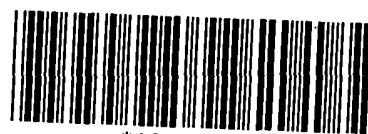

NEWBURY RACECOURSE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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COMPANIES HOUSE

COMPANY INFORMATION

Directors	D J Burke J Dodds Lady Lloyd-Webber N W E Penser B T Stewart-Brown M L Thompson	B R Burrough The Hon H M Herbert J McGrath C E Spencer J M Thick
Company secretary	C E Spencer	
Registered number	00080774	
Registered office	The Racecourse Newbury Berkshire RG14 7NZ	
Independent auditors	KPMG LLP Arlington Business Park Reading RG7 4SD	
Bankers	Royal Bank of Scotland Abbey Gardens Reading RG1 3BA	
	HSBC Bank plc 6 Northbrook Street Newbury RG14 1DJ	
	Weatherbys Bank Sanders Road Wellingborough NN8 4BX	
Solicitors	Pinsent Mason LLP 30 Crown Place London EC2A 4ES	
Registrars	Link Asset Services The Registry Beckenham BR3 4TU	
Corporate advisers	Strata Technology Partners LLP Kingsbury House London SE1Y 6QU	

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CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

2018 was another progressive and busy year for Newbury Racecourse. A year which saw positive financial growth in a number of key areas of the business and a year in which we completed our redevelopment of the external heartspace areas of the racecourse.

Financial Performance

Total turnover grew by 8% to £19.29m in 2018. We have seen improvements in trading performance across a number of areas of the business, with like for like growth in racing revenues of 7%, another excellent year for the Rocking Horse Nursery with growth in revenues of 10% and revenue from The Lodge hotel operation increasing by 20%. We also saw good recovery in the Conference and Events business with turnover up 22%.

Operating profits were £1.76m in year (2017: £0.78m), including exceptional profits of £0.92m (2017: £0.29m). Profit after tax was £1.79m (2017: £1.18m).

Racing Highlights

The action on the track in 2018 has once again been thrilling and of a very high quality, demonstrating our continued ability to attract the very best horses across both codes. Highlights early in the year included brilliant victories from both Altior and Native River on Betfair Super Saturday in February, with the former going on to win the Queen Mother Champion Chase and the latter winning the Cheltenham Gold Cup.

The 2018 flat season got underway with Dubai Duty Free Spring Trials Weekend and some striking performances which highlighted Classic credentials, including Derby contender, The Young Rascal and Lah Ti Dah who went onto Group 1 success later in the season. Another thrilling renewal of the Al Shaqab Lockinge, in May saw Rhododendron narrowly beat Lightning Spear to become the first filly to win the race since 2004 for Aidan O'Brien with over 11,000 racegoers attending the early summer showpiece.

Our first Party in the Paddock event for 2018 took place in July at the Weatherbys Super Sprint meeting, with a sell-out crowd of 20,000 enjoying Craig David who performed after an excellent day's racing, which also saw the introduction of the new JLT Cup for stayers, attracting a strong 16 runner field in its inaugural year. Our second Party in the Paddock event for the year saw the popular DJ band, Rudimental perform after racing on Betfred Ladies Day in August.

As we turned to the Jumps once more, Sizing Tennessee's hard-fought win in the second running of the Ladbrokes Trophy in early December, gave Colin Tizzard a one-two in the race with the two-day meeting seeing increased attendances year on year. This meeting continues to be a key priority for the business to grow and improve, both in stature and size.

The Development

The redevelopment of the racecourse continued throughout 2018 and the team, once again, did an outstanding job of delivering a full calendar of racing and events, in spite of the ongoing disruption. The re-modelling of the main parade ring and improvements to the customer areas behind the stands are now completed and we are delighted with the results and the positive feedback from patrons. The phased refurbishment of the Berkshire Stand and improvements to the wider infrastructure have continued and have significantly enhanced the visitor experience which will as a consequence help us to deliver improved financial returns in the future.

Having obtained planning consent in 2017 for a full re-development of the Pall Mall building, the Board have revisited the strategy for this facility and the decision has been taken to proceed with a reduced scheme, encompassing the Royal Box building only. This scheme will both restore the Royal Box, being our most prestigious facility, to its former glory and will also provide enhanced access, viewing and public facilities.

Following the completion of the major heartspace development works, the board instructed Savills to undertake a residual valuation of the land and major buildings. This valuation, which provided us with an estimate of the long-term residual value of the assets, together with a review of the useful economic lives of the major assets, was undertaken solely for the purpose of re-estimating the annual depreciation attributable to those assets and was not a full market valuation exercise. This has resulted in a reduction in the like for like annual depreciation charge of c. £0.59m, which is reflected in the profit and loss account. The board believes this fairly reflects the substance and long-term residual value of the assets which, as a result of the recent redevelopment of the racecourse and its facilities, will continue to provide significant future economic benefits to the business into the longer term.

The David Wilson Homes residential development is now more than halfway through, with c.930 homes out of the total 1,495 now built. Demand for new homes on the site remains positive and sales are broadly in line with expectations.

**CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

Outlook and Market Developments

Trading prospects for 2019 look satisfactory to date. We are seeing very strong sales for our two confirmed Party in the Paddock events, Tom Jones in July and Madness in August. February's Betfair Saturday was regrettably abandoned as a result of the equine influenza outbreak but was an insured fixture so the financial loss was mitigated. Our Conference and Events business has had a positive first quarter with business on the books up significantly on the prior year and growth across a number of key markets.

However, there are trading challenges to come, not least the now confirmed £2 cap on stakes for Fixed Odds Betting Terminals ("FOBTs"), which has taken effect from April 2019. This is predicted to have a significant negative impact upon betting shop profitability and, as a result, there could be a material reduction in the number of betting shops. The implications of such changes on the horse racing industry remain difficult to predict but it is very likely to have a material adverse impact on future contributions to prize money funding from the Horserace Betting Levy Board (HBLB) and the Company's revenues from media rights.

We intend to maintain our total prizemoney for 2019, in spite of the expected decline in funding from the HBLB and lower expected revenues from our media rights. Like many other racecourses, we will need to manage carefully our future prizemoney commitments in light of these developments.

As previously stated, given the additional investment in the racecourse and the current uncertainty around the financial impact of the FOBT situation, the Board have decided that any return to paying dividends or returning capital to shareholders is not now anticipated to 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 redevelopment has delivered a first class venue so we can continue to host racing of the highest quality, as well as having facilities which are well placed to meet the increasing demands of the modern day consumer, from horsemen and racegoers, to conference and hotel guests, nursery patrons and local residents. Our redevelopment should enable us to continue growing our well-diversified business activities and maximise the returns from our investments.

We were delighted to be named, once again, as one of the top racecourses in the UK by VisitEngland and, for the fourth 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 all customers for their ongoing support and patronage.



DOMINIC J BURKE
Chairman

2 May 2019

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018.

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 and an on-site hotel. 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 2018 was £1.48m (2017: £0.48m) which includes £0.92m of exceptional profits (2017: £0.29m exceptional profits).

Turnover increased by 8% (£1.49m) to £19.29m (2017: £17.81m). Overall racing revenues, excluding the impact of capital credits claimed, grew by 5% (£0.67m). Despite 2 abandonments in the year (2017: no abandonments) like for like growth in racing revenues was £0.86m (7%). Conference and Events revenues increased by 22% (£0.19m) on prior year. The Rocking Horse Nursery revenues showed growth of 10% (£0.13m) on 2017. The Lodge revenues increased by 20% (£0.17m) year on year.

Total costs increased by 7% to £18.45m (2017: £17.32m). A review of the residual values and useful economic lives of land and buildings resulted in a £0.59m reduction in the annual depreciation estimate charged to the profit and loss account.

Exceptional profits during 2018 were £0.92m (2017: £0.29m) being the reduction of a provision in connection with a contingent liability, net of the cost of writing off the carrying value of the old Pall Mall building and the movement in the fair value of the DWH debtor.

Operating profit before interest was £1.76m (2017: £0.78m).

The tax credit of £0.31m (2017: credit £0.71m) relates to the movement in deferred tax during the period.

Profit after tax was £1.79m (2017: £1.18m).

The decrease in cash reserves of £2.89m in the period (2017: £7.84m decrease) includes £3.25m of cash receipts from DWH in respect of properties sold in the period and is net of £6.01m of capital expenditure and tax instalment payments of £0.08m.

Racing

The accounts include a total of 30 days racing (2017: 29) comprising 11 days National Hunt racing (2017: 11) and 19 days flat racing (2017: 18).

As ever the racecourse hosted a full and high-quality racing programme during 2018, although two days in March were unfortunately abandoned due to snow (2017: no meetings abandoned).

Overall raceday attendances in 2018 decreased by 12% to 173,000 (2017: 196,000), primarily as a result of the two abandonments in early March and reduced attendances at Ladies Day in August which had delivered a sell-out crowd for Olly Murs the previous year.

May marked the fourth year of Al Shaqab's sponsorship of Lockinge Day, Newbury's richest race meeting, which was attended by c.11,000 racegoers. This meeting continues to be 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, The Ladbrokes Winter Carnival, at the beginning of December, marked the second year of our five year partnership with Ladbrokes. We and the sponsors were pleased to once again see strong attendances across the two day meeting of more than 23,000.

We continued to make further investment in our prize money, with an 11% (£0.23m) like for like increase in our contributions.

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

We are grateful to have received continued significant support from all of our sponsors, with particular thanks to Al Shaqab Racing, bet365, Betfair, Dubai Duty Free and Ladbrokes for their investment in 2018.

We hosted two successful music events in 2018 with Craig David in July and Rudimental DJ in August attracting total attendances in excess of 33,000.

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. £0.95m (26%), to £4.59m for the twelve months to 31 December 2018, representing c.24% of the Group's overall turnover and reflecting the continued strong performance in streaming and overseas activities of Racecourse Media Group, together with increased LBO income from the new agreement signed in April 2018.

Conference and Events

Conference and Events revenues increased by 22% (£0.19m) versus 2017, to £1.06m as a result of an 32% increase in event days.

Our restructured Conference & Events sales team have been and continue to be focused entirely on growing this part of our business, through proactive selling and relationship building within key sectors and with a number of agents. Despite the ongoing challenges of the redevelopment, we have seen a good level of recovery and we remain confident that with the redeveloped facilities the Conference and Events business performance will continue to improve.

Catering, Hospitality and Retail

Our catering, hospitality and retail business saw overall year on year growth in revenues of £0.12m. Raceday catering revenues were c.6% up on 2017 on a like for like basis, with conference catering revenues up c.18% as a result of the improved 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 10% to £1.43m and gross operating profits of £0.49m, an improvement of 18% on 2017. This has been driven by an average occupancy increase of 3% over the course of the year.

The Lodge

Turnover for The Lodge, our on-site hotel, increased by 20% year on year to £0.71m, driven by an average occupancy increase of 4%. Gross operating profits were £0.1m (2017 £0.1m).

The Redevelopment

The development of the racecourse heartspace continued throughout 2018, with the re-modelled parade ring, betting and retail pods, Southern Entrance and other landscaping works all completed at a total cost of £5.42m.

The enhancement of IT infrastructure across the site, has resulted in improved business technology resilience and capacity, together with an improved customer experience. The refurbishment of the Berkshire Stand and a programme of lift upgrades across the site, continues. These works are focused on enhancing the experience for all of our customers, whilst generating improved financial returns for the wider business in the longer term.

The Board have revisited the strategy for the former Pall Mall building and a decision made to proceed with a reduced scheme, encompassing the Royal Box building only at an estimated cost of £2.5m. The revised scheme removes the aged Pall Mall building which was reaching the end of its useful life and refurbishes the historic Royal Box building, including wholly improved accessibility and extended public conveniences.

The residential development continues to progress well, with the Central Area now completed and more than 90% sold and the Eastern Area construction well underway. DWH are now more than half way through the total build programme, with c. 930 homes out of the total 1,495, now built. Cash receipts from DWH from the sale of properties in 2018 were £3.25m, which was in accordance with our expectations.

The operational challenges, that the redevelopment inevitably presented during 2018, were proactively managed by the racecourse team alongside our development partners, minimising as far as possible disruption to our customers and neighbours.

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

KEY PERFORMANCE INDICATORS

The Group uses raceday attendance and trading operating profit as the primary performance indicators. Total attendance was 173,000 (2017: 196,000). Operating profit is shown within the profit and loss account on page 17.

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 and the foreseeable future thereafter. The extent of this review reflects the current economic climate, including Brexit, 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 are 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 has updated its committed 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 and banking facilities in place to continue in operational existence for the foreseeable future and the going concern basis has been adopted in preparing the financial statements.

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 2018 is 3% (2017: 2%) of the amounts invoiced by suppliers during the year. This percentage, expressed as a proportion of the number of days in the year, is 10 days (2017: 6 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 £3,560 to national charities (2017: £2,360).

This report was approved by the board and signed on its behalf by:



J M Thick
Chief Executive

2 May 2019

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Sponsors in the year to 31 December 2018

We would like to thank our leading sponsors for their significant support in 2018

Al Shaqab
bet365
Betfair
Betway
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	Laurent Perrier
AJC Premier	Matthew Fedrick Farrier
Alder Ridge Vineyard	Mirage Signs
Alexander Advertising	Mobile Pimm's Bars
Betfred	Newbury BID
Big Group Insight	Oakley Coachbuilders
BJP Insurance Brokers	Parkway Shopping
British Horse Society	Pertemps Group
Byerley Stud	Peter O'Sullivan Charitable Trust
Carter Jonas	Powersolve Electronics
Christopher Smith Associates LLP	Premier Food Courts
Coln Valley Stud	Prodec Networks
Comax	Pump Technology Ltd
Compton Beauchamp Estates Ltd	Qolcom
Conundrum Consulting Ltd	Racegoers Club
Crossland Employment Solicitors	Racing Welfare
CSP	Rayner Bosch Car Service
Dawnus	Relyon Cleaning Services
Denford Stud	R & M Electrical
Doom Bar	Ross Brooke Chartered Accountants
Donnington Grove Vets	Sportsguide
Dream Lodges	Solario Racing
Dreweatts & Bloomsbury Auctions	South Downs Water
Enotria	St.James's Place Wealth Management
Equine Productions	Starlight
Event Bar Management	Team Archie
Fuller Smith & Turner PLC	Thatcham Butchers
Gigaclear	TKP Surfacing
Goffs UK	T Tents
Greatwood	West Berkshire Brewery
Grundon	West Berkshire Mencap
Haynes Hanson & Clark	West Berkshire Racing Club
Heatherwold Stud	
Hot to Trot Racing Club	
Indzine	
Irish Thoroughbred Marketing	
Johnsons Stalbridge Linen Services	
KKA	
Ladyswood Stud	

There were also 7 races sponsored for birthdays, retirement or in memoriam.

GROUP DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors have pleasure in presenting their report and the Group and parent company financial statements for the year ended 31 December 2018.

RESULTS AND DIVIDEND

The profit for the year, after taxation, amounted to £1,792,000 (2017 - £1,183,000). 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 (2017: 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 2018. The net book value of the land held in the balance sheet is £14.2m.

DIRECTORS

The Directors who served during the year 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 2018	Beneficial interest 2017
D J Burke	48,333	43,333
B R Burrough (appointed 6 December 2018)	-	-
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	-	-
M L Thompson	-	-
R L Todd (deceased August 2018)	-	-

* N W E Penser is a director and shareholder of Compton Beauchamp Estates Ltd.

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.

**GROUP DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

DIRECTORS' COMMITTEES

The Directors serve on the following Committees:

Audit

B R Burrough (Chair)
D J Burke
J Dodds

Remuneration

B T Stewart-Brown (Chair)
D J Burke

Nomination

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

Directors' particulars are set out below:

Non-executive directors:

Dominic J Burke

Dominic Burke was appointed Vice Chairman of Marsh & McLennan Companies, Inc. (MMC) from 1st April, and was also named a member of its Group Executive Committee. This followed the acquisition by MMC of Jardine Lloyd Thompson Group plc where Dominic had been Group CEO for more than thirteen years. MMC employs around 75,000 people across some 130 countries and is the world's leading professional services firm in the areas of risk, strategy and people. 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, and has enjoyed numerous Group successes as an owner/breeder. She is a member of the Jockey Club. She is also a Director, Deputy Chairman of Really Useful Group and LW 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.

**GROUP DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

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.

Bryan Burrough

Bryan Burrough was a Managing Director of BlackRock Inc and subsequently a Senior Investment Director at Investec Wealth & Investment until he retired in 2017. He was an Investment Manager specialising in Charities. He has been High Sheriff of Essex and Master of the Worshipful Company of Distillers. He is an owner, mainly over jumps, and successes included Corbiere winning the Grand National.

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. He is also a non-executive director of Racecourse Media Group Ltd.

SHAREHOLDINGS

As at 31 December 2018 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	9.55%
N W E Penser	302,327	9.03%
Mr & Mrs A Stewart **	<u>128,000</u>	<u>3.82%</u>

* N W E Penser is a director and a shareholder of Compton Beauchamp Estates Ltd

** Beneficial interests held in nominee accounts

Company shares are traded upon NEX Exchange, <http://www.nexexchange.com>

GROUP DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

Disclosure of information to auditors

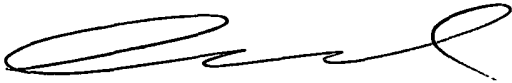
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditors

The auditors, KPMG LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



C E Spencer
Secretary
The Racecourse
Newbury
Berkshire
RG14 7NZ

2 May 2019

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the directors must not approve the Group and parent company 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable, relevant, reliable and prudent;
- for the Group and parent Company financial statements, 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 to enable them to ensure that the 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

INDEPENDENT AUDITORS' 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 2018, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated and Company Balance Sheets, Consolidated and Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes, including the accounting policies in note 2.

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 2018 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 UK accounting standards, including 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.

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 (unchanged from 2017):

Overview

Materiality: group financial statements as a whole	£192k (2017: £178.5k) 1% (2017: 1%) of Revenue
--	---

Coverage	100% (2017: 100%) of group profit before tax
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Key audit matters vs 2017

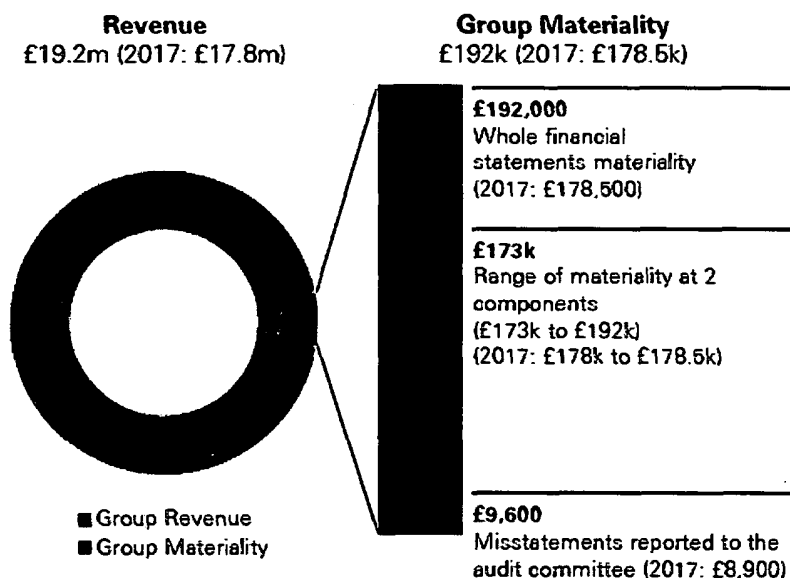
Recurring risks	Group Pension Obligation	◀▶
	David Wilson Homes Debtor Valuation	◀▶

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWBURY RACECOURSE PLC

Group and Parent Company KAM	The risk	Our response
<p>Group Pension Obligation (£3.1m; 2017: £3.6m)</p> <p>Refer to page 8 (Audit Committee Report), page 28 (accounting policy) and page 44 (financial disclosures).</p>	<p>Subjective Valuation:</p> <p>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.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> — 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.
<p>David Wilson Homes Debtor Valuation (£12.2m; 2017: £10.6m)</p> <p>Refer to page 10 (Audit Committee Report), page 25 (accounting policy) and page 32 (financial disclosures).</p>	<p>Subjective Valuation:</p> <p>There is a risk that the annual fair valuing of the receivable from David Wilson Homes is incorrectly calculated.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> — Our Sector Experience: Review the discount rate and net present value assumptions within the Fair Value calculation for appropriateness; — Vouching to Source Documents: 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 £192k (2017: £178.5k), determined with reference to a benchmark of Revenue (of which it represents 1% (2017: 1%). We consider Revenue to be the most appropriate benchmark as it provides a more stable measure year on year than group profit before tax. Materiality for the parent company financial statements as a whole was set at £173k (2017: £178k), determined with reference to a benchmark of company total assets, of which it represents 0.5% (2017: 0.6%), reduced for aggregation risk considered within the group. We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £9,600 (2017: £8,900), in addition to other identified misstatements that warranted reporting on qualitative grounds. Of the group's 2 (2017: 2) reporting components, we subjected 2 (2017: 2) to full scope audits for group purposes.



**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEWBURY RACECOURSE PLC
(CONTINUED)**

4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model, including the risk of Brexit and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources over this period were 2:

- The reliance on future receipts from commercial relationships; and
- Current covenant compliance and the ability to refinance

As these were risks that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit and the erosion of customer or supplier confidence, which could result in a rapid reduction of available financial resources.

Based on this work, we are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEWBURY RACECOURSE PLC
(CONTINUED)**

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 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 this respect.

7. Respective responsibilities

Directors' Responsibilities

As explained more fully in the Directors' Responsibilities Statement 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.

Auditors' 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 error, and to issue our opinion in an auditors' Report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council'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 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.



Simon Haydn-Jones (Senior Statutory Auditor)

for and on behalf of
KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Reading
RG7 4SD

3 May 2019

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Turnover	4	19,295	17,806
Cost of sales		(15,478)	(14,662)
Gross profit		3,817	3,144
Administrative expenses		(2,974)	(2,655)
Net exceptional items	5	915	290
Operating profit	6	1,758	779
Interest receivable and similar income	8	12	6
Interest payable and similar expenses	9	(287)	(307)
Profit before tax		1,483	478
Tax on profit	10	309	705
Profit after tax		1,792	1,183
Profit per share (basic and diluted) (Note 12)		53.5p	35.3p
All amounts derive from continuing operations			

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

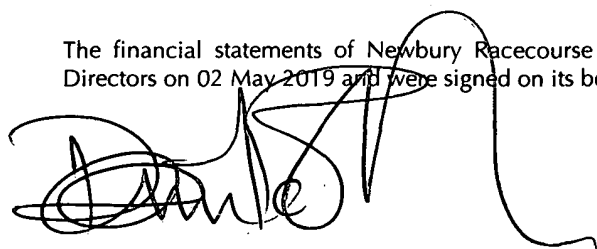
	Note	2018 £000	2017 £000
Profit for the financial year		1,792	1,183
Other comprehensive income			
Remeasurement of the net defined benefit schemes		418	115
Deferred tax on actuarial (loss)		(71)	(22)
Other comprehensive income for the year		<u>347</u>	<u>93</u>
Total comprehensive income for the year		<u><u>2,139</u></u>	<u><u>1,276</u></u>

The notes on pages 24 to 48 form part of these financial statements.

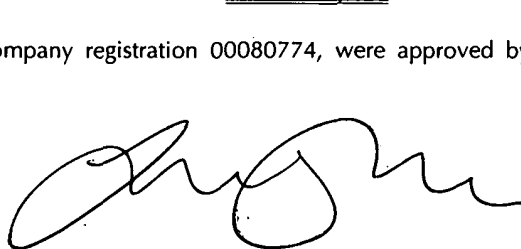
**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	13	38,490	33,560
Investments	14	117	117
Investment property	15	1,112	1,112
		39,719	34,789
Current assets			
Stocks	16	250	203
Debtors (amounts falling due after more than one year £13,403 (2017: £14,072))	17	20,079	26,065
Cash at bank and in hand		2,223	5,107
		22,552	31,375
Creditors: amounts falling due within one year	18	(5,110)	(5,965)
		17,442	25,410
Net current assets			
		57,161	60,199
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	19	(2,471)	(4,746)
Provisions for liabilities			
Provisions	21	(3,270)	(5,774)
Pension liability	24	(747)	(1,127)
		50,673	48,552
Net assets			
Capital grants			
Deferred capital grants	25	88	106
Capital and reserves			
Called up share capital	23	335	335
Share premium		10,202	10,202
Revaluation reserve	23	75	75
Capital redemption reserve	23	143	143
Profit and loss account		39,830	37,691
		50,585	48,446
Shareholders' funds			
		50,673	48,552

The financial statements of Newbury Racecourse PLC, Company registration 00080774, were approved by the Board of Directors on 02 May 2019 and were signed on its behalf by:



D J Burke
Chairman



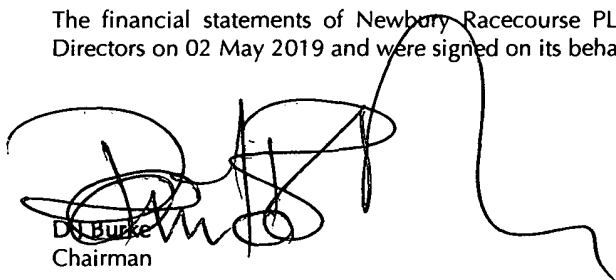
J M Thick
Director

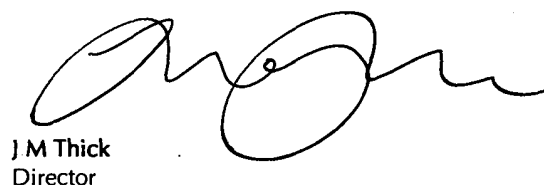
The notes on pages 24 to 48 form part of these financial statements.

**COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	13	38,485	33,555
Investments	14	7,820	7,820
		<u>46,305</u>	<u>41,375</u>
Current assets			
Stocks	16	250	203
Debtors (amounts falling due after more than one year £13,403 (2017: £14,072))	17	20,984	26,977
Cash at bank and in hand		2,219	5,104
		<u>23,453</u>	<u>32,284</u>
Creditors: amounts falling due within one year	18	(12,606)	(13,461)
		<u>10,847</u>	<u>18,823</u>
Net current assets		10,847	18,823
Total assets less current liabilities		57,152	60,198
Creditors: amounts falling due after more than one year	19	(2,471)	(4,746)
Provisions for liabilities			
Provisions	21	(3,270)	(5,774)
Pension liability	24	(747)	(1,127)
		<u>50,664</u>	<u>48,551</u>
Net assets		50,664	48,551
Capital grants			
Deferred capital grants	25	88	106
Capital and reserves			
Called up share capital	23	335	335
Share premium		10,202	10,202
Revaluation reserve	23	75	75
Capital redemption reserve	23	143	143
Other reserves	23	198	198
Profit and loss account		39,623	37,492
		<u>50,576</u>	<u>48,445</u>
Shareholders' funds		50,576	48,445
		<u>50,664</u>	<u>48,551</u>

The financial statements of Newbury Racecourse PLC, Company registration 00080774, were approved by the Board of Directors on 02 May 2019 and were signed on its behalf by:


D N Burke
Chairman


J M Thick
Director

The notes on pages 24 to 48 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2018	335	10,202	143	75	37,691	48,446
Profit for the year	-	-	-	-	1,792	1,792
Other comprehensive income	-	-	-	-	347	347
At 31 December 2018	<u>335</u>	<u>10,202</u>	<u>143</u>	<u>75</u>	<u>39,830</u>	<u>50,585</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2017	335	10,202	143	75	36,415	47,170
Profit for the year	-	-	-	-	1,183	1,183
Other comprehensive income	-	-	-	-	93	93
At 31 December 2017	<u>335</u>	<u>10,202</u>	<u>143</u>	<u>75</u>	<u>37,691</u>	<u>48,446</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 January 2018	335	10,202	143	75	198	37,492	48,445
Profit for the year	-	-	-	-	-	1,784	1,784
Other comprehensive income	-	-	-	-	-	347	347
At 31 December 2018	335	10,202	143	75	198	39,623	50,576

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 January 2017	335	10,202	143	75	198	36,240	47,193
Profit for the year	-	-	-	-	-	1,159	1,159
Other comprehensive income	-	-	-	-	-	93	93
At 31 December 2017	335	10,202	143	75	198	37,492	48,445

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £000	2017 £000
Cash flows from operating activities		
Profit for the financial year	1,792	1,183
Adjustments for:		
Exceptional items	(915)	(291)
Amortisation of capital grants	(18)	(17)
Depreciation charges	905	1,187
Interest paid	287	308
Interest received	(12)	(6)
Tax credit	(309)	(704)
(Increase)/decrease in stocks	(47)	21
Decrease/(increase) in debtors	2,374	(1,467)
(Decrease)/increase in creditors	(440)	645
Corporation tax paid	(78)	(927)
Other associated property receipts	40	-
Net cash generated from operating activities	3,579	(68)
Cash flows from investing activities		
Receipts from exceptional sale of fixed assets	3,252	3,146
Purchase of fixed assets	(6,011)	(7,914)
Sale of tangible fixed assets	-	16
Other associated property costs	(647)	(2,935)
Interest received	12	6
Net cash from investing activities	(3,394)	(7,681)
Cash flows from financing activities		
Repayment of CBEL loan	(3,000)	-
British Championship loan repayment	11	-
Loan finance issued	(69)	(78)
Interest paid	(11)	(13)
Net cash used in financing activities	(3,069)	(91)
Net (decrease) in cash and cash equivalents	(2,884)	(7,840)
Cash and cash equivalents at beginning of year	5,107	12,947
Cash and cash equivalents at the end of year	2,223	5,107
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,223	5,107
	2,223	5,107

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

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.

2. Accounting policies

2.1 Basis of preparation of financial statements

The Group and company financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements.

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; and
- No separate parent company Cash Flow Statement with related notes is included

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 3.

2.2 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.

2.3 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, including Brexit, 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 updated revolving credit facilities which are in place through to March 2022, to support trading requirements and committed loan repayments and covenants.

Following this review the Board has concluded that it has a reasonable expectation that the Group has adequate resources and banking facilities 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.

2.4 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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.4 Revenue recognition (continued)

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.

2.5 Investment property

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

2.6 Other investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.7 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.

2.8 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 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.9 Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold buildings and outdoor fixtures	- 2%	- 5% straight line
Tractors and motor vehicles	- 5%	- 10% straight line
Fixtures and fittings and equipment	- 2%	- 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date (see note 3).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Profit and Loss Account.

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.11 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.

2.12 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.

2.13 Non-recognised financial information

The profit and loss account includes measures which are not accounting measures under UK GAPP which are used to assess the financial performance of the business. These measures which are termed 'non-GAPP' include reference to EBITDA within the Strategic Report.

2.14 Cash and cash investments

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

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.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Profit and Loss Account in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.16 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.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.17 Current and deferred taxation (continued)

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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2.18 Grants

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 Profit and Loss Account as revenue in the month of the raceday, the corresponding debtor is carried on the Balance Sheet until the cash is received.

2.19 Pensions

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

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.

2.20 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.

2.21 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.

2.22 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 5 for further detail.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, 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 2018 amounted to £0.4m (2017: £0.5m). The total carrying value of capitalised design fees at 31 December 2018 is £1.5m. 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:

David Wilson Homes

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. Estimates include the current value of the land as determined by the agreed parameters of the land sale agreement with David Wilson Homes, together with the application of a suitable discount rate.

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 £39.6 million. No impairment loss was recognised in 2018 as there was no further indication of impairment required (2017: no impairment loss).

Residual values and useful economic lives

The Group's tangible fixed assets are reviewed, whenever there is a relevant change in circumstances or after relevant review, in order to assess whether the residual values and useful economic lives continue to be appropriate for calculating depreciation in the period. The reassessment of residual values and useful economic lives led to a reduction in depreciation of approximately £0.59m in the period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. TURNOVER

Trading turnover, which arises solely in the United Kingdom, represents admissions to the racecourse, catering, hospitality sales, 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 revenues 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. All turnover is generated by third parties.

Turnover by revenue stream

	2018 £000	2017 £000
Sale of goods	2,675	2,603
Rendering of services	14,569	13,532
HBLB Grants	2,051	1,671
Total	<u>19,295</u>	<u>17,806</u>

Segmental Analysis

	Turnover £000	Gross Profit £000	Profit/(Loss) Before Interest and Exceptional Items £000	Exceptional Items £000	Profit/(Loss) Before Tax £000	* Net Assets £000
2018						
Trading	17,082	3,146	373	(2)	96	30,185
Nursery	1,426	489	489	-	489	2,775
Lodge	710	105	105	-	105	1,150
Total	<u>19,218</u>	<u>3,740</u>	<u>967</u>	<u>(2)</u>	<u>690</u>	<u>34,110</u>
Property	77	77	(124)	917	793	16,563
Total	<u>19,295</u>	<u>3,817</u>	<u>843</u>	<u>915</u>	<u>1,483</u>	<u>50,673</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. TURNOVER (continued)

	Turnover £000	Gross Profit £000	Profit/(Loss) Before Interest and Exceptional Items £000	Exceptional Items £000	Profit/(Loss) Before Tax £000	* Net Assets £000
2017						
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

*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.

5. EXCEPTIONAL ITEMS

	2018 £000	2017 £000
Net book value of asset disposal	(2)	347
Other associated items	904	308
DWH debtor movement in fair value	13	(365)
	915	290

Other associated items are attributable to the reduction of a provision in connection with ongoing obligations related to the sale of land and redevelopment of the racecourse, net of the cost of writing off the carrying value of the Pall Mall building.

In accordance with note 2, accounting transactions related to the DWH agreement are considered outside the ordinary course of business.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. OPERATING PROFIT

The operating profit is stated after charging:

	2018 £000	2017 £000
Depreciation of plant and equipment	905	1,187
Amortisation of deferred capital grants	(18)	(17)
Auditors' remuneration	50	45
Tax services	<u>35</u>	<u>7</u>

Auditors remuneration relates to KPMG LLP which includes a fee in respect of the audit of the company subsidiary, Newbury Racecourse Enterprises Limited. Tax services, which include fees for tax compliance and tax advice, relate to Deloitte.

7. EMPLOYEES

Staff costs, including directors remuneration, were as follows:

	2018 £000	2017 £000
Wages and salaries	2,984	2,937
Social security costs	269	259
Other pension costs	87	69
	<u>3,340</u>	<u>3,265</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Office and management	33	32
Catering	11	12
Ground, maintenance and security staff	18	13
Lodge	6	4
Rocking Horse Nursery	31	28
	<u>99</u>	<u>89</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Directors' remuneration

	2018 £000	2017 £000
Executive Directors	514	372
Non-Executive Directors	65	55
	<u>579</u>	<u>427</u>

The highest paid director received remuneration of £363,000 (2017 - £259,000), including pension contributions of £20,000 (2017 - £20,000).

Two Directors are members of defined contribution pension schemes. The value of the company's contributions paid in respect of such Directors amounted to £29,000 (2017 - £29,000).

Transactions with Key Management Personnel

Members of the Board of Directors at Newbury Racecourse PLC (and the Company) are deemed to be the only key management personnel.

Key management personnel compensation for the financial year is equal to the directors' remuneration stated above.

8. INTEREST RECEIVABLE

	2018 £000	2017 £000
Other interest receivable	12	6
	<u>12</u>	<u>6</u>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £000	2017 £000
Bank interest payable	23	24
Other loan interest payable	226	241
Other interest payable	38	42
	<u>287</u>	<u>307</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

10. TAXATION

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

	2018 £000	2017 £000
Corporation tax		
Adjustments in respect of previous periods	390	(667)
Total current tax	<u>390</u>	<u>(667)</u>
Deferred tax		
Origination and reversal of timing differences	(217)	(59)
Effect of change in rate	(120)	-
Adjustments in respect of prior years *	(362)	21
Total deferred tax	<u>(699)</u>	<u>(38)</u>
Taxation on profit on ordinary activities	<u>(309)</u>	<u>(705)</u>

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

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	<u>1,483</u>	<u>478</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	282	95
Effects of:		
Income not chargeable for tax purposes	(590)	(378)
Expenses not deductible for tax purposes	91	227
Effect of change in tax rate	(120)	(3)
Adjustments to tax charge in respect of prior periods	28	(646)
Total tax credit for the year	<u>(309)</u>	<u>(705)</u>

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the Balance Sheet date have been measured using these enacted tax rates and reflected in these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. PROFIT ATTRIBUTABLE TO THE COMPANY

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements. The profit after tax of the parent Company for the year was £1,784,000 (2017: £1,159,000).

12. 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 2018 of £1,792,000 (2017: £1,183,000) by the weighted average number of ordinary shares during the year of 3,348,326 (2017: 3,348,326).

13. TANGIBLE FIXED ASSETS

Group

	Freehold property £000	Fixtures and fittings £000	Tractors and motor vehicles £000	Total £000
Cost or valuation				
At 1 January 2018	45,907	6,360	287	52,554
Additions	4,896	1,190	-	6,086
Disposals	(254)	(17)	-	(271)
Transfers between classes	(125)	125	-	-
At 31 December 2018	<u>50,424</u>	<u>7,658</u>	<u>287</u>	<u>58,369</u>
Depreciation				
At 1 January 2018	14,948	3,862	184	18,994
Charge for the year	600	295	10	905
Disposals	(20)	-	-	(20)
At 31 December 2018	<u>15,528</u>	<u>4,157</u>	<u>194</u>	<u>19,879</u>
Net book value				
At 31 December 2018	<u><u>34,896</u></u>	<u><u>3,501</u></u>	<u><u>93</u></u>	<u><u>38,490</u></u>
At 31 December 2017	<u>30,959</u>	<u>2,498</u>	<u>103</u>	<u>33,560</u>

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 £34,820,000 (2017: £30,883,000).

In 2018 the board revisited the residual values and useful economic lives of the land enhancements and major buildings on the site. Savills were instructed to provide an estimate of the residual values and these were applied in re-estimating the depreciation charge for those assets. This has resulted in a year on year reduction in the annual depreciation charge of £0.59m.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. TANGIBLE FIXED ASSETS (continued)

Company

	Freehold property £000	Fixtures and fittings £000	Tractors and motor vehicles £000	Total £000
Cost or valuation				
At 1 January 2018	45,902	6,360	287	52,549
Additions	4,896	1,190	-	6,086
Disposals	(254)	(17)	-	(271)
Transfers between classes	(125)	125	-	-
At 31 December 2018	<u>50,419</u>	<u>7,658</u>	<u>287</u>	<u>58,364</u>
Depreciation				
At 1 January 2018	14,948	3,862	184	18,994
Charge for the year	600	295	10	905
Disposals	(20)	-	-	(20)
At 31 December 2018	<u>15,528</u>	<u>4,157</u>	<u>194</u>	<u>19,879</u>
Net book value				
At 31 December 2018	<u>34,891</u>	<u>3,501</u>	<u>93</u>	<u>38,485</u>
At 31 December 2017	<u>30,954</u>	<u>2,498</u>	<u>103</u>	<u>33,555</u>

The net book value of freehold land and buildings determined by the historical cost convention is £34,815,000 (2017: £30,878,000).

14. INVESTMENTS

Group

	Racecourse Media Group £000
At 1 January 2018	117
At 31 December 2018	<u>117</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. INVESTMENTS (continued)

Company

	Investments in subsidiary companies £000	Trade investments £000	Total £000
Cost or valuation			
At 1 January 2018	7,703	117	7,820
At 31 December 2018	<u>7,703</u>	<u>117</u>	<u>7,820</u>
Net book value			
At 31 December 2018	<u>7,703</u>	<u>117</u>	<u>7,820</u>
At 31 December 2017	<u>7,703</u>	<u>117</u>	<u>7,820</u>

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 2018. As at 31 December 2018, 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. INVESTMENT PROPERTY

	Freehold investment property £000
Valuation	
At 1 January	1,112
At 31 December 2018	<u>1,112</u>

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

16. STOCKS

Stock consists of food and liquor for the catering business and sundry materials held for the purpose of maintaining the racecourse and the Company's premises.

	2018 £000	2017 £000
Catering	228	184
Sundry	22	19
	<u>250</u>	<u>203</u>

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 £1,250,000 (2017: £1,188,000). The write-down of stocks to net realisable value amounted to £nil (2017: £nil). No reversals of write-downs were made in the year (2017: £nil).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

17. DEBTORS

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Due after more than one year				
Other debtors	13,403	14,072	13,403	14,072
	<u>13,403</u>	<u>14,072</u>	<u>13,403</u>	<u>14,072</u>

Other debtors include £9,905,000 (2017: £10,588,000) 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.

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

Other debtors also include £3,368,300 (2017: £3,416,667) in respect of lease asset receivables, being the value of ground rents receivable from the freehold interests of the Group and also a loan of £129,757 (2017: £66,973) to Britbet Racing LLP for the start-up of a new betting consortium.

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
Due within one year				
Trade debtors	571	1,508	571	1,501
Amounts owed by group undertakings	-	-	905	919
Other debtors	4,965	9,639	4,965	9,639
Prepayments and accrued income	737	368	737	368
Deferred taxation	403	478	403	478
	<u>6,676</u>	<u>11,993</u>	<u>7,581</u>	<u>12,905</u>

Other debtors include £2,294,000 (2017: £4,845,728), 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 (2017: £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 £277,000 (2017: £280,000) relates to tax losses and £126,000 (2017: £198,000) deferred tax on pension scheme.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
CBEL loan (note 20)	2,500	3,000	2,500	3,000
Trade creditors	565	387	565	387
Amounts owed to group undertakings *	-	-	7,500	7,500
Other taxation and social security	121	141	121	141
Other creditors	803	876	803	872
Accruals and deferred income	1,121	1,561	1,117	1,561
	<u>5,110</u>	<u>5,965</u>	<u>12,606</u>	<u>13,461</u>

* Amounts owed to group undertakings relate to Newbury Racecourse PLC's intercompany balance with its subsidiary company Newbury Racecourse Enterprises Ltd and has been reclassified in 2018 (and the comparative year) as falling due within one year, given that there is no formal term agreed and no interest is charged.

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

	Group 2018 £000	Group 2017 £000	Company 2018 £000	Company 2017 £000
CBEL loan (note 20)	2,471	4,746	2,471	4,746
	<u>2,471</u>	<u>4,746</u>	<u>2,471</u>	<u>4,746</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

20. LOANS

Analysis of loan repayments:

	Group 2018 £'000	Group 2017 £'000
Amounts falling due within one year	2,500	3,000
Amounts falling due 1-2 years	2,471	2,500
Amounts falling due 2-5 years	-	2,246
	4,971	7,746

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 2018 was £226,000 (2017: £241,000). 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.

** Repayment was made as scheduled in 2018.

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21. PROVISIONS

	Property provision £000	Deferred tax £000	Total £000
Group and company			
At 1 January 2018	2,500	3,274	5,774
Utilised in year	(330)	-	(330)
Released in year	(1,470)	-	(1,470)
Capital allowances in excess of depreciation	-	90	90
Deferred tax on rolled over capital gains	-	(262)	(262)
Deferred tax on lease receivable	-	(532)	(532)
	<u>700</u>	<u>2,570</u>	<u>3,270</u>

Property provisions relate to the constructive obligation related to potential contractual breaches associated with the land sale to David Wilson Homes with £0.33m of costs utilised and £1.47m of the provision released during 2018, as the liability is considered to be remote.

22. DEFERRED TAX LIABILITY

The provision for deferred taxation consists of the following amounts:

	2018 £000	2017 £000
Group and Company		
Capital allowances in excess of depreciation	1,179	1,091
Deferred tax on rolled over gains	1,297	1,557
Deferred tax on lease asset receivable	94	626
	<u>2,570</u>	<u>3,274</u>

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.

The net deferred tax liability expected to reverse in 2019 is £56,000. This primarily relates to the reversal of timing differences on acquired tangible assets and capital allowances through depreciation, offset by the add back of non-deductible income in the form of capital credits resulting in carried forward tax losses.

**NOTES TO THE FINANCIAL STATEMENTS
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23. CAPITAL AND RESERVES

	2018	2017
	£000	£000
Authorised		
6,000,000- Ordinary shares of £0.10 each	<u>600</u>	<u>600</u>
Allotted, called up and fully paid		
3,348,326 (2017 - 3,348,326) Ordinary shares of £0.10 each	<u>335</u>	<u>335</u>

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.

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.

Capital redemption reserve

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

Other reserve (Company only)

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.

24. EMPLOYEE BENEFITS

Defined contribution scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the fund and amounted to £87,400 (2017: £54,000). There were £17,034 (2017: £10,450) 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 2017, the most significant assumptions being the investment return on equities (and property) and pre-retirement discount rate.

As at 1 July 2017, the market value of the scheme assets was £1,406,000 and the actuarial value of the assets was only sufficient to fund 59% of the benefits that had accrued to members, after allowing for expected future increases in earnings. As such there is a deficit of £982,000 to fund and a recovery plan has been agreed with the Trustees of the scheme with annual contributions of £109,000 to be paid over a 10-year period commencing 1 July 2018.

**NOTES TO THE FINANCIAL STATEMENTS
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24. EMPLOYEE BENEFITS (continued)

The actuarial valuation described above has been updated at 31 December 2018 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 2018 under FRS 102 are as follows:

Reconciliation of present value of plan liabilities:

	2018 £000	2017 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	3,634	3,790
Interest cost	96	106
Actuarial (gains)/losses	(431)	(118)
Benefits paid	(161)	(144)
At the end of the year	<u><u>3,138</u></u>	<u><u>3,634</u></u>

Reconciliation of present value of plan assets:

	2018 £000	2017 £000
At the beginning of the year	2,507	2,590
Interest income	66	72
Actuarial gains/(losses)	(13)	(3)
Benefits paid	(161)	(144)
Plan administrative cost	(8)	(8)
At the end of the year	<u><u>2,391</u></u>	<u><u>2,507</u></u>

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

	2018 £000	2017 £000
Group pension contract	1,359	1,468
Annuity contract	1,032	1,039
Fair value of plan assets	<u><u>2,391</u></u>	<u><u>2,507</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
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24. EMPLOYEE BENEFITS (continued)

	2018 £000	2017 £000
Fair value of plan assets	2,391	2,507
Present value of plan liabilities	(3,138)	(3,634)
Net pension scheme liability	<u>(747)</u>	<u>(1,127)</u>

The amounts recognised in profit or loss are as follows:

	2018 £000	2017 £000
Current service cost	8	8
Net interest cost	30	34
Total cost relating to defined benefit scheme	<u>38</u>	<u>42</u>

The cumulative amount of actuarial gains and losses recognised in the Consolidated Statement of Comprehensive Income was £418,000 (2017: £115,000).

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2018 %	2017 %
Discount rate	3.0	2.7
Future salary increases	3.2	3.2
Pre 1 July 1993 pension	3.0	3.0
Post 1 July 1993 pension	3.2	3.2
Inflation assumption (RPI)	3.2	3.2

Assumed life expectancies on retirement at age 65 are:

- Retiring today - Males	86.4	86.5
- Retiring in 20 years time - Males	87.8	87.9
- Retiring today - Females	88.7	88.7
- Retiring in 20 years time - Females	90.2	90.2

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25. CAPITAL GRANTS

	2018 £000	2017 £000
Analysis of movement of capital grants:		
Balance as at 1 January 2018	106	123
Capital grants credited to the Profit and Loss Account	(18)	(17)
Balance as at 31 December 2018	<u>88</u>	<u>106</u>

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

26. FINANCIAL COMMITMENTS

	2018 £000	2017 £000
Compton Beauchamp Estates Loan	(4,971)	(7,746)
Swift Lift Services Ltd	(288)	(445)
	<u>(5,259)</u>	<u>(8,191)</u>

Compton Beauchamp Estates Ltd Loan, interest 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 2018, the contractual commitments regarding maintenance and upgrade of lifts were £288,000.

As at 31 December 2018 there were no hedging instruments in place.

**NOTES TO THE FINANCIAL STATEMENTS
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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 2018, sponsorship income of £20,600 (2017: £19,500) and hospitality income of £1,234 (2017: £7,775) was received from Compton Beauchamp Estates Limited. As at the year-end a debtor balance of £1,481 (2017: £nil) was outstanding. The CBEL loan of £4,975,621 is provided by Compton Beauchamp Estates Limited (see note 20). Erik Penser is a director of Compton Beauchamp Estates Limited. These are considered to be arm's length transactions.

Jardine Lloyd Thompson Group Plc

During the year ended 31 December 2018, Jardine Lloyd Thompson Group plc provided broker insurance services to Newbury Racecourse plc to the value of £24,000 (2017: £24,000) and other services £nil (2017: £nil). Sponsorship income of £50,765 (2017: £32,272) and hospitality income of £8,328 (2017: £nil) was also received from Jardine Lloyd Thompson Group plc. The balance outstanding at the year-end was £nil (2017: £nil). Dominic Burke was 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 2018, Newbury Racecourse plc traded with Racing Media Group Limited, income received from Racing Media Group Limited amounted to £1,214,600 (2017: £1,296,000). The balance outstanding at the year-end was £1,200,000 (2017: £1,078,000). 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.