

Newbury Racecourse plc

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**Annual Report and Financial Statements
For the year ended 31 December 2021**

Company number 00080774

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Officers and Professional Advisers

DIRECTORS

D J Burke (Chairman)	B R Burrough
J Dodds	The Hon H M Herbert
M Leigh	Lady Lloyd-Webber
J McGrath	J M Thick
M L Thompson	N W E Penser

SECRETARY M Leigh

REGISTERED NUMBER 00080774

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RG1 3BA

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RG14 1DJ

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SOLICITORS Pinsent Mason LLP
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REGISTRARS Link Group
10th Floor
Central Square
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LS1 4DL

CORPORATE ADVISERS Allenby Capital Limited
5th Floor
5 St Helens Place
London
EC3A 6AB

CHAIRMAN'S STATEMENT

Year ended 31 December 2021

Introduction

Following the challenges presented since March 2020 I am delighted that both the horseracing industry and our business has finally returned to normal activity. In the early part of 2021, we were only able to generate income during the behind closed doors meetings through our media and betting rights agreements and lost the significant benefit of being able to generate key revenues through attendance, catering and hospitality. However, since all Government restrictions were lifted in July 2021, we have been able to host an unrestricted paying attendance at our racedays, which included two Party In The Paddock concerts in August and September featuring Olly Murs and Rick Astley respectively. Attendances were also encouraging in the latter part of the year with the Ladbrokes Winter Carnival crowds in line with where they were in 2019. We were able to keep our nursery business open throughout the year, but the hotel only re-opened in January 2022. We have also made the decision to cease proactively marketing our Conference & Events business until we have confidence in the market.

We set ourselves ambitious targets and a clear strategy to drive further growth in our business, but the impact of the pandemic resulted in a significant financial loss in 2020 and, despite returning to profit (before tax) in 2021, the effects of lockdowns and restrictions has set the business back from its original strategic investment plan. I am confident that the difficult decisions and actions taken during 2020 meant that ultimately, we were well placed to resume full trading activities in 2021 once circumstances permitted in July. The major investment we have made into our racecourse facilities and infrastructure over recent years was to position Newbury Racecourse for the future, in line with our strategic objective to be a modern and leading racecourse, entertainment and events business. This ambition remains unchanged.

2021 Financial Performance

Statutory turnover grew by 75% to £14.83m in 2021 (2020: £8.49m). We were able to host 29 fixtures during the year, compared with 20 in 2020. 10 of these were held with no paying public so we were particularly grateful for our Media and Betting Rights to provide much needed income for these days, whilst Licensed Betting Shops were also closed. Once all Government restrictions were lifted in July the business was once again able to benefit from paying customers, especially benefitting our two Party In The Paddock events and the Ladbrokes Winter Carnival, as well as the commercial upside generated from our catering arrangement with Levy. The nursery business remained open throughout the majority of the year and generated turnover of £1.56m (2020: £1.22m). The Lodge Hotel generated nominal income in 2021 compared with £0.13m in 2020. Due to the change of model following the implementation of the catering arrangement, the statutory income will reduce as we will only report our share of the profit as a royalty.

Following the difficult decision to implement a staffing re structure in 2020 and reduce permanent headcount by 30 employees we were able to manage the fixed overhead against the reduced revenue in 2021. The Company made limited use of the Government Coronavirus Job Retention Scheme, accepted the Business Rates discount but made no other use of any direct Government support package.

The Operating profit in the year was £0.20m (2020: loss of £2.29m), which was net of exceptional gain items of £0.15m (2020: gain of £0.09m) (see note 6). Loss after tax was £0.88m (2020: Loss of £2.04m). The company incurred a deferred tax charge in the year of £1.06m largely due to the change in the corporation tax rate to 25% from April 2023 (see note 11).

2021 Racing Highlights

The 2021 racing programme returned to its normal calendar following the disruption in 2020, and despite no crowds in attendance until 10th June we still welcomed over 105,000 racegoers to the racecourse.

The action on the track was once again 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 wins in the Betfair Hurdle for *Soaring Glory* and for *Secret Investor* in the Denman Chase.

The flat season got underway with Dubai Duty Free Spring Trials Weekend providing victories for *Al Aasy*, *Chindit* and *Alcohol Free*, who underlined that Fred Darling Stakes win with subsequent success in the Coronation Stakes and Sussex Stakes. Following its cancellation in 2020, the Al Shaqab Lockinge returned in May and saw *Palace Pier* beat *Lady Bowthorpe* to the finish and secure Frankie Dettori's fifth win in our early summer showpiece, now only one win behind Lester Piggott's record.

Our first Party in the Paddock event at the racecourse in almost two years took place in August at the BetVictor Hungerford meeting, with a crowd of over 16,000 enjoying Olly Murs who performed after an excellent day's racing, which saw *Sacred* win the day's feature race. Our second Party in the Paddock in September saw the timeless Rick Astley perform some 80's classics at the Dubai Duty Free International Saturday where *Wings of War* was victorious in the Mill Reef Stakes.

As we turned to the jumps once more, *Cloudy Glen's* win in the Ladbrokes Trophy in late November, gave an emotional win for the Trevor Hemming's estate following *Cloth Cap's* win a year earlier and Trevor's sad passing in between.

CHAIRMAN'S STATEMENT (Continued)

Year ended 31 December 2021

The Development

The redevelopment since 2012 has delivered Newbury with a first-class venue so that 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 hotel guests, nursery patrons and local residents. We strongly believe that the redevelopment will enable us to continue to grow our already well diversified business activities and maximise the returns from our investment.

The David Wilson Homes ('DWH') residential development continued throughout 2021 after a short pause during 2020 and is now into its final phase. The Central Area apartments are fully completed and sold, with the Company now owning the freeholds of thirteen apartment blocks. DWH is continuing with construction in the Eastern Area of the site due for completion in 2026. Approximately 1,000 homes out of the planned total of c.1,500 are now built.

The final receipt for the balance of the guaranteed minimum land value of £10.7m due from DWH, under the 2012 development agreement, was received in March 2022.

Financing and Liquidity

During the first half of 2021 we repaid £1.5m of the previously fully drawn revolving credit facility to National Westminster Bank plc ("NWB") as a result of our improved cash position and outlook given the easing of restrictions at that time on the business.

Subsequently the final payment received from David Wilson Homes in March 2022 has enabled the business to settle the outstanding £4.5m balance on the NWB loan as well as make the final £2.7m repayment of the Compton Beauchamp Estates Loan, meaning the Company is debt-free at the time of writing.

Outlook

During 2021 the Company signed two major strategic agreements. Firstly, Levy (part of Compass Group UK & Ireland) became our Catering partner which took effect from 1 June 2021. We have seen some encouraging initial benefits of this partnership so look forward to working with them for the next ten years and developing this important segment of our operation. Secondly, all our media rights will transfer to Sky/Arena Leisure Racing in two separate stages starting with Betting Shop retail rights moving on 1 April 2023, and all other rights moving to new arrangements from 1 January 2024. This will see all our racing broadcast on Sky Sports Racing TV as well as a number of days on ITV which we are very excited about. This new media rights contract will give improved exposure to our racing and is backed by minimum guarantees that give us great confidence about the future of this important revenue stream. As a result, I am pleased to announce that, subject to normal trading conditions continuing and the Government review of the Gambling Act not materially impacting betting related turnover on our racing, the Company will be substantially increasing its commitment to prize money and will commit to a minimum of 40% of our total media rights income being directly invested into prize money from 2023 onwards, which will then be reviewed three years from now.

We have also secured two additional BHA fixtures for 2022 meaning we will run a total of 31 racedays during the year (19 Flat and 12 National Hunt).

Dividends

Given the completion of the David Wilson Homes transaction I am pleased that we are able to satisfy the commitment made in 2012, and in subsequent announcements, to return capital to shareholders. The Board has agreed to make a £3m special interim dividend distribution in June prior to the AGM.

From the 2023 trading year onwards, it is anticipated that the Company will re-commence paying an annual dividend, subject to financial performance and once the full benefit of the new media rights agreement takes effect.

On behalf of the Board, I would like to thank all the staff for their continued hard work, resolve and commitment to the business during the extraordinary and challenging past two year period.

Our sincere thanks, as ever, to all sponsors, members, customers, owners and all those connected to the racing industry for their ongoing support.

DOMINIC J BURKE
Chairman

03 May 2022

STRATEGIC REPORT

Year ended 31 December 2021

STRATEGY AND OBJECTIVES

The Board's strategy is for Newbury Racecourse plc to provide a profitable and diversified business for the benefit of all stakeholders. This will be delivered through first class facilities including a modern market-leading racecourse, hotel, children's nursery, hospitality, and events businesses. Where commercially viable these will be supported by further innovative activities. One of the key aims of this Strategic Report is to set out and appraise the business model through which we deliver that strategy.

THE BUSINESS MODEL

Newbury Racecourse PLC is the parent of a Group of companies which own Newbury Racecourse and engages in racing, hospitality and associated food and beverage 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 also owns freehold property from which it receives annual income and until March 2022 benefitted from the sale of residential properties on the site, as part of its long-term development agreement with David Wilson Homes.

PERFORMANCE REVIEW

Due to the UK Government's restrictions affecting our ability to operate as normal since spring 2020, the business remains substantially behind 2019 levels. However, in 2021 we delivered a 75% year-on-year increase in group turnover to £14.83m (2020: £8.49m), which also demonstrates the significant impact that the initial lockdown had during the early part of 2020 once all trading was ceased by the Government on 17th March 2020.

Revenues across all our businesses were higher than 2020 but that in no way represents a positive position for the business compared with expectations under normal circumstances. Racing with a paying crowd resumed on 10 June 2021, which along with Licenced Betting Shops fully re-opening, resulted in racing revenue being up 81% on 2020. Our Conference & Events business re-opened on 12 April 2021 with income up 45% and the nursery has seen a 28% increase in income, both against substantially lower prior year figures than normal trading delivers.

As a result of these revenue improvements, the Company is reporting a return to profit before tax in 2021 with operating profits before exceptional items of £0.04m (2020: loss of £2.38m).

Exceptional items in 2021 were a credit of £0.15m (2020: credit of £0.09m) being the fair value movement on the David Wilson Homes debtor, based upon the expected timing and value of future receipts.

The loss after tax was £0.88m (2020: loss £2.04m).

Racing

The accounts include a total of 29 days racing (2020: 20). Of these, 19 were held with a paying crowd in attendance, albeit some with varying levels of public restrictions in place and with the remainder Behind Closed Doors ("BCD"). This compared to 4 with a paying attendance in 2020.

Overall raceday attendances in 2021 were 105,000 (2020: 12,000).

Total media related revenues of £4.38m, were up 52% compared with 2020, as a direct consequence of the higher number of racedays being hosted and the effect of Licensed Betting Offices phased re-opening. In the year this accounted for 33% of our total trading revenue compared with 41% in 2020, when 16 fixtures were held with no paying attendance.

Newbury's richest race meeting, the Al Shaqab Lockinge Day, was able to return in 2021, having been cancelled in 2020 following the implementation of an emergency racing programme by the BHA. This meeting continues to be the flagship event in our flat racing calendar, with Al Shaqab confirming their continued generous support of this race following a five-year extension to their sponsorship announced during 2019.

Despite the difficult trading conditions and restrictions in place impacting our ability to race with full public attendance, our total prizemoney in 2021 was £4.71m (2020: £2.72m). We were able to make an Executive Contribution to prizemoney of £1.51m (2020: £0.54m) and are grateful for the ongoing support of all our sponsors, with particular thanks to Al Shaqab Racing, bet365, Betfair, BetVictor, Dubai Duty Free and Ladbrokes for their commitment in 2021.

Catering, Hospitality and Conference & Events

2021 saw the re-opening of the C&E business in April following almost a year of enforced closure. Consequently, revenues were £0.26m compared with £0.18m in 2020, resulting in an operating Gross Operating Profit of £0.15m (2020: loss £0.16m).

Our Catering business transferred to an outsourced arrangement with Levy Restaurants on 1 June 2021 which will result in the Company receiving income from the shared arrangement rather than reporting the full income and costs. We have been encouraged by trading since that date which has been in line with expectations. Prior to June there was minimal trading whilst the business remained closed, although we continued with the outdoor pop-up Pub concept that we introduced in 2020 in order to generate income within restriction guidelines.

STRATEGIC REPORT (Continued)

Year ended 31 December 2021

The Rocking Horse Nursery

The Rocking Horse Nursery traded at normal levels throughout 2021, returning to those experienced in 2019. Revenues for 2021 were £1.56m, up 28% against 2020. This business unit reported an operating profit of £0.53m (2020: £0.45m).

The Lodge

Our 36-bedroom onsite hotel remained closed to the public throughout 2021 having initially ceased trading in March 2020. Previously the hotel had delivered good levels of growth through to 2019 since opening to the general public. The Lodge has an important role at the racecourse and will continue to fulfil the key raceday requirements of providing accommodation to travelling stable staff, in addition to supporting other local businesses and travellers. This facility reopened in January 2022.

The Redevelopment

David Wilson Homes were still able to continue with the residential development during the year with the Central Area apartments now fully completed and sold and with construction continuing in the Eastern Area. Approximately 1,000 homes out of the total c.1,500 are now built and sold with a further 80 currently under construction. Cash receipts from DWH from the sale of properties in 2021 were £0.17m (2020: £0.10m). The final balance of the guaranteed minimum land value to be paid by DWH has been received in March 2022 – as at 31 December 2021 the recognised balance outstanding was £10.7m, which is the amount received.

FINANCIAL COMMENTARY

Consolidated Group profit before tax in the year ended 31 December 2021 was £0.18m (2020: Loss of £2.27m) which includes £0.15m of exceptional profit (2020: £0.09m).

Total statutory turnover in 2021 was £14.83m (2020: £8.49m). Overall racing revenues increased to £12.48m compared with 2020 (£6.89m). Overall media and betting rights revenues (included in overall racing income) were £4.38m (2020: £2.88m), due to the higher number of fixtures and the gradual re-opening of LBO's following the various lockdowns.

Conference and Events revenues were £0.26m (2020: £0.18m) and The Lodge was £0.04m (2020: £0.13m) due to the former re-commencing trading following ceasing of operations in March 2020 whilst the latter has had no paying guests since the same date. The nursery turnover was £1.56m (2020: £1.22m) which was up 28% as a result of the business returning to pre-pandemic occupancy and trading levels. Total costs for the year were £14.86m (2020: £11.72m) due to the increased number of racedays with a paying attendance. The overheads were reduced in 2020 with the majority of savings made through a staff re-structure which reduced average headcount by 26 (a 25% reduction). The Company also recovered £0.06m from the Government through the Coronavirus Job Retention Scheme grant as well as benefitting from the Business Rates holiday.

Exceptional profits during 2021 were £0.15m (2020: £0.09m) being the movement in the fair value of the DWH debtor.

Overall operating profit before interest was £0.20m (2020: £2.29m loss). Interest payable was £0.19m (2020: £0.15m) due to the increase in interest charges on loan facilities. The tax charge of £1.06m (2020: credit £0.23m) relates to the movement in deferred tax during the period. Loss after tax was £0.88m (2020: £2.04m loss).

The increase in cash reserves of £0.48m in the period (2020: £4.26m increase) includes £1.5m repayment of loan previously drawn down, £2.41m of cash generated from operating activities, £0.17m of cash receipts from DWH in respect of properties sold in the period and £0.53m of capital expenditure. There have been no other substantial movements in the balance sheet other than the loan debt becoming payable within one year as well as the debtor due from David Wilson Homes.

KEY PERFORMANCE INDICATORS

The Group uses raceday attendance, trading operating profit and cash generated from operating activities, as the primary performance indicators. Total attendance was 105,000 (2020: 12,000). Operating profit is shown within the profit and loss account on page 27 and cash generated from operating activities is shown within the consolidated statement of cashflows on page 31.

PRINCIPAL RISKS AND UNCERTAINTIES

Cashflow Risk

The main cash flow risks, under normal trading circumstances, are the vulnerability of race meetings to abandonment due to adverse weather conditions, animal disease and fluctuating attendances particularly for the Party in the Paddock events, together with the previous 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, mitigates some of the raceday risk. Regular review of variable conferencing costs reduces the impact of a decline in conference sales. Short term cash flow risk is mitigated by regular review of the expected timing of receipts and by ensuring that the Group has committed contingencies in place in order to manage its working capital and investment requirements.

STRATEGIC REPORT (Continued)

Year ended 31 December 2021

Credit Risk

The Group's principal financial assets are trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts in the balance sheet are net of allowances for doubtful receivables. Payment is required in advance for ticket, hospitality, sponsorship, and conference and event sales, reducing the risk of bad debt.

Liquidity Risk

In order to maintain liquidity to ensure that sufficient funds are available for both ongoing operations and the property redevelopment, the Group uses a mixture of term debt and revolving credit facilities which are 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, as well as having a dynamic pricing model in place.

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, thorough and continual review of the Group's forecasts and associated risks and sensitivities, over the next twelve months. The extent of this review reflects the current economic climate as well as 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. A system of regular reviews of the forecasted business 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 (and other factors such as animal disease and national mourning), reducing the levels of risk carried by the Group.

The Board has reviewed the cash flow and working capital requirements in detail. Following this review, the Board has concluded that it has reasonable expectation that the Group has adequate resources in place to continue in operational existence for the foreseeable future and has not identified a material uncertainty in this regard. On this basis the going concern basis has been adopted in preparing the financial statements.

SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Company's employees, members, partners, the horseracing community and other stakeholders, the impact of its activities on the local community, the environment and the Company's reputation for good business conduct, when making decisions. The board identifies stakeholders through its annual strategic review. As the business evolves the board recognises that those with a direct interest and involvement in the decisions of the company changes.

In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company and for these stakeholders in the long term. For example:

- The engagement of the business with the horseracing community and stakeholders, such as the Racecourse Association and Horsemen's Group is routinely considered during the board's decision-making process.
- The Company has a frequent forum with local residents to ensure communication lines are open & accessible.
- The Company continues to regularly engage with Annual members and corporate box holders and to encourage feedback.
- The Company encourages a supportive and inclusive working culture within the business as set out in our 'Uniquely Newbury' employee programme, alongside supporting personal development and promoting wellness & mental health awareness.

STRATEGIC REPORT (Continued)

Year ended 31 December 2021

Key board decisions made during the year in the interests of overall business success set out below:

Significant events/decisions	Key S172 matters affected	Actions and impact
Response to COVID-19	Customers, employees, shareholders, West Berkshire community	<ul style="list-style-type: none"> • The board met in addition to the formal meeting programme to consider the impact of the pandemic on all key stakeholders. • In consideration of the health and welfare of employees and racegoers, government social distancing guidelines were strictly followed, including, the reintroduction of racing behind closed doors. With regards to the reintroduction of racing with crowds in attendance, the recommendations and requirements of the British Horseracing Authority were followed as appropriate in the interests of all ‘racing’ stakeholder groups. • Decisions were made based on the best information available and with regards to the best business outcome, in a continually changing situation. • The wider impact on the horseracing industry was also carefully considered with business providing appropriate support throughout. • With regard to the welfare of our local community, we allowed the NHS to use our facility as vaccination centre for the local health practice community, as well as a blood testing centre.
Outsourced Catering arrangement	Customers, employees, shareholders	<ul style="list-style-type: none"> • The board considered various options before deciding to outsource the catering operation. • The board followed a thorough tender process involving a number of interested providers before making a selection based on: <ul style="list-style-type: none"> - Commercial benefits - Investment support - Access to technology and innovation - Economies of purchasing scale - Access to human resources - Suitability and experience • Consultation was made with existing affected employees who were all transferred under TUPE. • Transition to the new arrangement was completed in line with the agreed timetable in June 2021. • The board has further reviewed the agreement and taken the decision to extend the contract until 31st December 2031, subject to satisfactory compliance with performance and service level criteria.
Media Rights Agreement	Customers, employees, shareholders	<ul style="list-style-type: none"> • The board made thorough consideration for all options with regards the companies media and betting rights agreement. • The decision was made taking into account all factors to ensure commercial returns were maximised and racing from Newbury would be available to the largest audience possible. • Following this exercise, it was decided in the best interests of all stakeholders to move to a new contract with Arena Leisure Racing for all retail and digital rights. • The new single agreement will take effect when the two existing agreements end on 31st March 2023 and 31st December 2023 and will currently terminate on 31st December 2028.

STRATEGIC REPORT (Continued)

Year ended 31 December 2021

During the period to 31 December 2021 the Company has sought to act in a way that upholds these principals. The Directors believe that the application of Section 172 requirements can be demonstrated in relation to some of the key decisions made and actions taken during 2021.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standards in corporate governance throughout its operations and to ensure all of its practices are conducted transparently, ethically and efficiently. The Company believes scrutinising all aspects of its business and reflecting, analysing and improving its procedures will result in the continued success of the Company and deliver value to shareholders. Therefore, and in accordance with the Aquis Growth Market Apex Rule Book, (the "AQSE Rules"), the Company has chosen to comply with the UK's Quoted Companies Alliance Corporate Governance Code 2018 (the "QCA Code"). The Company is committed to the ten principles of corporate governance as practiced by the AQSE market. These principles are disclosed in the 'Corporate Governance Statement' within this report.

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 with our 'Uniquely Newbury' employee engagement programme at the forefront of these initiatives.

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 2021 is 11% (2020: 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 40 days (2020: 8 days).

Business Relationships

The Directors recognise the need to foster the company's business relationships with suppliers, customers and others. To that effect, the Company have policies and procedures in place, by which principal decisions taken by the company during the financial year were followed.

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 £3,000 to national charities (2020: £2,225).

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

J M THICK
Chief Executive

03 MAY 2022

Sponsors in the year ending 31 December 2021

We would like to thank our leading sponsors for their significant support in 2021;

Al Shaqab Racing
bet365
BetVictor
Betfair
British European Breeders Fund
Dubai Duty Free
Ladbrokes
MansionBet
VirginBet
Weatherbys

We also received much appreciated support from the following sponsors;

Academy Insurance
Agetur
Bahrain Turf Series
British Horse Society
Casumo
Christopher Smith Associates
Coln Valley Stud
Compton Beauchamp
Conundrum Consulting
Crossland Employment Solicitors
CSP Combined Services Provider
Denford Stud
Mildmay Farm & Stud
Education for Everyone
Federation of Bloodstock Agents
Gallop to Give
Haynes, Hanson & Clark
Heatherwold Stud
Highclere Thoroughbred Racing
Horris Hill School
Hot to Trot Racing
Irish Thoroughbred Marketing
The family of Sir David Sieff
Mettal UK
Newbury BID
Pertemps Network
Pump Technology Group
Prodec Networks
Racehorse Club
Rayner Bosch
Sir Peter O'Sullivan Charitable Trust
The Energy Check
The Family & Friends of Maurice Adams
Veolia
West Berkshire Racing Club
Watership Down Stud

CORPORATE GOVERNANCE STATEMENT

Year ended 31 December 2021

Newbury Racecourse is committed to maintaining the highest standards of Corporate Governance throughout its operations and to ensure all of its practices are conducted transparently, ethically and efficiently. Having previously been CEO of a large listed business, as Chairman of the Company I am fully aware of the need for an effective and focused Board that leads the business and responds accordingly. The Board believes in the value and importance of strong corporate governance, at executive level and throughout the operation of the business, and in our accountability to all stakeholders. We believe that in scrutinising all aspects of our business and reflecting, analysing and improving its procedures this will result in the continued success of the Company and deliver value to shareholders.

I am committed to working with the Board to build upon the existing values that are in place and ensure that good corporate governance continues to be embraced within the organisation.

Dominic Burke
Chairman

The Board currently consists of 10 Directors:

- Dominic Burke – Board Chairman and Nominations Committee Chair
- John Dodds – Senior Independent Director and Remuneration Committee Chair
- Bryan Burrough – Non-Executive Director and Audit & Risk Committee Chair
- Madeleine Lloyd Webber – Non-Executive Director (Non Independent)
- Erik Penser – Non-Executive Director (Non Independent)
- Harry Herbert – Non-Executive Director
- Jim McGrath – Non-Executive Director
- Matthew Thompson – Non-Executive Director
- Julian Thick – Chief Executive Officer
- Mark Leigh – Finance Director & Company Secretary

In accordance with the AQSE Rules requirements, the Company has adopted the UK's Quoted Companies Alliance Corporate Governance Code 2018 (the "QCA Code") to formalise its governance policies. The Directors believe that the QCA Code is the most appropriate governance code for the Company.

The QCA Code has 10 broad principles and a set of disclosures. The Directors have considered how we apply each principle to the extent we judge to be appropriate in the circumstances and in the statements that follow, we explain our approach to governance and how the Board and its Committees operate. This statement can also be found on the company website within Investor Relations.

DELIVER GROWTH

1. Establish a strategy and business model which promotes long-term value for shareholders

The Company is a horse racecourse business established in 1904 with the first horse race taking place one year later. It currently operates 28 racedays per year for fixtures which we own, as well as additional racedays as allocated by the British Horseracing Authority ("BHA"). These racedays occur all year round and include both Flat (17) and National Hunt (11) racing fixtures. For 2022 the BHA have allocated Newbury an additional 2 Flat and 1 National Hunt fixture. Since 2007 we have added music concerts to two or three of these racedays during the summer months to improve the profitability of these events through increased admission sales and hospitality income.

In addition to this core business we operate a Conference & Events business, a children's nursery and a 36-bedroom hotel which all provide the benefit of securing income outside of racing, especially on days when the facility would otherwise not be utilised.

In 2012 the Company entered into an agreement with the housing developer David Wilson Homes to sell land around the racecourse for residential housing. The final development will consist of c1,500 homes, in a mixture of apartments and houses, when fully completed in 2026. The income from this transaction has enabled the Company to re-invest in the existing facilities and it is widely considered that we have now created a first class racing and leisure destination boasting the largest conference and events facility in West Berkshire but with horse racing remaining at the core of our operations.

The Board remains committed to continued long-term investment in the business and has a rolling strategy, reviewed annually, to maximise the benefits of the existing facilities as well as consideration for new investments and commercial arrangements. The long-term ambition is for the business to provide a sustainable return from our investments which will enable us to both continually re-invest in improving our facilities and generate improved profits as well as deliver a return to shareholders.

CORPORATE GOVERNANCE STATEMENT (Continued)

Year ended 31 December 2021

The promotion of long-term shareholder value is underpinned by the Board's commitment to act with integrity; be consistently open and ethical in its dealings with all stakeholders; provide fair and objective reporting and seek to ensure that the Company's strategy, business model and performance are clearly communicated and understood. The Directors believe the best way to achieve this is through inclusion of relevant information in the half year and full year reports to shareholders, as well as through additional update announcements as required. The Directors believe that the Board's values of integrity and transparency protect the Company from unnecessary risks and will secure the Company's long-term future.

2. Seek to understand and meet shareholder needs and expectations

The Board is committed to providing clear and transparent information on the Company's activities, strategy, performance, and financial position to its shareholders.

The Directors are committed to communicating with shareholders through the Annual Report and Financial Statements, Preliminary and Interim results announcements and the Annual General Meeting ("AGM") held at the Racecourse with all Directors and the company Executive team in attendance. All shareholders are encouraged to participate in the AGM and the number of votes received for each resolution announced at the AGM followed by a market release of the AGM results.

Details of all shareholder communications are available on both the Company's website and the Aquis Stock Exchange dedicated Newbury Racecourse webpage.

Shareholders, regardless of size, are able to contact the Company directly through the Company Secretary, Marketing and Communications Director or the Personal Assistant to the CEO. All of whom can manage an appropriate response.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board works closely with the Executive team with clear and open communication both within the boardroom and the rest of the organisation.

Shareholders

The Directors value the feedback they receive from the Company's shareholders and take every opportunity to ensure that the comments of shareholders are considered. Shareholders are entitled to entry to the racecourse to attend fixtures depending on their total shareholding (see point 10).

Employees

The Company currently has approx. 80 permanent salaried employees and operates an inclusive policy where employees' opinions and suggestions are listened to and valued at regular staff forums. The Company conducts an annual employee engagement survey.

Suppliers

The Company has a number of suppliers and maintains a close working relationship with them. Many of them choose to sponsor specific races and enjoy hospitality at the racecourse so are kept fully engaged with the business.

Customers

The Company has a range of customers including racegoers, large & small corporate businesses, nursery parents, hotel guests, the horsemen etc and it is always our firm belief that they are all treated equally and with respect. Their opinions on the service that we provide and that they receive are crucial to the success of a customer service led industry within which we operate. Therefore, we continually monitor feedback from the various customer groups and regularly respond to ensure we are providing a service at a standard expected and ideally beyond.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board is responsible for establishing and maintaining internal controls within the Company which are designed to address the particular risks to the Company and mitigate risks to which it is exposed.

The Key elements of the internal controls are:

- The Board commits to meeting four times per year (usually April, June, September and December) for Board meetings plus a further Strategy Meeting (February). An agenda and full board pack are circulated in advance of each meeting and minutes are prepared, agreed and distributed immediately after.
- The Company has information systems for monitoring its financial performance against targets and prior year results.
- The Board monitors the performance of the Company at each Board meeting against a set of agreed measures.

CORPORATE GOVERNANCE STATEMENT (Continued)

Year ended 31 December 2021

- The Board has an established Audit and Risk Committee which meets on the same frequency as the Board meetings above. Additionally, if desired, it will meet with the external auditors at least once per year without the Executive Directors present.
- The Company, due to its size, does not at this stage consider it appropriate to have an internal audit function.

The principal risks and uncertainties faced by the Company are contained in the 'Strategic Report'.

5. Maintain the Board as a well-functioning, balanced team led by the non-Executive Chairman

The Board comprises ten Directors: two Executive Directors, a non-Executive Chairman and seven non-Executive Directors. The Chairman has a casting vote at meetings of the Board (unless he is not entitled to vote on the matter in question).

- Julian Thick, Chief Executive Officer, is expected to devote substantially the whole of his time to his duties for the proper performance of the Company. Julian has held similar positions within the racing industry throughout his career.
- Mark Leigh, Finance Director, is expected to devote substantially the whole of his time to his duties for the proper performance of the Company. Mark has held senior finance positions within hospitality and leisure organisations for a number of years.
- Dominic Burke is the non-Executive Chairman as well as Chair of the Nominations Committee, and currently holds 6.23% of the company shares. Dominic recently held the position of Vice Chairman at MMC and was previously CEO of JLT plc for 13 years. He is a keen owner and breeder of horses in training and member of the Jockey Club.
- John Dodds is the Senior Independent Director and Chair of the Remuneration Committee. John was employed by Kier Group plc for 40 years culminating in the position of Chief Executive. He has extensive experience in the construction and housebuilding sector.
- Madeleine Lloyd-Webber is a non-Executive Director who currently holds 9.55% of the Company's shares (and therefore not independent). Madeleine is Director and Deputy Chairman of the Really Useful Group and LW theatres and is a member of the Jockey Club.
- Erik Penser is a non-Executive Director who currently holds 40.93% of the Company's shares (and therefore not independent). Erik is the owner of a Swedish bank and has been owning and breeding racehorses for almost forty years. He is a member of the Jockey Club.
- Bryan Burrough is a non-Executive Director and Chair of the Audit & Risk Committee. Bryan was a Managing Director of BlackRock and subsequently an Investment Director at Investec. He is also the owner of racehorses.
- Jim McGrath is a non-Executive Director. Jim has worked in horseracing his entire career, holding various positions at Timeform during a 34-year career and subsequently providing expert analysis for television broadcasts.
- Harry Herbert is a non-Executive Director. Harry is Chairman and Managing Director of Highclere Thoroughbred Racing and has enjoyed many racing successes. He is a member of the Jockey Club.
- Matthew Thompson is a non-Executive Director. Matthew is currently Managing Director of the leading hospitality company, Benugo, having previously held senior positions at other similar UK catering & hospitality businesses.
- All the above non-Executive Directors receive a standard annual Director fee and devote such time as is necessary for the proper performance of their respective duties to the Company.

The Chairman and non-Executive directors are considered by the Directors to be independent (except those noted) under the QCA Code's guidance for determining such independence. As referenced in Part 7, a number of the Directors have a substantial length of service whilst still being considered independent. The Company is satisfied that their value to the business and external interests qualifies them as independent.

For the Board to discharge its duties it has access to all relevant information in a timely manner and meets on the basis set out below. The Directors are expected to dedicate sufficient time to their commitments in order to carry out their responsibilities effectively, which includes attendance at all meetings.

The Board is supported by Audit and Risk, Remuneration and Nominations Committees (all of which have Terms of Reference) and the Directors consider that the members of those Committees have the necessary skills, knowledge and experience to discharge their responsibilities effectively. These are further detailed under principle 10.

Due to the Coronavirus pandemic the Board held 3 meetings in addition to the normal standard annual timetable of 4 Board meetings plus 1 Strategy Day:

- Board Strategy Day – February
- Board meeting (including Financial Statements approval) – Late April/Early May
- Board meeting (same day as the Annual General Meeting) – Late May/Early June
- Board meeting - September
- Board meeting - December

CORPORATE GOVERNANCE STATEMENT (Continued)

Year ended 31 December 2021

2021 attendance at Board meetings as follows:

Board Member	10 th Feb 2021	29 th April 2021	2 nd June 2021	8 th Sept 2021	17 th Dec 2021
Meeting Type	Strategy	Board	Board	Board	Board
Dominic Burke	✓	✓	✓	✓	✓
John Dodds	✓	✓	✓	✓	✓
Bryan Burrough	✓	✓	✓	✓	✓
Madeleine Lloyd-Webber	✓	✓	✓	✓	✓
Erik Penser	✓	✓	✓	✓	x
Jim McGrath	✓	✓	✓	x	✓
Harry Herbert	✓	✓	✓	✓	✓
Matthew Thompson	✓	x	✓	x	✓
Julian Thick	✓	✓	✓	✓	✓
Mark Leigh	✓	✓	✓	✓	✓

The Directors who serve on the Committees as follows:

	Remuneration Committee	Audit and Risk Committee	Nominations Committee
Chair	John Dodds	Bryan Burrough	Dominic Burke
Member	Madeleine Lloyd-Webber	Dominic Burke	Madeleine Lloyd-Webber
Member	Bryan Burrough	John Dodds	Erik Penser
In attendance	Julian Thick	Julian Thick	Julian Thick
In attendance	Mark Leigh	Mark Leigh	Mark Leigh

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

- The Newbury Board comprises experienced Executive and Non-Executive Directors.
- Executive Directors are experienced in their management disciplines; Julian Thick has spent almost 30 years in the horse racing industry across various organisations. Mark Leigh is a qualified accountant with over 25 years of experience within commercial businesses.
- Non-Executive Directors are from outside businesses and very experienced in advising and supporting a variety of public and private companies. This provides the ideal combination for the multi-business requirements within which the company operates.
- Directors' biographies are set out in Part 5 of this document. The Board includes significant horse racing, property development, hospitality and catering experience, which ensures that expertise is provided in all areas to support the long-term interest of the business.
- Company Secretarial is the responsibility of Mark Leigh, the Finance Director.
- All Directors are encouraged to maintain individual continuing professional development programmes where appropriate.
- The Board is supported where necessary by its external advisers who are currently:
 - Corporate Advisers – Allenby Capital (approved by AQUIS) <http://www.allenbycapital.com/>
 - Solicitors – Pinsent Masons <https://www.pinsentmasons.com/>
 - Registrars – Link Group <https://www.linkgroup.com/>
 - Independent External Auditors - BDO <https://www.bdo.co.uk/>
 - Tax and Business Advice – Deloitte <https://www2.deloitte.com/uk>
- The Board routinely reviews the performance of third-party advisers to ensure that they are the most effective business partners for the Company.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Chairman reviews the contribution of each Board member on an on-going basis, both individually and in relation to the performance of the Company as a whole. These reviews consider the individual contribution; whether they are carrying out their responsibilities effectively and to the highest standard; and where relevant, whether they have maintained their independence. Annual performance, salary, bonus and incentive plan reviews are carried out by the Remuneration Committee.

The balance of the Board, both in terms of number, experience and split between Executive and Non-Executive is formally assessed on an annual basis. Each Non-Executive receives the same annual Directors fee for their service to the Company with the Chairman receiving a higher sum.

CORPORATE GOVERNANCE STATEMENT (Continued)

Year ended 31 December 2021

The Non-Executives have rolling 3-year agreements which have been updated in 2021 and reviewed by our Solicitors. All Non-Executives have signed these updated versions in June 2021 with the renewal dates as follows (coinciding with their rotation at the Annual General Meeting):

Non-Executive Director	Original Appointment	Renewal Date
Harry Herbert	2005	2024
Jim McGrath	2014	2024
Matthew Thompson	2018	2024
Erik Penser	1998	2023
Dominic Burke	2010	2023
Madeleine Lloyd-Webber	1998	2022
John Dodds	2010	2022
Bryan Burrough	2018	2022

The Board are comfortable that the combination of experience, expertise and length of service provides the Company with the ideal foundation to support an effective business. Succession planning is discussed on a routine basis and there is sufficient scope within the Board that the Company is not reliant on any single individual.

8. Promote a corporate culture that is based on ethical values and behaviours

The Company promotes honesty and integrity in all its dealings.

The Directors are mindful of the main industry in which the Company operates and takes all issues of ethical behaviour seriously, particularly in relation to animal welfare and gambling. All Directors are required to complete a British Horseracing Authority Suitability Questionnaire as part of the Company's Racecourse Licence requirements.

The Directors are also mindful of the childcare industry in which the nursery is regulated and ensure compliance and a zero-tolerance policy with regards to values within this operation.

The Board has a series of matters reserved for discussion and has approved Terms of Reference for the Audit & Risk, Remuneration and Nominations Committees.

Other documentation in place and strictly complied with includes:

- Director's Share Dealing Policy
- Director's Independence Policy
- Director's Obligations to Compliance for AQUIS trading
- Director's Conflict of Interest Questionnaire
- Anti-Corruption Policy
- Bribery Prevention Policy

The Executive team promote the 'Uniquely Newbury' employee engagement programme which underpins the behaviours expected of all staff working within the business. This is reviewed routinely and the Board support this with their own approach to the business. The main focus is to promote a culture whereby customers are the key to the decision-making as they ultimately drive the success of the company. The slogan for this programme is "Engage, Excite, Enthuse, Delight".

The Company promotes and monitors a healthy corporate culture and engages with employees through a routine forum encouraging feedback on employee engagement matters as well as other activities, such as an annual employee survey. The results of the survey are closely reviewed and actions taken in response to any significant areas of concern.

9. Maintaining governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board is responsible to shareholders for the proper and effective management of the Company.

Given the scale of the Company the Directors consider the current size, constitution and experience of the Board is appropriate. The Company has an Articles of Association in place, last reviewed and updated in 2008, which it strictly adheres to when making governance decisions.

The Board is responsible for, but not limited to:

- Setting the overall strategy
- Approving annual budgets
- Approving the half year and full year financial results

CORPORATE GOVERNANCE STATEMENT (Continued)

Year ended 31 December 2021

- Approving the dividend policy
- Approving the board structure
- Approving major investment expenditure
- Approving resolutions to be put to shareholders at General Meetings

The following governance committees have been established to assist the Board in fulfilling its oversight responsibilities.

Audit and Risk Committee: Responsibilities comprise the reviewing and monitoring the integrity of the financial statements; the system of internal controls and risk management, the attitude towards risk and how risk is reported as well as the reviewing the audit process and liaison with the external auditors.

Remuneration Committee: Responsibilities comprise determining and agreeing with the Board the framework and policy for the remuneration of the Chairman and Executive Directors.

Nominations Committee: Responsible for regular review of the structure, size and composition of the Board, succession planning and identifying candidates for any Executive or Board vacancies. While Dominic Burke chairing the committee at the same time as being chairman of the Company may not be compliant with the QCA Code, the Directors consider this appropriate for the Company in view of his extensive boardroom and senior management experience.

Each of the Committees comprises only Non-Executive Directors, with both the Executive Directors sitting in attendance.

BUILD TRUST

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is open to dialogue with its shareholders and welcomes interaction.

In order to provide engagement between the shareholders and the business operation, shareholders are entitled to be in attendance at race meetings as follows each year:

No. of Shares	Shareholder Benefit
Over 10,000	2 badges (unlimited raceday attendance)
5,000 to 9,999	1 badge (unlimited raceday attendance)
101 to 4,999	2 day badges (specific to a chosen raceday)

The Directors are committed to ensuring that:

- The Company's contact details are included on the website.
- The website contains relevant information on the Company (including historical financial statements and other governance related material) and is updated on a regular basis.
- The contact details of the Chief Executive Officer, Marketing & Communications Director, Corporate Advisers and Public Relations firm are contained on all market announcements.
- The outcome of all shareholder votes will be reported on the website in a clear and transparent manner.
- All regulatory reporting requirements are posted on the website, and where compliance with FCA reporting is required, the necessary submissions are made in a timely manner.

All Shareholders are encouraged to attend the Annual General Meeting, which is held at the racecourse with a lunch/refreshments provided and the opportunity to mix informally with the Directors.

The Directors acknowledge the importance of high standards of corporate governance and the Company has adopted the QCA Code. The QCA Code sets out a standard of minimum best practice for small and mid-size quoted companies, particularly Aquis companies.

The Board comprises ten Directors: two Executive Directors, a non-Executive Chairman and seven non-Executive Directors, reflecting a blend of skills, experiences and backgrounds. The Directors consider that six non-Executive Directors are independent having taken into account their shareholdings (where relevant), length of service and their separation from the day-to-day running of the business and/or involvement with other businesses. Two non-Executives are considered to be non-independent due to their respective 9.5% and 40.9% shareholdings.

The Board meets regularly to review, formulate and approve the Company's strategy, budgets, corporate actions and oversee the Company's progress towards its goals.

CORPORATE GOVERNANCE STATEMENT (Continued)

Year ended 31 December 2021

The Company has established properly constituted Audit and Risk; Remuneration and Nominations Committees of the Board with formally delegated duties and responsibilities, a summary of which is set out below.

Audit and Risk Committee

The Audit and Risk Committee comprises Bryan Burrough, Dominic Burke and John Dodds with Bryan Burrough as Chair of the Committee. The Audit and Risk Committee formally plans to meet four times per year but will convene as often as required on other matters.

The Audit and Risk Committee's main functions include:

- Reviewing the effectiveness of internal control systems and assessing risk.
- Making recommendations to the Board in relation to the appointment of the Company's auditors.
- Determining the auditor's remuneration in consultation with the Board.
- Monitoring and reviewing annually the auditor's independence, objectivity, effectiveness and qualifications.
- Monitoring the integrity of the financial statements of the Company including its annual and interim reports, preliminary results' announcements and any other financial information provided to Shareholders.
- Overseeing the Company's relationship with the external auditors as a whole and also to consider the nature, scope and results of the auditors' work through reviews.
- Compliance with legal requirements, accounting standards and the relevant provisions of the AQUIS Rules for Companies and ensuring that an effective system of internal financial and non-financial controls is maintained.

The ultimate responsibility for reviewing and approving the Annual Report and Financial Statements will remain with the Board. The membership of the Audit and Risk Committee and its terms of reference is reviewed on an annual basis.

During the year the Audit & Risk Committee held four meetings with the key matters being the recommendation of the approval of the 2020 financial statements and final 2021 budget, a full review of the pension liability management following the triennial review, an update on Internal Controls & Risk Register and a decision to implement a Treasury strategy following the impending receipt of the final David Wilson Homes payment.

Remuneration Committee

The Remuneration Committee comprises John Dodds, Bryan Burrough and Madeleine Lloyd-Webber with John Dodds as Chair of the Committee. The Remuneration Committee formally plans to meet twice per year but will convene as often as required on other matters.

The Remuneration Committee's main functions includes:

- Determining and agreeing with the Board the Director's fees payable to the Company's Chairman, as well as the remuneration for the Executive Directors.
- Determining and approving targets for any performance related pay schemes operated by the Company and approving the total annual payments made under such schemes.
- Reviewing long-term incentive plans for approval by the Board together with determining each year whether awards will be made. Approving the overall amount of such awards, the individual awards to Executive Directors and other Senior Management and the performance targets to be used.
- Determining and approving the annual salary increases for all staff along with bonuses and incentive payments.

During the year the Remuneration Committee met once to make decisions on the Executive Long-Term Incentive schemes, the Chief Executives remuneration, the 2022 Bonus scheme and the 2021 Bonus proposal.

Nominations Committee

The Nominations Committee comprises Dominic Burke, Erik Penser and Madeleine Lloyd-Webber with Dominic Burke as Chair of the Committee. The Nominations Committee formally plans to meet once per year but will convene as often as required on other matters.

The Nominations Committee main functions include:

- Leading the process for Board appointments (including Executives) and make recommendations to the Board.
- Regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations with regard to any changes.

During the year the Nominations Committee met once to re-appoint the Chairman, appoint a Senior Independent Director, agree the Director's Fees for the year and to update the Director's appointment letters.

DIRECTORS' REPORT

Year ended 31 December 2021

The Directors present their report and the Group and Parent Company financial statements for the year ended 31 December 2021.

RESULTS AND DIVIDEND

The loss on ordinary activities after tax was £883,000 (2020: £2,040,000 loss). Further details of the major influences on this year's result are given in the Strategic Review.

The Directors have agreed that a special interim dividend of £3m be paid representing 89.6p per ordinary share (2020: none).

DIRECTORS

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

	Beneficial interest	Beneficial interest
	2021	2020
D J Burke	208,590	127,365
B R Burrough	8,600	-
J Dodds	-	-
The Hon H M Herbert	12,924	12,924
M Leigh	-	-
Lady Lloyd-Webber	319,656	319,656
J McGrath	-	-
N W E Penser	-	-
Compton Beauchamp Estates Ltd*	1,370,400	1,370,400
J M Thick	-	-
M L Thompson	-	-

* N W E Penser is a director and sole 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.

Company shares are traded on the Aquis Stock Exchange (AQSE) Apex Market.

DIRECTORS' COMMITTEES

Directors serve on the following Committees:

Audit

B R Burrough (Chair)

D J Burke

J Dodds

Remuneration

J Dodds (Chair)

Lady Lloyd-Webber

B R Burrough

Nomination

D J Burke (Chair)

Lady Lloyd-Webber

N W E Penser

DIRECTORS' REPORT (Continued)

Year ended 31 December 2021

Directors' particulars are set out below:-

Non-Executive Directors:

Dominic J Burke

Dominic Burke is the Vice Chairman of Marsh & McLennan Companies, Inc. (MMC) and also 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 fourteen 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 is an important asset as Newbury Racecourse continues its major property development.

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 Epsom 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 to 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.

Matthew Thompson

Matthew Thompson is currently Managing Director of Benugo, which is the leading hospitality (food and beverage) business in the visitor attraction sector, with partners such as The V&A, British Museum and London Zoo. Previously, Matthew led the Services business for Mitie Group plc, and spent eight years leading the Sports & Leisure business for Compass Group, both in the UK and globally. Matthew has also held senior management positions at Centrica, Glaxo Wellcome and Zenith.

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:

Mark Leigh

Mark Leigh joined Newbury as Finance Director in April 2020. Previously Mark spent three years as CFO of Longleat and ten years at global visitor attractions and hotel operator Merlin Entertainments covering various senior finance roles, including five years as FD at Chessington World of Adventures Resort. He is an Associate of the Chartered Institute of Management Accountants.

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.

DIRECTORS' REPORT (Continued)

Year ended 31 December 2021

Shareholdings

As at 31 December 2021 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*	1,370,400	40.93%
Lady Lloyd-Webber	319,656	9.55%
Mr T D J Syder	220,950	6.60%
D J Burke	208,590	6.23%

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

Engagement with employees

Covered under 'Employee Consultation' in the Strategic Report.

Engagement with suppliers, customers and others in a business relationship with the company

Covered under 'Business Relationships' in the Strategic Report.

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 auditors 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 auditors is aware of that information.

Post balance sheet events

On 1 March 2022 Newbury Racecourse plc received £10.7m from David Wilson Homes. This was the final contractual payment due to the company under the 2012 Development Agreement in relation to the purchasing of land for the redevelopment of the racecourse.

On 4 March 2022 the company made the final payment of £2.7m to Compton Beauchamp Estate Ltd in relation to the 2012 loan. On 10 March 2022 the company paid £4.5m to National Westminster Bank to fully repay the 2016 credit facility which was fully drawn in 2020.

Auditors

The auditors, BDO 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:

M LEIGH
Secretary

03 MAY 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

Year ended 31 December 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and Parent Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the group for that period.

In preparing each of these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group or Company will continue in business.

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWBURY RACECOURSE PLC

Year ended 31 December 2021

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Newbury Racecourse plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the Consolidated Profit and Loss Account, Consolidated and Company Balance Sheets, Consolidated and Company Statements of Changes in Equity, Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- **Evaluating the appropriateness of underlying forecasts:** in particular with reference to historic 'pre-Covid' trading levels, the impacts of racing behind closed doors, assumptions with regard to ongoing racecourse attendances, and sensitivities applied thereon. Consideration was also given to the accuracy of prior year forecasts for the current year.
- **Evaluating the impact on the groups financial positions in light of key subsequent events:** in particular the receipt of amounts due with regard to historic sales of land and the subsequent repayment of bank loan facilities that became due in April 2022.
- **Assessing the adequacy of disclosures:** in particular with regard to the completeness and accuracy of these disclosures.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWBURY RACECOURSE PLC (Continued)

Year ended 31 December 2021

Overview

Coverage	100% (2020:100%) of Group profit before tax 100% (2020:100%) of Group revenue 100% (2020:100%) of Group total assets													
Key audit matters	<table border="0"> <tr> <td></td> <td style="text-align: center;">2021</td> <td style="text-align: center;">2020</td> </tr> <tr> <td>1. Defined benefit pension scheme deficit</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>2. Going concern</td> <td></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>3. Lease asset valuation</td> <td></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table> <p>Lease asset valuation is no longer considered to be a key audit matter following audit procedures performed and conclusion reached in the prior year with regard to the applicable accounting policy and valuation methodology that have not changed.</p> <p>Going concern has not been considered a key audit matter this year in light of settlement of loan arrangements subsequent to the year end.</p>		2021	2020	1. Defined benefit pension scheme deficit	<input type="checkbox"/>	<input type="checkbox"/>	2. Going concern		<input type="checkbox"/>	3. Lease asset valuation		<input type="checkbox"/>	
	2021	2020												
1. Defined benefit pension scheme deficit	<input type="checkbox"/>	<input type="checkbox"/>												
2. Going concern		<input type="checkbox"/>												
3. Lease asset valuation		<input type="checkbox"/>												
Materiality	Group financial statements as a whole £220,000 (2020: £220,000) based on 1.5% (2020: 1.5% 3 year average) of revenue													

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Of the Group's two reporting components, both were subject to full scope audits, performed by the Group audit team, albeit one was dormant throughout the year.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, 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.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Valuation of defined benefit pension scheme deficit</p> <p>Refer to notes 2.18 and 25</p>	<p>The net defined benefit deficit is derived from material assets and liabilities of the scheme and subject to significant actuarial assumptions. Therefore, this was considered to be an area of focus for our audit.</p> <ul style="list-style-type: none"> • With the use of our own auditors experts, for whom we assessed independence, competence and objectivity, we have considered the appropriateness of the actuarial assumptions used and compared these to appropriate external data. Key assumptions include discount rates, inflation rates and mortality. • We confirmed the valuation of all scheme assets to asset manager reports and reviewed the adequacy of controls in place over the existence and valuation of assets allocated and assigned to the scheme by reference to the Service Organisation Controls reports of the scheme asset managers/custodians. <p>Key observation: Based on the work performed the actuarial assumptions made in the valuation of the defined benefit pension scheme deficit were not materially misstated.</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWBURY RACECOURSE PLC (Continued)

Year ended 31 December 2021

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2021 £	2020 £	2021 £	2020 £
Materiality	220,000	220,000	210,000	210,000
Basis for determining materiality	1.5% of turnover	1.5% of 3-year average turnover	1.5% of turnover	1.5% of 3-year average turnover
Rationale for the benchmark applied	Turnover is key performance indicator for the Group	Deemed to be more reliable year on year measure than profit before tax, based on professional judgement	Turnover is key performance indicator for the Company	Deemed to be more reliable year on year measure than profit before tax, based on professional judgement
Performance materiality	154,000	158,400	147,000	151,200
Basis for determining performance materiality	70% of financial statement materiality as this was reflective of our perceived risk of the financial statements containing misstatements, after considering previous experience of this audit engagement	72% of financial statement materiality which was based on the risk assessment and first year as auditors	70% of financial statement materiality as this was reflective of our perceived risk of the financial statements containing misstatements, after considering previous experience of this audit engagement	72% of financial statement materiality which was based on the risk assessment and first year as auditors

Component materiality

We set materiality for the active component of the Group based on 1.5% of the total assets of the component. Component materiality was calculated as £116,000 (2020: £124,000). In the audit of the component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £8,000 (2020: £7,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWBURY RACECOURSE PLC (Continued)

Year ended 31 December 2021

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
Matters on which we are required to report by exception	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> • 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the 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 the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWBURY RACECOURSE PLC (Continued)

Year ended 31 December 2021

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- obtaining an understanding of the legal and regulatory frameworks that are applicable to the Group and Parent Company. These include, but are not limited to, compliance with United Kingdom Generally Accepted Accounting Practice and tax legislation.
- making enquiries of management and the Audit Committee regarding the Group and the Parent Company's policies and procedures relating to:
 - o identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - o detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud, and
 - o the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- reviewing minutes of the Board of Directors meetings in order to identify any instances of fraud or non-compliance with laws and regulations.
- communicating relevant identified laws and regulations and potential fraud risks to all audit engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. The engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur in the financial statements and any potential indicators of fraud. We identified potential for fraud in the following areas and performed the following procedures:
 - o management override of controls: we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates and judgements. Audit procedures performed included:
 - challenging assumptions made by management in their significant accounting estimates in particular in relation to depreciation rates on tangible fixed assets, actuarial assumptions, present value adjustments applied to long term assets and liabilities, and recognition of deferred tax assets;
 - identifying and testing journal entries, in particular any journal entries to revenue which are not in line with expectations and reviewing journal entries for journals inconsistent with the usual transactions of the Group and the Parent Company.
 - o revenue recognition: application of cut off at, and measurement of accrued income to, the year-end. We reviewed a sample of transactions pre and post year end to check that the associated revenue is reflected in the correct period.
- communicating relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWBURY RACECOURSE PLC
(Continued)**

Year ended 31 December 2021

Use of our report

This report is made solely to the Parent 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 Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Clayden (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 4 May 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Profit and Loss Account

Year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	4	14,831	8,487
Cost of sales		(12,107)	(9,501)
Gross profit/(loss)		2,724	(1,014)
Administrative expenses		(2,748)	(2,223)
Other operating income	5	66	857
Net exceptional items	6	154	94
Operating profit/(loss)	7	196	(2,286)
Interest receivable and similar income	9	175	171
Interest payable and similar charges	10	(192)	(150)
Profit/(loss) before tax		179	(2,265)
Tax (charge)/credit	11	(1,062)	225
Loss after tax		(883)	(2,040)
Profit per share (basic and diluted) (Note 13)		(26.4)p	(60.9)p
All amounts derive from continuing operations			

Consolidated Statement of Comprehensive Income

Year ended 31 December 2021

	2021 £'000	2020 £'000
Loss for the financial year	(883)	(2,040)
Remeasurement of the net defined benefit liability	737	(600)
Deferred tax on actuarial (loss)/gain	(116)	114
Deferred tax prior year adjustment	-	5
Other comprehensive profit/(loss) for the year	621	(481)
Total recognised loss in the year	(262)	(2,521)

The accompanying notes on pages 32 to 51 form part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2021

	Note	2021 £'000	Restated 2020 £'000
Fixed assets			
Tangible assets	14	40,811	41,549
Investments	15	117	117
		40,928	41,666
Current assets			
Stocks	16	22	177
Debtors			
- due within one year	17	12,695	2,539
- due after more than one year	18	3,618	14,046
Cash at bank and in hand		6,009	5,529
		22,344	22,291
Creditors: amounts falling due within one year	19	(10,160)	(2,304)
Net current assets		12,184	19,987
Total assets less current liabilities		53,112	61,653
Creditors: amounts falling due after more than one year	20	-	(8,611)
Provisions for liabilities	22	(3,759)	(2,578)
Pension deficit	25	(705)	(1,538)
Net assets		48,648	48,926
Capital grants			
Deferred capital grants	24	36	52
Capital and reserves			
Called up share capital	23	335	335
Share premium account		10,202	10,202
Revaluation reserve	23	75	75
Equity reserve	23	143	143
Profit and loss account surplus		37,857	38,119
Shareholders' funds		48,612	48,874
Net assets		48,648	48,926

The financial statements were approved and authorised for issue by the Board of Directors on 03 May 2022 and signed on its behalf by:

D J BURKE (Chairman)

J M THICK (Chief Executive)

The accompanying notes on pages 32 to 51 form part of these financial statements.

Company Balance Sheet

As at 31 December 2021

	Note	2021 £'000	Restated 2020 £'000
Fixed assets			
Tangible assets	14	40,806	41,544
Investments	15	7,820	7,820
		48,626	49,364
Current assets			
Stocks	16	22	177
Debtors			
- due within one year	17	12,667	2,508
- due after more than one year	18	3,618	14,046
Cash at bank and in hand		6,005	5,526
		22,312	22,257
Creditors: Amounts falling due within one year	19	(18,110)	(10,328)
Net current assets		4,202	11,929
Total assets less current liabilities		52,828	61,293
Creditors: amounts falling due after more than one year	20	-	(8,611)
Provisions for liabilities	22	(3,759)	(2,578)
Pension deficit	25	(705)	(1,538)
Net assets		48,364	48,566
Capital grants			
Deferred capital grants	24	36	52
Capital and reserves			
Called-up share capital	23	335	335
Share premium account		10,202	10,202
Revaluation reserve	23	75	75
Equity reserve	23	143	143
Other reserve	23	198	198
Profit and loss account		37,375	37,561
Shareholders' funds		48,328	48,514
Net assets		48,364	48,566

As permitted by section 408 of the Companies House Act 2006, the income statement of the Parent Company is not presented as part of these accounts. The loss of the Parent Company for the year amounted to £807,000 (2020: £2,003,000).

The financial statements were approved and authorised for issue by the Board of Directors on 03 May 2022 and signed on its behalf by:

D J BURKE (Chairman)

J M THICK (Chief Executive)

The accompanying notes on pages 32 to 51 form part of these financial statements.

Consolidated Statement of Changes in Equity

As at 31 December 2021

GROUP	Share	Share	Capital	Revaluation	Profit and	Total
	Capital	Premium	redemption	reserve	loss	
	£'000	£'000	Reserve	£'000	account	£'000
At 1 January 2021	335	10,202	143	75	38,119	48,874
Loss for the year	-	-	-	-	(883)	(883)
Other comprehensive income	-	-	-	-	621	621
Total comprehensive income	-	-	-	-	(262)	(262)
At 31 December 2021	335	10,202	143	75	37,857	48,612

GROUP	Share	Share	Capital	Revaluation	Profit and	Total
	Capital	Premium	redemption	reserve	loss	
	£'000	£'000	Reserve	£'000	account	£'000
At 1 January 2020	335	10,202	143	75	40,640	51,395
Loss for the year	-	-	-	-	(2,040)	(2,040)
Other comprehensive income	-	-	-	-	(481)	(481)
Total comprehensive income	-	-	-	-	(2,521)	(2,521)
At 31 December 2020	335	10,202	143	75	38,119	48,874

Company Statement of Changes in Equity

As at 31 December 2021

COMPANY	Share	Share	Capital	Revaluation	Other	Profit and	Total
	Capital	Premium	redemption	reserve	reserve	loss	
	£'000	£'000	Reserve	£'000	£'000	account	£'000
At 1 January 2021	335	10,202	143	75	198	37,561	48,514
Loss for the year	-	-	-	-	-	(807)	(807)
Other comprehensive income	-	-	-	-	-	621	621
Total comprehensive income	-	-	-	-	-	(186)	(186)
At 31 December 2021	335	10,202	143	75	198	37,375	48,328

COMPANY	Share	Share	Capital	Revaluation	Other	Profit and	Total
	Capital	Premium	redemption	reserve	reserve	loss	
	£'000	£'000	Reserve	£'000	£'000	account	£'000
At 1 January 2020	335	10,202	143	75	198	40,045	50,998
Loss for the year	-	-	-	-	-	(2,003)	(2,003)
Other comprehensive income	-	-	-	-	-	(481)	(481)
Total comprehensive income	-	-	-	-	-	(2,484)	(2,484)
At 31 December 2020	335	10,202	143	75	198	37,561	48,514

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

The accompanying notes on pages 32 to 51 form part of these financial statements.

Consolidated Cash Flow Statement

Year ended 31 December 2021

	2021	2020
	£'000	£'000
Cash flows from operating activities		
Loss for the financial year	(883)	(2,040)
Adjustments for:		
Exceptional items	(154)	(94)
Amortisation of capital grants	(17)	(18)
Depreciation charges	1,262	1,194
Interest payable	192	150
Interest receivable	(175)	(171)
Tax charge/(credit)	1,062	(225)
Decrease in stocks	155	95
Decrease in debtors	2	860
Increase/(decrease) in creditors	672	(450)
Corporation tax received	287	207
Other associated property receipts	128	236
Pension top up payments	(122)	(109)
Net cash inflow/(outflow) from operating activities	2,409	(365)
Cash flows from investing activities		
Interest received	10	7
Loan repayments received	9	9
Purchase of fixed assets	(532)	(2,032)
Receipts from exceptional sale of fixed assets	167	101
Purchase of freeholds	-	(411)
Sale of investment properties	-	1,500
Net cash outflow from investing activities	(346)	(826)
Cash flows from financing activities		
Receipt of bank loan	-	5,500
Repayment of bank loan	(1,500)	-
Interest paid	(83)	(49)
Net cash (outflow)/inflow from financing	(1,583)	5,451
Net increase in cash in the year	480	4,260
Cash as at 1 January 2021	5,529	1,269
Cash as at 31 December 2021	6,009	5,529

The accompanying notes on pages 32 to 51 form an integral part of the financial statements.

Notes to the Financial Statements

Year ended 31 December 2021

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” (FRS 102) 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:

- 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 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, thorough and continual review of the Group’s forecasts and associated risks and sensitivities, over the next twelve months. The extent of this review reflects the current economic climate as well as 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 has given due consideration to the potential future impacts of COVID-19 on attendances and the racing calendar. A system of regular reviews of the forecasted business 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 (and other factors such as animal disease and national mourning), reducing the levels of risk carried by the Group.

The Board has reviewed the cash flow and working capital requirements in detail. Following this review, the Board has concluded that it has reasonable expectation that the Group has adequate resources in place to continue in operational existence for the foreseeable future and has not identified a material uncertainty in this regard. On this basis the going concern basis has been adopted in preparing the financial statements.

2.4 Revenue recognition

Services rendered, raceday income including admissions, catering arrangement & hospitality revenues, sponsorship and licence fee income is recognised on the relevant raceday. Income from the arrangement with outsourced caterers is recognised at the agreed share rate on profits generated from such operation. 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, conference income is recognised on the day of the conference, the Lodge Hotel income is recognised over the duration of the guests stay and nursery income is recognised as the child attends the nursery.

Notes to the Financial Statements

Year ended 31 December 2021

2.4 Revenue recognition (continued)

For purposes of improved transparency over revenue, all income relating to prizemoney such as HBLB grants, and Owner's entry stakes are allocated as revenue rather than offsetting cost of sales.

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

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.

Property receipts are recognised in accordance with the substance of the transaction being that of an exceptional sale of land to David Wilson Homes. 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, which is included in Other Debtors, 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 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.

2.6 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.

2.7 Lease assets receivable

Lease assets receivable relates to freeholds that the Group has acquired 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, lessees 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 lessee, the Group does not recognise a fixed asset in relation to the freehold to the extent attributable to the lease.

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 at the time of the underlying transaction. 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 amounts arising from the unwinding of discounted cashflows are included in interest receivable.

2.8 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, 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.

Notes to the Financial Statements

Year ended 31 December 2021

2.9 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.

2.10 Impairment of fixed assets

Assets that are subject to depreciation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have previously been impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

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 Cash and cash equivalents

Cash is represented by cash in hand and cash equivalents, being short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

2.14 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.

2.15 Dividends

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

Notes to the Financial Statements

Year ended 31 December 2021

2.16 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.

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 or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for 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.

Deferred tax assets and deferred tax liabilities are offset when the entity has a legally enforceable right to set off current tax assets against current tax liabilities, and when the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

2.17 Grants

Coronavirus Job Retention Scheme grants, provided by the government, are accounted for under the performance model in line with accounting standards, with these grants credited to the Profit and Loss Account as other operating income in the month of the corresponding payroll expense. The corresponding debtor is carried on the balance sheet until the cash is received.

Capital grants received 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.

2.18 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

Year ended 31 December 2021

2.18 Pensions (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.

2.19 Borrowing and loan issue 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. Debt issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.20 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 less 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.

2.21 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 6 for further detail.

Notes to the Financial Statements

Year ended 31 December 2021

3. CRITICAL ACCOUNTING JUDGEMENTS 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.

The following are the critical judgements and key sources of estimation uncertainty 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.

David Wilson Homes

The fair value of the long-term David Wilson Homes debtor balance is an estimate that 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 based on management judgement.

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 £41.7 million. No indication of impairment has been identified in 2021 (2020: none identified).

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, based on management estimates, continue to be appropriate for calculating depreciation in the period. There was no change in residual values or useful economic lives during 2021.

Notes to the Financial Statements

Year ended 31 December 2021

4. TURNOVER

Trading turnover, which arises solely in the United Kingdom, represents admissions to the racecourse, catering arrangement and 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 trading turnover. Property turnover represents rental income. All turnover is generated by third parties.

Turnover by revenue stream

	2021	2020
	£'000	£'000
Sale of goods	7	243
Rendering of services	11,140	5,647
HBLB grants	3,684	2,597
Total	14,831	8,487

Segmental Analysis

	Turnover	Gross Profit	Profit/(loss) Before Interest and Exceptional Items	Exceptional Items	Profit/(loss) Before Tax	*Net assets
	£'000	£'000	£'000	£'000	£'000	£'000
2021						
Trading	13,176	2,185	(383)	-	(566)	29,574
Nursery	1,557	531	531	-	531	2,695
Lodge	37	(53)	(53)	-	(53)	1,549
Total	14,770	2,663	95	-	(88)	33,818
Property	61	61	(53)	154	267	14,830
Total	14,831	2,724	42	154	179	48,648

	Turnover	Gross Profit	Profit/(loss) Before Interest and Exceptional Items	Exceptional Items	Profit/(loss) Before Tax	*Net assets
	£'000	£'000	£'000	£'000	£'000	£'000
2020						
Trading	7,071	(1,280)	(2,680)	(6)	(2,829)	29,630
Nursery	1,220	373	452	-	452	2,707
Lodge	127	(176)	(98)	-	(98)	1,549
Total	8,418	(1,083)	(2,326)	(6)	(2,475)	33,886
Property	69	69	(54)	100	210	15,040
Total	8,487	(1,014)	(2,380)	94	(2,265)	48,926

*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. OTHER OPERATING INCOME

	2021	2020
	£'000	£'000
Other operating income	66	857
Total	66	857

Other operating income is attributable to government grants received from the Coronavirus Job Retention Scheme.

Notes to the Financial Statements

Year ended 31 December 2021

6. EXCEPTIONAL ITEMS

	2021	2020
	£'000	£'000
Net book value of asset disposal	-	(6)
DWH debtor movement in fair value	154	100
Total	154	94

In accordance with note 2.21, accounting transactions related to the DWH agreement are considered outside the ordinary course of business.

7. OPERATING PROFIT/(LOSS)

	2021	2020
	£'000	£'000
This is stated after charging/(crediting):		
Depreciation (note 14)	1,262	1,194
Auditor's remuneration	60	58
Amortisation of deferred capital grants	(16)	(18)

8. STAFF COST

Staff costs, including directors' remuneration, were as follows:

	2021	2020
	£'000	£'000
Wages and salaries	2,798	2,921
Social security costs	236	279
Other pension costs	73	116
Total	3,107	3,316

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

	2021	2020
Office and management	24	32
Catering	2	10
Ground, maintenance and security staff	14	17
Lodge	-	10
Rocking Horse Nursery	38	35
Total	78	104

Notes to the Financial Statements

Year ended 31 December 2021

8. STAFF COST (Continued)

	2021	2020
	£'000	£'000
Directors' remuneration and transactions	435	490
Executive Directors	90	-
Non-Executive Directors	525	490
Total	525	490

The highest paid director received remuneration of £302,000 (2020: £330,000), including pension contributions of £2,000 (2020: £21,300).

Two Directors are members of defined contribution pension schemes. The value of the company's contributions paid in respect of such Directors amounted to £11,000 (2020: £31,000).

Transactions with key management personnel

Members of the Board of Directors of Newbury Racecourse plc are deemed to be key management personnel.

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

9. INTEREST RECEIVABLE

	2021	2020
	£'000	£'000
Other interest receivable	175	171
Total	175	171

10. INTEREST PAYABLE & SIMILAR CHARGES

	2021	2020
	£'000	£'000
Bank interest payable	83	85
Compton Beauchamp Estates Ltd loan	83	37
Pension scheme liabilities	26	28
Total	192	150

Notes to the Financial Statements

Year ended 31 December 2021

11. TAXATION

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

	2021	2020
	£'000	£'000
Current tax:		
Current tax on income for the year	-	-
Adjustments in respect of prior years	(3)	(280)
Total current tax	(3)	(280)
Deferred taxation (see note 22):		
Origination and reversal of timing differences	99	(384)
Adjustment in respect of prior years	209	170
Change in tax rate	757	269
	1,065	55
Taxation on loss/(profit) on ordinary activities	1,062	(225)
Reconciliation of effective tax rate:		
	2021	2020
	£'000	£'000
Profit/(loss) on ordinary activities before tax	179	(2,265)
Tax on profit on ordinary activities at the standard UK rate – 19% (2020: 19%)	34	(430)
Income not chargeable for tax purposes	(54)	(54)
Expenses not deductible for tax purposes	119	100
Effect in change of rate	757	269
Adjustment in respect of prior years	206	(110)
Total tax charge/(credit) for the year	1,062	(225)

Deferred tax has been recognised in full at the substantively enacted rate of 25% as at 31 December 2021. In the March 2021 Budget, the UK Government announced that legislation would be introduced in the Finance Bill 2021 to increase the main rate of UK Corporation Tax from 19% to 25%, effective 1 April 2023. For profits up to £50,000, the corporation tax rate will remain at 19% and for profits over £250,000, the corporation tax rate will be 25%. Marginal relief provisions will also be introduced for profits between the lower and upper limits. The new legislation was substantively enacted in May 2021 and was fully enacted on 10 June 2021. Therefore, as at 31 December 2021, two corporation tax rates had been substantively enacted, being 19% (the current corporation tax rate), and 25% (the rate applying from 1 April 2023).

The closing deferred tax assets and liabilities have therefore been calculated at the higher substantively enacted rate (25%) expected to apply to the unwinding of the liability/asset as at the balance sheet date.

12. 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 loss after tax of the Parent Company for the year was £807,000 (2020: loss of £2,003,000).

13. PROFIT PER SHARE

Basic and diluted profit per share is calculated by dividing the loss attributable to ordinary shareholders for the year ended 31 December 2021 of £883,000 (2020: loss of £2,040,000) by the weighted average number of ordinary shares during the year of 3,348,326 (2020: 3,348,326).

Notes to the Financial Statements

Year ended 31 December 2021

14. TANGIBLE FIXED ASSETS

GROUP	Freehold property £'000	Fixtures and fittings £'000	Tractors and motor vehicles £'000	Total £'000
Cost or valuation				
As at 1 January 2021	53,795	9,497	313	63,605
Additions	36	488	-	524
Disposals	-	(31)	-	(31)
As 31 December 2021	53,831	9,954	313	64,098
Depreciation				
At 1 January 2021	16,777	5,120	159	22,056
Charge for year	679	561	22	1,262
Disposals	-	(31)	-	(31)
At 31 December 2021	17,456	5,650	181	23,287
Net book value at 31 December 2021	36,375	4,304	132	40,811
Net book value at 31 December 2020	37,018	4,377	154	41,549

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 £36,299,000 (2020: £36,942,000).

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. There was no further change in the residual values or useful economic lives during 2021.

COMPANY	Freehold property £'000	Fixtures and fittings £'000	Tractors and motor vehicles £'000	Total £'000
Cost or valuation				
As at 1 January 2021	53,790	9,497	313	63,600
Additions	36	488	-	524
Disposals	-	(31)	-	(31)
As 31 December 2021	53,826	9,954	313	64,093
Depreciation				
At 1 January 2021	16,777	5,120	159	22,056
Charge for year	679	561	22	1,262
Disposals	-	(31)	-	(31)
At 31 December 2021	17,456	5,650	181	23,287
Net book value at 31 December 2021	36,370	4,304	132	40,806
Net book value at 31 December 2020	37,013	4,377	154	41,544

The net book value of freehold land and buildings determined by the historical cost convention is £36,294,000 (2020: £36,937,000).

Notes to the Financial Statements

Year ended 31 December 2021

15. INVESTMENTS

	2021	2020
	£'000	£'000
GROUP		
Investment in Racecourse Media Group	117	117
Investment in Racecourse Media Services Limited	-	-
Total	117	117
	2021	2020
	£'000	£'000
COMPANY		
Investment in Racecourse Media Group	117	117
Investment in Racecourse Media Services Limited	-	-
Shares in subsidiary undertakings	7,703	7,703
Total	7,820	7,820

The Group has the following unlisted investments:

One 'A' share (£100 and 5.6% of the 'A' shareholding) together with five hundred and eighty two 'B' shares that were issued in 2011 (£116,400 and 5.6% of the 'B' shareholding) in Racecourse Media Group Limited (RMG) which owns 100% of Racing UK Limited.

One share (£100 and 5.4% of the shareholding) in Racecourse Media Services Limited (RMS) which owns 50% of Amalgamated Racing Limited (TurfTV).

One share (£100 and 3.1% of the shareholding) in Racecourse Betting Company Limited (RBC).

One share (£100 and 2.77% of the shareholding) in Racecourse Retail Business Limited (RRB).

Twenty one shares (£21 and 2.1% of the shareholding) in British Champions' Series Limited.

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 2021. As at 31 December 2021, Newbury Racecourse plc holds 100% of the ordinary share capital and voting rights of both companies. The Registered Office for both subsidiaries is Newbury Racecourse, Newbury, Berkshire, RG14 7NZ.

16. STOCKS AND WORK IN PROGRESS**GROUP AND COMPANY**

The Group's stock consists of sundry materials held for the purpose of maintaining the racecourse and the Group's premises.

	2021	2020
	£'000	£'000
Catering	-	158
Sundry	22	19
Total	22	177

Notes to the Financial Statements

Year ended 31 December 2021

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Restated	
	2021	2020
GROUP	£'000	£'000
Trade debtors	609	697
Other debtors	11,965	1,696
Prepayments and accrued income	121	146
Total	12,695	2,539

	Restated	
	2021	2020
COMPANY	£'000	£'000
Trade debtors	581	667
Other debtors	11,965	1,695
Prepayments and accrued income	121	146
Total	12,667	2,508

Other debtors include £10,675,000 (2020: due within one year £243,000, due after one year £10,450,000), 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.

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

Other debtors also include £154,400 (2020: £154,400) in respect of lease asset receivables, being the value of ground rents receivable from the freehold interests of the Group.

See note 22 for details of the restatement.

18. DEBTORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2021	2020
	£'000	£'000
GROUP & COMPANY		
Other debtors	3,618	14,046

Other debtors include £3,522,495 (2020: £3,505,000) in respect of lease asset receivables, being the value of ground rents receivable from the freehold interests of the Group, and a loan of £95,682 (2020: £91,116) to Britbet Racing LLP for the start-up of a new betting consortium.

Notes to the Financial Statements

Year ended 31 December 2021

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£'000	£'000
GROUP		
Trade creditors	934	228
Other taxes and social security	149	256
Other creditors	747	814
Accruals and deferred income	1,136	1,006
CBEL loan (note 21)	2,694	-
Bank loan (note 21)	4,500	-
Total	10,160	2,304

	2021	2020
	£'000	£'000
COMPANY		
Trade creditors	934	227
Amounts owed to group undertakings	7,950	8,045
Other taxes and social security	149	256
Other creditors	747	814
Accruals and deferred income	1,136	986
CBEL loan (note 21)	2,694	-
Bank loan (note 21)	4,500	-
Total	18,110	10,328

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

	2021	2020
	£'000	£'000
GROUP & COMPANY		
CBEL loan (note 21)	-	2,611
Bank loans (note 21)	-	6,000
Total	-	8,611

Notes to the Financial Statements

Year ended 31 December 2021

21. LOANS

GROUP & COMPANY

	2021	2020
	£'000	£'000
Analysis of loan repayments:		
Due within one year	7,194	-
Due within one and two years	-	8,611
Total	7,194	8,611

Compton Beauchamp Estates Limited Loan

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

Amount Drawn	Purpose	Repayment Dates	Interest*	Total Loan and interest
£6,500,000	Purchase of own shares	15.11.18** 15.11.19** 30.04.22***	3.132%	£8,183,171

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 2021 was £83,000 (2020: £37,000). Interest is calculated using the six monthly LGT Bank (Ireland) Limited International Bank Rate plus 2%. In accordance with FRS102, interest accrued also includes an adjustment for the effective rate method.

** Repayment was made as scheduled in 2018 and 2019.

***On 27 April 2020, the Group agreed a deferral of the final loan repayment of £2.7m to Compton Beauchamp Estates Limited, until 30 April 2022.

At the year end, there was also a loan balance of £4.5m (2020: £6.0m) due to National Westminster Bank plc.

These loans are 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.

22. PROVISIONS FOR LIABILITIES

	Property provision	Deferred tax	Total
	£'000	£'000	£'000
GROUP AND COMPANY			
At 1 January 2021	700	1,878	2,578
Utilised in year	-	-	-
Depreciation in excess of capital allowances	-	903	903
Deferred tax on rolled over capital gains	-	397	397
Deferred tax on lease receivable	-	28	28
Deferred tax on staff costs	-	(27)	(27)
Deferred tax on defined benefit pension scheme	-	116	116
Deferred tax on losses	-	(236)	(236)
At 31 December 2021	700	3,059	3,759

Property provisions relate to the indemnity associated with the land sale to David Wilson Homes.

Notes to the Financial Statements

Year ended 31 December 2021

22. PROVISIONS FOR LIABILITIES (Continued)

DEFERRED TAX LIABILITY	Restated	
	2021	2020
GROUP AND COMPANY	£'000	£'000
Provision for deferred taxation consists of the following amounts:		
Depreciation in excess of capital allowances	2,769	1,865
Deferred tax on rolled over capital gains	1,938	1,541
Deferred tax on lease asset receivable	115	88
Deferred tax on staff costs	(57)	(30)
Deferred tax on defined benefit pension scheme	(176)	(292)
Deferred tax on losses	(1,530)	(1,294)
Total	3,059	1,878

In the prior year, the deferred tax assets and deferred tax liabilities for the Group and Company, relating to income taxes levied by the same tax authority, were presented as gross in assets and liabilities in the balance sheet, rather than net. This has been corrected in the comparatives as a prior year adjustment. This restatement has no impact on net assets or profit in the current or prior year.

23. CAPITAL AND RESERVES

Share Capital	2021	2020
Authorised	£'000	£'000
6,000,000 Ordinary shares at 10p each	600	600
Total	600	600
	2021	2020
Allotted, called up and fully paid	£'000	£'000
3,348,326 Ordinary shares of 10p each	335	335
Total	335	335

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

Capital redemption reserve

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

Revaluation reserve

In 1959 a revaluation of part of the freehold land at £117,864 gave rise to an excess of £75,486 over its cost and this sum is included in the total value of this asset.

Other reserves (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.

Notes to the Financial Statements

Year ended 31 December 2021

24. CAPITAL GRANTS		
	2021	2020
GROUP AND COMPANY	£'000	£'000
Deferred capital grants	36	52
	2021	
	£'000	
Analysis of movements on capital grants	52	
Balance as at 1 January 2021	(16)	
Capital grants credited to the profit and loss account	36	
Balance as at 31 December 2021	36	

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

25. EMPLOYEE BENEFITS

GROUP AND COMPANY

Defined Contribution Scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the fund and amounted to £73,000 (2020: £116,000). There were £12,500 (2020: £16,800) 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 2020, the most significant sensitivities to the assumptions being the cash commutation, inflation assumption and climate change shock.

As at 1 July 2020, the market value of the scheme assets was £1,282,000 and the actuarial value of the assets was only sufficient to fund 57% of the benefits that had accrued to members, after allowing for expected future increases in earnings. As such there is a deficit of £968,000 to fund and a recovery plan has been agreed with the Trustees of the scheme. A payment of £109,000 was made in the first year after the valuation date. Annual contributions of £136,000 (increasing by 3% per annum) will be paid over a 6-year period commencing 1 July 2021. As at 31 December 2021, under the agreed recovery plan, total contributions of £177,000 have been paid into the scheme.

The actuarial valuation described above has been updated at 31 December 2021 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 2021 under FRS 102 are as follows:

	2021	2020
	%	%
Disclosure of actuarial assumptions		
Rate of increase in salaries	3.80	3.40
Rate of increase in pensions in payment		
Pre 1 July 1993 pension	3.00	3.00
Post 1 July 1993 pension	3.25	2.85
Discount rate	1.90	1.35
Inflation assumption (RPI)	3.25	2.85
Inflation assumption (CPI)	2.80	2.40

Notes to the Financial Statements

Year ended 31 December 2021

25. EMPLOYEE BENEFITS (Continued)

Assumed life expectancies on retirement at age 65 are:	2021	2020
Retiring today - Males	85.8	86.4
Retiring today - Females	89.2	88.7
Retiring in 20 years time – Males	87.1	87.7
Retiring in 20 years time - Females	90.7	90.3

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

	2021	2020
	£'000	£'000
Present value of defined benefit obligations	(3,595)	(4,220)
Fair value of scheme assets	2,890	2,682
Deficit in the scheme at the end of the year	(705)	(1,538)

Movements in the present value of defined benefit obligations were as follows:	2021	2020
	£'000	£'000
At 1 January	4,220	3,697
Interest cost	52	78
Actuarial gains and losses	(7)	545
Benefits paid	(670)	(100)
At 31 December	3,595	4,220

Movements in the fair value of scheme assets were as follows:	2021	2020
	£'000	£'000
At 1 January	2,682	2,678
Interest income	32	58
Actuarial gains and losses	730	(55)
Contributions by employers	122	109
Benefits paid	(670)	(100)
Plan administrative cost	(6)	(8)
At 31 December	2,890	2,682

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

	2021	2020
	£'000	£'000
Group pension contract	1,031	1,428
Annuity contract	1,859	1,254
Fair value of assets	2,890	2,682

Notes to the Financial Statements

Year ended 31 December 2021

26. FINANCIAL COMMITMENTS

	2021	2020
	£'000	£'000
GROUP AND COMPANY		
Swift Lifts Ltd	16	90
Kennet Equipment	6	12
Tech Support Guru	133	169
Total	155	271

Newbury Racecourse plc has a 5-year contract with Swift Lift Services Ltd for the purpose of undertaking lift upgrade works until 31 March 2022. £16,000 is due within one year.

Newbury Racecourse plc has a 3-year contract with Kennet Equipment for the lease of a CP30 Compactor until 31 December 2022. £6,000 is due within one year.

Newbury Racecourse plc has a 5-year contract with Tech Support Guru for the lease of computer equipment until 30 Sept 2025. £36,000 is due within one year (2020: £36,000), and £97,000 is due after one year (2020: £133,000)

As at 31 December 2021 there were no hedging instruments in place.

27. RELATED PARTY TRANSACTIONS

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

Compton Beauchamp Estates Limited

During the year ended 31 December 2021, sponsorship income of £22,400 (2020: £nil) was received from Compton Beauchamp Estates Limited. As at the year end a debtor balance of £nil (2020: £nil) was outstanding. The CBEL loan of £2,694,033 is provided by Compton Beauchamp Estates Limited (see note 21). Erik Penser is a director and sole shareholder of Compton Beauchamp Estates Limited. These are considered to be arm's length transactions.

Marsh JLT Specialty Limited

During the year ended 31 December 2021, Marsh JLT Specialty Limited provided broker insurance services to Newbury Racecourse plc to the value of £24,500 (2020: £32,500). The balance outstanding at the year end was £nil (2020: £nil). During the year Dominic Burke was the Chairman of Marsh JLT Specialty Limited. These are considered to be an arm's length transactions.

Racing Media Group Limited

During the year ended 31 December 2021, Newbury Racecourse plc traded with Racing Media Group Limited. Income received from Racing Media Group Limited amounted to £2,434,000 (2020: £1,737,000). The balance outstanding at the year end was £603,000 (2020: £899,000). 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 was a director during the year. This is considered to be an arm's length transaction.

Highclere Thoroughbred Racing Limited

During the year ended 31 December 2021 sponsorship income of £1,500 (2020: £nil) and hospitality income of £7,380 (2020: £13,487) was received from Highclere Thoroughbred Racing Limited. As at the year-end a debtor balance of £nil (2020: £nil) was outstanding. The Hon H M Herbert is a director of Highclere Thoroughbred Racing Limited. These are considered to be arm's length transactions.

Watership Down Stud

During the year ended 31 December 2021, sponsorship income of £10,600 (2020: £nil) was received from Watership Down Stud. As at the year end a debtor balance of £nil (2020: £nil) was outstanding. Lady Lloyd-Webber is the owner of Watership Down Stud. These are considered to be arm's length transactions.

Bryan Burrough

During the year ended 31 December 2021, no sponsorship income (2020: £2,500) was received from Bryan Burrough, a non-executive director of the company. As at the year-end a debtor balance of £nil (2020: £nil) was outstanding. This is considered to be arm's length transaction.

Notes to the Financial Statements

Year ended 31 December 2021

28. POST BALANCE SHEET EVENTS

On 1 March 2022 Newbury Racecourse plc received £10.7m from David Wilson Homes. This was the final contractual payment due to the company under the 2012 Development Agreement in relation to the purchasing of land for the redevelopment of the racecourse.

On 4 March 2022 the company made the final payment of £2.7m to Compton Beauchamp Estate Ltd in relation to the 2012 loan. On 10 March 2022 the company paid £4.5m to National Westminster Bank to fully repay the 2016 credit facility which was fully drawn in 2020.