>9,946</u>
Net book value				
At 31 December 2008	<u>21,247</u>	<u>2,472</u>	<u>57</u>	<u>23,776</u>
At 31 December 2007	<u>21,831</u>	<u>1,992</u>	<u>59</u>	<u>23,882</u>

NEWBURY RACECOURSE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

11. TANGIBLE FIXED ASSETS (continued)

GROUP

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly the book values at implementation have been retained. 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 £21,172,000 (2007: £21,756,000).

The net book value of £23,822,000 includes the following amounts in respect of assets held under finance leases:

	2008	2007
	£'000	£'000
Fixtures, Fittings and Equipment	<u>158</u>	<u>12</u>

Finance lease depreciation for the year amounted to £36,931 (2007: £4,116).

COMPANY	Freehold land and buildings and outdoor fixtures £'000	Fixtures fittings and equipment £'000	Tractors and motor vehicles £'000	Total £'000
Cost or valuation				
At 1 January 2008	27,010	4,412	292	31,714
Additions	31	844	16	891
At 31 December 2008	<u>27,041</u>	<u>5,256</u>	<u>308</u>	<u>32,605</u>
Depreciation				
At 1 January 2008	6,296	2,420	233	8,949
Charge for year	615	364	18	997
At 31 December 2008	<u>6,911</u>	<u>2,784</u>	<u>251</u>	<u>9,946</u>
Net book value				
At 31 December 2008	<u>20,130</u>	<u>2,472</u>	<u>57</u>	<u>22,659</u>
At 31 December 2007	<u>20,714</u>	<u>1,992</u>	<u>59</u>	<u>22,765</u>

The net book value of freehold land and buildings determined by the historical cost convention is £20,055,000 (2007: £20,639,000). Amounts held under finance leases are the same as for the group.

NEWBURY RACECOURSE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

12. INVESTMENTS

COMPANY	2008 £'000	2007 £'000
Shares in subsidiary undertakings	7,703	7,703
	<u>7,703</u>	<u>7,703</u>

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. Newbury Racecourse plc holds 100% of the ordinary share capital and voting rights.

The group has unlisted investments of one share in Racecourse Media Services Ltd (RMS) which owns 50% of Amalgamated Racing Ltd (Turf TV) and 12,000 £1 shares in Super 12 Racing Limited. The directors have reviewed the valuation of the investment in Super 12 Racing Limited and they do not consider it to be recoverable.

13. 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.

	2008 £'000	2007 £'000
Catering	120	-
Sundry	40	26
	<u>160</u>	<u>26</u>

NEWBURY RACECOURSE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

14. DEBTORS

Amounts due within one year:

GROUP	2008 £'000	2007 £'000
Trade debtors	1,164	1,244
VAT	-	37
Other debtors	224	50
Prepayments and accrued income	126	81
	<u>1,514</u>	<u>1,412</u>

Amounts due within one year:

COMPANY	2008 £'000	2007 £'000
Trade debtors	1,153	1,244
Amounts owed by subsidiary undertakings	1,109	1,096
VAT	-	37
Other debtors	224	50
Prepayments and accrued income	126	81
	<u>2,612</u>	<u>2,508</u>

Amounts due in more than one year:

GROUP AND COMPANY	2008 £'000	2007 £'000
Trade debtors	54	39
	<u>54</u>	<u>39</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP AND COMPANY

	2008 £'000	2007 £'000
Bank overdraft loan	8	508
AIB Loans	5,982	133
Obligations under finance leases	62	5
HBLB loans	240	440
Trade creditors	605	1,007
Other taxes and social security	132	61
Other creditors	19	19
Accruals and deferred income (note 19)	1,168	2,114
	<u>8,216</u>	<u>4,287</u>

Post year end the AIB facilities have been renegotiated, see note 17 for further details.

NEWBURY RACECOURSE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

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

GROUP	2008	2007
	£'000	£'000
Obligations under finance leases	94	5
HBLB loans	240	480
AIB Loans	1,229	5,382
	<u>1,563</u>	<u>5,867</u>
COMPANY	2008	2007
	£'000	£'000
Obligations under finance leases	94	5
HBLB loans	240	480
AIB Loans	1,229	5,382
Amounts owed to subsidiary undertakings	7,511	7,508
	<u>9,074</u>	<u>13,375</u>

Post year end the AIB facilities have been renegotiated, see note 17 for further details.

17. LOANS

GROUP AND COMPANY

Analysis of HBLB and AIB loan repayments:	2008	2007
	£'000	£'000
Within one year	6,246	573
Between one and two years	1,035	4,423
Between two and five years	438	1,479
More than five years	-	-
Loan arrangement fees	(28)	(40)
	<u>7,691</u>	<u>6,435</u>
Analysis of overdraft repayments:	2008	2007
	£'000	£'000
Within one year	8	508
	<u>8</u>	<u>508</u>
Analysis of finance lease obligations:	2008	2007
	£'000	£'000
Within one year	62	5
Between one and two years	94	5
Between two and five years	-	-
	<u>156</u>	<u>10</u>

Finance lease obligations are secured on the assets to which they relate.

NEWBURY RACECOURSE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

17. LOANS (continued)

Under an agreement dated 7 December 2007 Allied Irish Bank granted the group the following facilities:

Facility	Purpose	Repayment terms	Interest	Amount drawn
£4,866,000	Property fees	Bullet repayment after two years	Base +1.1%	£4,280,248
£1,706,000	Property fees	Bullet repayment after two years	Base + 1.1%	£1,560,595
£750,000	Pigeon Farm purchase	Repayable after two years over three years	Base +1.5%	£752,438
£750,000	Catering investment	Repayable over five years	Base +1.25%	£618,127
£100,000	Ticketing system	Repayable over five years	Base +1.25%	Nil
£1,000,000	Overdraft	Repayable on demand	Base +1.5%	£8,582

The loans are secured by a first charge over the group's property subject to a Deed of Priority dated 17 December 2007 between the HBLB, Allied Irish Bank and HSBC Bank plc.

Under an agreement dated 31 March 2004 the Horserace Betting Levy Board (HBLB) granted the group an interest free loan of £1,000,000 repayable between 2004 and 2008 for the refurbishment of the Hampshire stand.

Under an agreement dated 17 November 2004 the Horserace Betting Levy Board (HBLB) granted the group an interest free loan of £3,000,000 repayable between 2006 and 2013 for the construction of the new access. £1,800,000 remained to be drawn down and was contingent on the commencement of the construction of the access. The access will now be undertaken by the developer and the company has confirmed to the HBLB that this sum will not be drawn down. The loans are secured by a first charge over the group's freehold property subject to a Deed of Priority dated 17 December 2007 between the Horserace Betting Levy Board, Allied Irish Bank, and HSBC Bank plc.

After the balance sheet date the Allied Irish Bank facilities were renewed, comprising £6,572,000 repayable in March 2011 at an interest rate of LIBOR plus 2.5% with a 1% fee on settlement, £1,000,000 repayable in March 2011 at an interest rate of LIBOR plus 3%, £1,364,000 repayable in December 2012 at an interest rate of LIBOR plus 3%, and an overdraft of £750,000 repayable on demand at in interest rate of base rate plus 3%.

NEWBURY RACECOURSE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

18. PROVISIONS FOR LIABILITIES

DEFERRED TAX: GROUP AND COMPANY

	2008	2007
	£'000	£'000
Provision for deferred taxation consists of the following amounts:		
Capital allowances in excess of depreciation	1,091	1,186
Tax Losses	(774)	(389)
Tax on share-based payments	-	(47)
	<u>317</u>	<u>750</u>
	2008	2007
	£'000	£'000
At 1 January	750	928
Credit for the year	(433)	(178)
At 31 December	<u>317</u>	<u>750</u>

19. ACCRUALS AND DEFERRED INCOME

GROUP AND COMPANY

	2008	2007
	£'000	£'000
Deferred capital grants	3,612	3,702
Other accruals and deferred income (included in creditors - amounts falling due within one year)	1,168	2,114
	<u>4,780</u>	<u>5,816</u>

Analysis of movements on capital grants:

	£'000
Balance at 1 January 2008	3,702
Capital grants received in the year	-
Capital grants credited to the profit and loss account	(90)
Balance at 31 December 2008	<u>3,612</u>

NEWBURY RACECOURSE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

20. SHARE CAPITAL

	2008	2007
	£'000	£'000
Authorised		
4,000,000 ordinary shares of 10p each	<u>400</u>	<u>400</u>
Allotted and fully paid		
3,184,333 ordinary shares of 10p each (2007: 3,044,333)	<u>318</u>	<u>304</u>

During the year the company allotted 140,000 shares for a total consideration of £704,000. The shares were allotted as a result of share options being exercised, the details of which are in note 5.

21. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT ON RESERVES

GROUP

	Share capital	Share premium	Share payment reserve	Revaluation reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2007	304	3,978	152	75	8,904	13,413
Loss for the year to 31 December 2007	-	-	16	-	(2,071)	(2,055)
Actuarial loss and associated deferred tax	-	-	-	-	(4)	(4)
At 31 December 2007	<u>304</u>	<u>3,978</u>	<u>168</u>	<u>75</u>	<u>6,829</u>	<u>11,354</u>
Profit for the year to 31 December 2008	-	-	-	-	337	337
Shares options exercised	14	690	(168)	-	168	704
Actuarial gain and associated deferred tax	-	-	-	-	66	66
At 31 December 2008	<u>318</u>	<u>4,668</u>	<u>-</u>	<u>75</u>	<u>7,400</u>	<u>12,461</u>

NEWBURY RACECOURSE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

**21. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
AND STATEMENT OF MOVEMENT ON RESERVES (continued)**

COMPANY

	Share capital £'000	Share premium £'000	Share payment reserve £'000	Revaluation reserve £'000	Other Reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2007	304	3,978	152	75	198	8,875	13,582
Loss for the year to 31 December 2007	-	-	16	-	-	(2,081)	(2,065)
Actuarial loss and associated deferred tax	-	-	-	-	-	(4)	(4)
At 31 December 2007	<u>304</u>	<u>3,978</u>	<u>168</u>	<u>75</u>	<u>198</u>	<u>6,790</u>	<u>11,513</u>
Profit for the year to 31 December 2008	-	-	-	-	-	325	325
Shares options exercised	14	690	(168)	-	-	168	704
Actuarial gain and associated deferred tax	-	-	-	-	-	66	66
At 31 December 2008	<u>318</u>	<u>4,668</u>	<u>-</u>	<u>75</u>	<u>198</u>	<u>7,349</u>	<u>12,608</u>

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

NEWBURY RACECOURSE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

22. PENSION SCHEMES

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 £111,000 (2007: £96,000). There were £13,908 (2007: £9,000) 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 2003. A lump sum contribution of £300,000 was made prior to 31 December 2003. Further contributions will be subject to the requirements of future actuarial valuations. 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 2005, the most significant assumptions being an investment return of 6% and salary increases of 5% per annum. The 2008 triennial valuation is being completed at present.

As at 1 July 2005, the market value of the scheme assets was £1,314,000 and the actuarial value of the assets was sufficient to fund 73% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The group has made no contributions to the scheme since the lump sum contribution of £300,000 in December 2003. Further contributions will be subject to the requirements of future actuarial valuations.

The actuarial valuation described above has been updated at 31 December 2008 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued for this purpose at fair value. The major assumptions used for calculating the liabilities at 31 December 2007 under FRS 17 are as follows:

NEWBURY RACECOURSE PLC
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

22. PENSION SCHEME (continued)

Disclosure of actuarial assumptions

	2008	2007	2006	2005	2004
	%	%	%	%	%
Rate of increase in salaries	3.8	4.2	3.9	4.3	4.3
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	2.8	3.2	2.9	2.8	2.75
Discount rate (pre and post retirement)	6.5	5.7	5.1	4.7	5.3
Inflation assumption	2.8	3.2	2.9	2.8	2.8

Disclosure of fair values of assets and expected rates of return

	Expected rate of return	Fair value	Expected rate of return	Fair value	Expected rate of return	Fair value
	2008	2008	2007	2007	2006	2006
	%	£'000	%	£'000	%	£'000
Group Pension Contract	4.7	1,211	5.7	1,446	5.4	1,613
Cash	3.8	(4)	4.5	(5)	4.5	(6)
Annuity Contracts	6.5	791	5.7	862	5.1	737
Total		<u>1,998</u>		<u>2,303</u>		<u>2,344</u>

	Expected rate of return	Fair value	Expected rate of return	Fair value
	2005	2005	2004	2004
	%	£'000	%	£'000
Group Pension Contract	5.0	1,292	5.4	1,307
Cash	4.3	(4)	4.8	2
Annuity Contracts	4.7	788	5.2	783
Total		<u>2,076</u>		<u>2,092</u>

NEWBURY RACECOURSE PLC
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

22. PENSION SCHEME (continued)

Amounts included as other finance income	2008	2007
	£'000	£'000
Expected return on scheme assets	130	120
Interest cost	(135)	(120)
Net finance charge	<u>(5)</u>	<u>-</u>

Amounts included in the Statement of Total Recognised Gains and Losses

	2008	2007
	£'000	£'000
Difference between actual and expected return on scheme assets	(368)	(18)
Experience losses arising on the scheme liabilities	22	(51)
Effects of changes in assumptions underlying the present value of scheme liabilities	437	66
Total actuarial gain / (loss) recognised in the Statement of Total Recognised Gains and Losses	<u>91</u>	<u>(3)</u>

Reconciliation of scheme assets and liabilities to the balance sheet date

	2008	2007	2006	2005	2004
	£'000	£'000	£'000	£'000	£'000
Fair value of scheme assets	1,998	2,303	2,344	2,076	2,092
Present value of scheme liabilities	(2,005)	(2,396)	(2,434)	(2,855)	(2,469)
Actuarial deficit	<u>(7)</u>	<u>(93)</u>	<u>(90)</u>	<u>(779)</u>	<u>(377)</u>
Related deferred tax	2	26	27	234	113
Net pension liability	<u>(5)</u>	<u>(67)</u>	<u>(63)</u>	<u>(545)</u>	<u>(264)</u>

NEWBURY RACECOURSE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

22. PENSION SCHEME (continued)

Movement in the scheme liability during the year	2008 £'000	2007 £'000
Deficit in the scheme at the beginning of the year	(93)	(90)
Movement in the year		
Other finance cost	(5)	-
Actuarial gain /(loss)	91	(3)
Deficit in the scheme at the end of the year	<u>(7)</u>	<u>(93)</u>

Impact of pension scheme deficit

	2008 £'000	2007 £'000
Profit and loss reserve excluding pension liability	7,405	6,896
Pension deficit	(5)	(67)
Profit and loss reserve including pension deficit	<u>7,400</u>	<u>6,829</u>

History of experience gains and losses

	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Difference between the expected and actual return on scheme assets					
Amount	(368)	(18)	239	21	1
Percentage of scheme assets	(18.4%)	(0.8%)	10.2%	1.0%	0%
Experience (losses) / gains arising on the scheme liabilities:					
Amount	22	(51)	(38)	(45)	(20)
Percentage of scheme liabilities	1.1%	(2.2%)	(1.6%)	(1.6%)	0.8%
Effects of changes in assumptions underlying the present value of scheme liabilities					
Amount	437	66	521	(362)	(72)
Percentage of scheme liabilities	21.8%	2.8%	21.4%	(12.7%)	(2.9%)

NEWBURY RACECOURSE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

23. FINANCIAL INSTRUMENTS

Fair value of financial instruments

A comparison of current and book values of all the group's financial instruments as at 31 December 2008 is provided below. Where market prices are not available for a particular instrument, fair values have been calculated by discounting cash flow at prevailing interest rates.

The financial risk management section of the directors report provides an explanation of the role that financial instruments have had during the period in creating or changing the risks that the group faces in its activities. The explanation summarises the objectives and policies for holding and issuing financial instruments and similar contracts, and the strategies for achieving these objectives which have been followed in the period.

The numerical disclosures within this note deal with financial assets and financial liabilities as defines in FRS13 "Derivatives and Other Financial Instrument Disclosures". Certain financial assets, such as investments in subsidiary, are excluded from the scope of these disclosures.

As permitted by FRS13, short term debtors and creditors have been excluded from the disclosure.

	Book value 2008 £'000	Fair value 2008 £'000	Book value 2007 £'000	Fair value 2007 £'000
Primary financial instruments held to finance the group's operations				
Cash at bank and in hand	670	670	668	668
Borrowings due within one year	(6,266)	(5,474)	(1,086)	(1,049)
Borrowings due after more than one year	(2,695)	(1,226)	(5,867)	(5,098)
Derivative financial instruments held to manage interest rate profile				
Interest rate cap	-	-	-	-
	<u>(8,291)</u>	<u>(6,030)</u>	<u>(6,285)</u>	<u>(5,479)</u>

NEWBURY RACECOURSE PLC
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

23. FINANCIAL INSTRUMENTS (continued)

Maturity profile of financial instruments

	Variable rate 2008 £'000	Fixed rate 2008 £'000	Interest free 2008 £'000	Variable rate 2007 £'000	Fixed rate 2007 £'000	Interest free 2007 £'000
Within one year or less on demand	6,071	-	245	641	-	445
More than one year but not more than two years	889		240	4,183	-	245
More than two years but not more than five years	438	-	-		-	240
More than five years	-	-	-	1,239	-	-
	<u>7,398</u>	<u>-</u>	<u>485</u>	<u>6,063</u>	<u>-</u>	<u>930</u>

Interest rate profile of financial instruments

	2008	2007
Floating	<i>1. % to 1.5% over base</i>	<i>1. % to 1.5% over base</i>
	2008	2007
Weighted average period on which no interest is paid	2 years	2 years

Financial instruments of overdraft and HBLB and AIB loans have been used in the period to fund masterplanning costs, bid defence costs and the catering business.

NEWBURY RACECOURSE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

24. SHARE-BASED PAYMENTS

The group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Options are exercisable at the prices as stated in Note 5. The vesting period is 3 years. If the options remain unexercised after a period of 7 years from vesting, the options expire. Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations. The Group has recognised a total expense of £Nil (2007: £16,000) related to equity-settled share-based payment transactions.

An exceptional administrative expense of £67,000 has been incurred in respect of the national insurance and tax contributions payable on the exercise of share options in the year.

	2008		2007	
	Number of share options	Weighted average exercise price in £	Number of share options	Weighted average exercise price in £
Outstanding at the beginning of period	<u>75,000</u>	<u>-</u>	<u>75,000</u>	<u>5.53</u>
Outstanding at the end of the period	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>5.53</u>
Exercisable at the end of the period	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>5.53</u>

All 140,000 share options were exercised in the period.

The inputs to the Black-Scholes Model are as follows:

	2008	2007
Weighted average share price	-	£5.53
Weighted average exercise price	-	£5.53
Expected volatility	-	28.37
Expected Life in years	-	9
Risk free rate	-	4.6%
Expected dividend yield	-	5 p per

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous 11 years.

NEWBURY RACECOURSE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

25. CONTINGENT LIABILITIES

Newbury Racecourse plc is a Respondent in appeal proceedings commenced by Bookmakers' Afternoon Greyhound Services Limited, Done Bros (Cash Betting) Limited, Ladbrokes Betting and Gaming Limited and William Hill Organization Limited (the "**Appeal**"). The Appeal is listed to commence on 12 May 2009.

At present, the Appellants have not quantified the damages sought in their claim and it is not possible to estimate what damage the Appellants may claim they have suffered (in the event of success in the Appeal) without this quantification. The costs of the First Instance proceedings have been settled between the parties. Amalgamated Racing Limited is currently paying the costs of the Appeal, however, all of the Appellants remain ultimately responsible and liable for their costs of the Appeal (these are currently estimated at approximately £400,000).

In the event that the Appeal is successful, the Appellants may be entitled to their entire costs of the litigation (i.e. First Instance and the Appeal) and these are estimated at approximately £7,200,000 (exclusive of interest). There are 23 Respondents in the Appeal and it is not possible to estimate the costs that Newbury Racecourse plc may itself have to bear in this context.

26. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption under FRS 8 not to disclose transactions between entities, 90% or more of whose voting rights are controlled within the group.

Turnover includes £243,000 (2007: £138,000) from Racing UK Limited in respect of licence fees and director's fees. S Hordern is a director of both Newbury Racecourse plc and Racing UK Limited.
