

NEWBURY RACECOURSE PLC



FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2011



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Officers and Professional Advisers

DIRECTORS

D J Burke (appointed as Chairman 13.06.11)	Lady Lloyd-Webber
J Dodds	N W E Penser
The Hon H M Herbert	C J Spence (retired as Chairman 13.06.11)
S A Higgins (Managing Director Racecourse & Events)	B T Stewart-Brown
S Hordern (Managing Director Property & Finance)	R L Todd

SECRETARY Mrs S Hordern

REGISTERED OFFICE The Racecourse
Newbury
Berkshire RG14 7NZ

AUDITORS Deloitte LLP
Reading

BANKERS HSBC Bank PLC
6 Northbrook Street
Newbury
Berkshire RG14 1DJ

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

SOLICITORS Burges Salmon LLP
One Glass Wharf
Bristol
BS2 0ZX

REGISTRARS Capita Registrars
Shareholder Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

CORPORATE ADVISERS Strata Technology Partners LLP
Kingsbury House
15-17 King Street
London SE1Y 6QU

Chairman's Statement

2011 was a year of change and challenges for the racing industry. However in this, my maiden preliminary statement as Chairman, I am encouraged to announce a year of good progress for both the Trading and Property divisions of the Racecourse.

Our core racing operations traded profitably and continued to deliver high quality Flat and National Hunt racing against a backdrop of considerable funding pressure. Revenues received from the Horseracing Betting Levy Board came under further pressure with receipts down nearly 40% on those received in 2008. Nevertheless, our determination to protect Newbury's racing programme ensured we remained focused on sustaining prize money levels without downgrading our high quality programme. We support the ongoing discussions to agree a more appropriate levy or replacement funding structure to capture important existing revenues. We also welcome the government's decision to tax off shore betting operators. However all sections of the racing industry must complement this progress by ensuring a workable structure for the industry that is viable for all parties and assists the development and protection of UK racing.

Our contribution to British racing was furthered with the Racecourse's involvement as shareholders in the British Champion Series and the part the successful JLT Lockinge Stakes played in promoting it and UK racing to a new and wider audience both at home and abroad.

Our strategy of developing the Racecourse facilities for racegoers helped ensure that racing revenues remained resilient in the face of a difficult economic climate; however this climate continues to present challenges for the conference and events business.

The redevelopment of the Racecourse made important progress during the year and we were pleased to receive Reserved Matters Planning Permission for the first two phases of the residential development. The programme remains a key initiative for the long term success of the Racecourse and we believe the quality of the housing designs that Glenn Howells Architects have produced ensure that the development will wholly compliment the Racecourse, its setting and heritage. Our commitment to this strategic long term project resulted in an overall loss for the Company in line with the Boards expectations. In light of the continued investment this project requires and the ongoing uncertainty in the racing industry, the Board does not consider it appropriate to pay a dividend for 2011.

On behalf of the Board I would like to thank Sarah Hordern and Stephen Higgins together with all of the staff at the Racecourse for their hard work, which in addition to the ongoing support from our sponsors made 2011 a year of real progress for the Racecourse.

Whilst the trading environment remains challenging, we look forward to another year of first class racing and the continued redevelopment of the racecourse and its facilities.

DOMINIC J BURKE
Chairman
29 March 2012

OPERATIONAL AND FINANCIAL REVIEW

Financial Overview

2011 oversaw a number of positive developments for the Racecourse. The existing racing, leisure and events operations and the ongoing redevelopment programme made strong progress and achieved important milestones. To provide greater clarity it has been decided to present the performance of the racing, leisure and events business ("trading") and the property redevelopment activities ("property") separately within the overall Group accounts.

Trading turnover increased by 5.5% to £12.5m (2010: £11.8m) assisted by the successful launch of the Newbury LIVE concert format. Increased like for like income from hospitality and public catering sales, sponsorship and associated media rights more than offset the Racecourse hosting one less Party in the Paddock event, and two less leasehold racing fixtures than 2010 and lead to a 2% increase in earnings contribution from racing activities prior to overhead.

The combined effect of these developments was an increase in trading PBIT to £160,000 (2010: £43,000 pre an exceptional gain relating to a rates refund). The property Group incurred costs of £351,000 (2010: £390,000) associated with the ongoing redevelopment of the Racecourse, its facilities and property assets. These costs were in line with the Boards expectations and reflect the continued progress of the project. Accordingly overall the Company made a loss before interest of £0.2m.

Racing

2011 was another year of successful high quality racing at Newbury and the Racecourse continued to host a top class programme. Highlights included Frankel continuing his unbeaten run in the Greenham Stakes, Canford Cliffs achieving an authoritative victory in the JLT Lockinge Stakes, and an emotional win for Carruthers in the Hennessy Gold Cup. Newbury's commitment to protecting its race programme continued with our significant executive contribution of £1.1m or £38,000 per fixture to support prize money.

For the seventh time in eight years the Racecourse Owners Association named Newbury 'Racecourse of the year'.

Hospitality

During the year we refurbished a number of public catering facilities which improved race goer experience, reduced the cost of temporary facilities, and led to a 7.3% uplift in like for like spend on drinks. This combined with the income from corporate hospitality significantly improved our margins.

Leisure, conference and events

As part of our stated strategy of making the Racecourse a year round leisure and events destination, we were delighted with the successful launch of the Newbury LIVE concert format that saw

Rod Stewart perform in front of an audience of 15,000 on a non-race day.

The Racecourse also hosted Tom Jones at a Party in the Paddock event on the CGA Ladies Day with 22,000 attendees and The Wanted on 21st May both playing an important role in supporting gate and catering revenues. We are pleased to have proved that the Racecourse can be a successful concert venue but we will continue to be selective with the right acts required to drive revenue and profitability.

Market conditions remained challenging for the conference and events division, as it witnessed continued pressure on margins. A review of the division led us to concentrate on higher margin events; this resulted in a decrease in turnover of 22% and a 10% reduction in contribution. We believe we now have the right strategy to rebuild the business, its revenues and contribution in the coming year.

Property redevelopment

The redevelopment programme has progressed well with West Berkshire Council granting Reserved Matters Planning Approval of the Western residential area in September, this area contains the first of three proposed tranches of new homes at the Racecourse. This first tranche comprises 294 homes for private sale and 127 for affordable housing.

This was followed in November with approval for the Central residential area. It consists of 366 one, two and three-bedroom contemporary designed apartments with impressive views across the Racecourse. Also included in the Central area is a 123-bedroom Hotel, stable refurbishment, stable staff accommodation, a new Rocking Horse children's nursery, all designed to reflect the heritage of the Racecourse and complement the architecture of the existing grandstands.

The focus of residential architects Glenn Howells has been to produce a unique environment for residents. Set in the spacious racecourse surroundings and with the backdrop of stunning countryside views, the apartments will offer, in addition to the regular racing, a nursery and a health club, onsite rail capable of reaching London in little over an hour. Residents will also benefit from the significant recent development of local retail areas in and around Newbury.

We anticipate our development partners starting building work during 2012, initially with the bridge, the Western residential area, and the car park in the centre of the Racecourse. Works to the operational areas of the Racecourse will form a second phase expected during 2013. We will be working closely with our development partners to ensure that the impact of the building works to race goers, conference and events clients, and local residents is minimised.

Current trading and outlook

We were disappointed to lose the Betfair Super Saturday in February due to snow. The replacement fixture, staged at very short notice with generous support from Betfair, HBLB, the BHA and Channel Four was a great success drawing a crowd of 12,500 following the decision to allow free entry. We do not anticipate any adverse financial impact due to the original meeting being insured.

We will continue to leverage the success of our retail refurbishment programme and remain focused on rebuilding the conference and events business revenues and margins. The long term redevelopment of the Racecourse remains on schedule and we look forward to announcing updates over the coming months.

As with the wider racing industry trading conditions remain challenging, nevertheless we remain confident of protecting our high quality racing programme and delivering further progress with the redevelopment programme that will ensure the long term success of the Racecourse as a year round racing leisure and events business.

STEPHEN HIGGINS
Managing Director
(Racecourse & Events)

SARAH HORDERN
Managing Director
(Property & Finance)

Sponsors in the year to 31 December 2011

We would like to thank our leading sponsors for their significant support in 2011

Dubai Duty Free
JLT
Moët Hennessy UK
Worthington's
sportingbet.com
Shadwell
Weatherbys
Country Gentlemens Association
totepool
Aon Limited
Greatwood

We also received much appreciated support from the following sponsors

AJC Premier	Heatherwold Stud
Arkell's Brewery Ltd	Highclere Thoroughbred Racing
Asset Land Inc	Hildon
Axminster Carpets Ltd	Inkerman
Ballymacoll Stud	KKA
Bathwick Tyres	Kentford Racing
Berry Bros & Rudd	M & C Carpets Co Ltd
Berkshire County Blind Society	M.C Seafoods
Betfair	NewVoiceMedia
Betfred	Oakley Coachbuilders
Bettor.com	Oracle Cancer Trust
Bewiser Insurance	Pashmina UK
Blackmore Building Contractors Ltd	Pertemps Group
Bloomsbury Auctions	Powersolve Electronics
Blue Square	Pump Technology Ltd
British European Breeders Fund	Punter Southall
Broadbase UK	Q Associates Ltd
Buffalo Pictures Ltd	Queensland House
Burges Salmon LLP	Racecourse & Covertsides
Centrepoint	Racing UK
Chris Beek Racing	Relyon Cleaning Services
Christal Construction Management Ltd	Ridgeway Group
Christopher Smith Associates LLP	Rutland Arms Antique Centre
Crossland Solicitors	Sanderson Weatherall LLP
Compton Beauchamp Estates Ltd	Spinal Injuries Association
Coln Valley Stud	Smith & Williamson
Collingwood First Class Services	Scope
Coolmation Ltd	Shredding for Bedding
CSP	Swettenham Stud
Denford Stud	Trailfinders
Emma Lavelle Racing Ltd	Thoroughbred Breeders Association
Elle Security	totesport
Erik Penser Bank	Ultima Checkpoint
Event Bar Management	UK Hygiene
First Great Western	Vodafone Group PLC
Fuller Smith & Turner PLC	Wedgewood Estates
Geoff Banks Independent Bookmaker	West Berkshire Mencap
Grundon	West Berkshire Racing Club
Guinness Peat Group PLC	Wise Catering
Haynes Hanson & Clark	Zenergi
HBLB	

There were also 9 races sponsored for birthdays, retirement or in memoriam. There were 6 charity racedays hosted in 2011.

Report of the Directors

The Directors have pleasure in submitting their annual report and the audited financial statements for the year ended 31 December 2011.

RESULTS AND DIVIDEND

The loss on ordinary activities after taxation was £377,000 (2010: £497,000). Further details of the major influences on this year's result are given in the Chairman's statement.

The Directors have recommended that no final dividend be paid (2010: none).

FINANCIAL RISK MANAGEMENT

Cashflow Risk

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

Credit Risk

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

Liquidity Risk

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

Price Risk

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

Cost Risk

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

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

Interest Rate Risk

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

Going Concern

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

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

The Board has reviewed the cash flow and working capital requirements in detail. Subsequent to the balance sheet date a new facility was signed extending the current revolving credit facilities to December 2013. As a result £2.2m of the AIB loans at 31 December 2011 will not be due for repayment until 31 December 2013. Net current liabilities will reduce by £2.2m; this would represent net current assets of £0.2m as at the balance sheet date. The facilities from AIB total £5.5m.

The ongoing property operating costs have been included in the going concern assessment and no assumptions have been made as to the receipt of funds from the property development.

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

MARKET VALUE OF LAND

The agreement with David Wilson Homes and the grant of outline planning permission enhances the potential value of the land owned by the Group.

Report of the Directors (continued)

ACTIVITIES AND REVIEW OF THE BUSINESS

Newbury Racecourse PLC is the parent of a Group of companies which own Newbury Racecourse and engage in racing, hospitality and catering retail activities. In addition the Group operates a conference and events centre, a golf course, and a children's nursery. The accounts include a total of 29 days racing comprising 11 days National Hunt racing and 18 days flat racing. One raceday in February 2011, which was insured for loss of profits, was abandoned due to the accidental electrocution of two horses. The day was restaged the following week.

In 2010 there were a total of 31 days racing comprising 12 days of National Hunt Racing and 19 days of flat racing. One day in January 2010 was abandoned due to snow.

The Group uses raceday attendance and operating profit/loss as performance indicators. Total attendance was 222,212 (2010: 221,155). Operating loss is shown within the profit and loss account on page 12.

FUTURE PROSPECTS

Whilst the trading environment remains challenging we look forward to another year of first class racing and the continued redevelopment of the racecourse and its facilities

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 2011	Beneficial interest 2010
D J Burke	23,000	-
J Dodds	-	-
The Hon H M Herbert	12,924	12,924
S A Higgins	1,500	1,500
S Hordern	16,725	16,725
Lady Lloyd-Webber	319,656	319,656
N W E Penser	1,370,400	1,370,400
C J Spence	2,250	2,250
B T Stewart-Brown	13,332	13,332
R L Todd	-	-

R L Todd is a Director of GPG (UK) Holdings PLC which had 1,428,174 shares in the Company as at 31 December 2011. No Directors held any other non-beneficial interest in the shares of the Group at any time during the year. No Directors held shares in any other Group Company. The Directors are shown on page 1.

DIRECTORS' COMMITTEES

Directors serve on the following Committees:

Audit

R L Todd (Chair)
D J Burke
J Dodds
C J Spence
N W E Penser

Property

J Dodds (Chair)
D J Burke
S Hordern
S A Higgins
R L Todd
C J Spence

Race planning

N W E Penser (Chair)
The Hon H M Herbert
B T Stewart-Brown
S A Higgins

Music

Lady Lloyd-Webber (Chair)
The Hon H M Herbert
D J Burke
S A Higgins

Media

C J Spence (Chair)
D J Burke
S Hordern

Marketing

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

Health & Safety

J Dodds (Chair)
S A Higgins
R L Todd

Nomination

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

Remuneration

C J Spence (Chair)
D J Burke
B T Stewart-Brown

Report of the Directors (continued)

Directors' particulars are set out below:-

Mr Dominic J Burke

Dominic Burke is Group Chief Executive of Jardine Lloyd Thompson Group PLC (JLT), the international Group of Risk Specialists and Employee Benefits Consultants. JLT has more than 100 offices in 35 countries, employing some 7,000 staff; it is the largest quoted Company of its type in the UK. Dominic joined JLT in 2000 when his business was acquired by the Group and has held various senior management positions before being appointed Group CEO in 2005. Over the past 6 years JLT has consistently delivered strong growth in both revenues and profits. Dominic owns Whitley Stud, Gloucestershire and is a keen owner and breeder with horses in training on the flat and over jumps.

Mr John Dodds

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

The Hon H M Herbert

Harry Herbert is the Chairman and Managing Director of Highclere Thoroughbred Racing Limited, a racehorse syndication company with over 50 horses in training. The company has enjoyed many successes and has been responsible for the Vodafone Derby winner, Motivator, as well as six other European champions Lake Coniston, Tamarisk, Delilah, Petrushka, Memory and Harbinger. He is a member of the Jockey Club and Non-Executive Chairman of British Bloodstock Marketing. He is also on the Board of the British Horseracing Education and Standards Trust.

Mr S A Higgins

Stephen Higgins was appointed joint Managing Director with Sarah Hordern in June 2008 taking particular responsibility for the Racecourse and Events businesses. He joined the Newbury team in 2006, having been Managing Director of Wincanton Racecourse for five years. He is a Chartered Surveyor who started his career as Development Project Manager at Capita PLC working on, amongst others, the redevelopment of Chelsea Football Club. He is a Non Executive Director of British Champions Series.

Mrs S Hordern

Sarah Hordern was appointed joint Managing Director with Stephen Higgins in June 2008, taking particular responsibility for Finance and the Redevelopment Project. She was appointed Finance Director in 2002 having been Financial Controller since May 1999. She is a Chartered Accountant and previously worked for the bloodstock department of PricewaterhouseCoopers. She was part of the team which created Racing UK and served as a Non Executive Director for 7 years.

Lady Lloyd-Webber

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

Mr N W E Penser

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

Mr C J Spence

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

Mr B T Stewart-Brown

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

Mr R L Todd

Laurie Todd is Chief Financial Officer of Guinness Peat Group PLC. Prior to joining GPG he was Finance Director, then Chief Executive, of Staveley Industries PLC. Previous experience includes positions as Finance Director of UK quoted companies in the retail, publishing and distribution sectors. He is a Fellow of the Institute of Chartered Accountants in England and Wales.

Report of the Directors (continued)

Shareholdings

As at 31 December 2011 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
GPG (UK) Holdings PLC	1,428,174	29.9%
Compton Beauchamp Estates Ltd*	1,068,073	22.4%
Lady Lloyd-Webber	319,656	6.7%
N W E Penser	302,327	6.3%

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

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 2011 is 5% (2010: 15 %) of the amounts invoiced by suppliers during the year. This percentage, expressed as a proportion of the number of days in the year, is 19 days (2010: 53 days).

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 of the annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

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 that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Charitable Donations

During the year the Group made charitable contributions totalling £2,511 to both local and national charities (2010: £2,325).

Auditor

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

- as far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Deloitte LLP has indicated its willingness to remain in office as the Group's auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board

S HORDERN
Secretary
The Racecourse
Newbury
29 March 2012

Director's Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

We have audited the financial statements of Newbury Racecourse PLC for the year ended 31 December 2011, which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's and the parent Company's affairs as at 31 December 2011 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Jason Davies

(Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Reading, United Kingdom

29 March 2012

Consolidated Profit and Loss Account

Year ended 31 December 2011

		2011	2011	2011	*As restated 2010	2010	*As restated 2010
	Note	Trading £'000	*Property £'000	Total £'000	Trading £'000	*Property £'000	Total £'000
Turnover	1	12,499	57	12,556	11,851	76	11,927
Cost of Sales		(10,285)	(107)	(10,392)	(9,315)	(34)	(9,349)
Gross profit	1	2,214	(50)	2,164	2,536	42	2,578
Administrative expenses		(2,054)	(301)	(2,355)	(2,530)	(432)	(2,962)
Other operating income	3	-	-	-	343	-	343
Operating profit/(loss)		160	(351)	(191)	349	(390)	(41)

Operating profit/(loss) before exceptional items	1	160	(270)	(110)	43	(390)	(347)
Exceptional operating income							
Rates rebate	2	-	-	-	306	-	306
Exceptional operating expenses							
Asset Impairment	2	-	(81)	(81)	-	-	-
		160	(351)	(191)	349	(390)	(41)

Profit/(loss) on ordinary activities before interest		160	(351)	(191)	349	(390)	(41)
Interest payable and similar charges	6	(82)	(97)	(179)	(136)	(226)	(362)
Profit/(loss) on ordinary activities before taxation		78	(448)	(370)	213	(616)	(403)
Tax charge	7	(7)	-	(7)	(94)	-	(94)
Profit/(loss) on ordinary activities after taxation being loss for the financial year	20	71	(448)	(377)	119	(616)	(497)
Loss per share (basic and diluted)	9			(7.9p)			(10.7p)

All amounts derive from continuing operations

* Refer to note 1 for full details on the property segment and the restatement of investment income classification.

Consolidated Statement of Total Recognised Gains and Losses

Year ended 31 December 2011

	2011	2010
	£'000	£'000
Loss for the financial year	(377)	(497)
Actuarial gain /(loss) relating to pension scheme	165	(47)
Deferred tax on actuarial (gain)/ loss	(45)	13
Total recognised loss in the year	(257)	(531)

Consolidated Balance Sheet

Year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed Assets			
Tangible assets	10	22,240	22,600
Investment	11	117	-
		22,357	22,600
Current assets			
Stocks	12	180	181
Debtors			
- due within one year	13	1,309	1,621
- due in more than one year	13	132	75
Cash at bank and in hand		727	934
		2,348	2,811
Creditors: amounts falling due within one year	14	(4,333)	(2,843)
Net current liabilities		(1,985)	(32)
Total assets less current liabilities		20,372	22,568
Creditors: amounts falling due after more than one year	15	-	(1,713)
Provisions for liabilities	17	(407)	(393)
Net assets before pension deficit		19,965	20,462
Pension deficit	21	(238)	(388)
Net assets after pension deficit		19,727	20,074
Accruals and deferred income			
Deferred capital grants	18	3,343	3,433
Capital and reserves			
Called up share capital	19	478	478
Share premium account	20	10,202	10,202
Revaluation reserve	20	75	75
Profit and loss account surplus	20	5,629	5,886
Shareholders' funds		16,384	16,641
		19,727	20,074

The financial statements of Newbury Racecourse PLC, Company registration 00080774, were approved by the Board of Directors on 29 March 2012 and signed on its behalf by:

D J BURKE (Chairman)

S HORDERN (Director)

Company Balance Sheet

Year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	10	21,123	21,483
Investment	11	7,820	7,703
		28,943	29,186
Current assets			
Stocks	12	180	181
Debtors			
- due within one year	13	2,321	2,657
- due in more than one year	13	132	75
Cash at bank and in hand		712	919
		3,345	3,832
Creditors: amounts falling due within one year	14	(4,330)	(2,843)
Net current (liabilities)/assets		(985)	989
Total assets less current liabilities		27,958	30,175
Creditors: amounts falling due after more than one year	15	(7,500)	(9,213)
Provisions for liabilities	17	(407)	(393)
Net assets before pension deficit		20,051	20,569
Pension deficit	21	(238)	(388)
Net assets after pension deficit		19,813	20,181
Accruals and deferred income			
Deferred capital grants	18	3,343	3,433
Capital and reserves			
Called up share capital	19	478	478
Share premium account	20	10,202	10,202
Revaluation reserve	20	75	75
Other reserve	20	198	198
Profit and loss account surplus	20	5,517	5,795
Shareholders' funds		16,470	16,748
		19,813	20,181

The financial statements of Newbury Racecourse PLC, Company registration 00080774, were approved by the Board of Directors on 29 March 2012 and signed on its behalf by:

D J BURKE (Chairman)

S HORDERN (Director)

Consolidated Cash Flow Statement

Year ended 31 December 2011

	Note	2011 £'000	2011 £'000	*As restated 2010 £'000	*As restated 2010 £'000
Net cash inflow from operating activities	1		280		902
Returns on investments and servicing of finance					
Interest received and other investment income		-		76	
Interest paid		(145)		(202)	
Pension scheme contribution		(50)		-	
Net cash outflow from returns on investments and servicing of finance			(195)		(126)
Capital expenditure					
Payments to acquire tangible fixed assets		(751)		(409)	
Receipts from sale of fixed assets		-		4	
Net cash outflow from capital expenditure			(751)		(405)
Net cash (outflow)/inflow before financing			(666)		371
Financing					
Issue of ordinary share capital		-		160	
Proceeds of rights issue		-		6,209	
Expenses of rights issue		-		(464)	
Loan finance received		634		859	
Loan repayment		(153)		(6,587)	
Capital element of finance lease rental payments		(22)		(62)	
Net cash inflow from financing			459		115
(Decrease)/Increase in cash in the year			(207)		486

*Refer to note 1 for details of the restatement of investment income classification.

Notes to the Consolidated Cash Flow Statement

Year ended 31 December 2011

	2011	2010
	£'000	£'000
1. Reconciliation of operating loss to net cash inflow from operating activities		
Operating loss	(191)	(41)
Depreciation charges	947	947
Amortisation of capital grants	(90)	(90)
Impairment of fixed asset	81	-
Loss on disposal of fixed assets	15	-
Decrease /(Increase) in stock	1	(17)
Decrease /(Increase) in debtors and prepayments	255	(88)
(Decrease)/Increase in creditors and accruals	(738)	191
Net cash inflow from operating activities	280	902

	2011	2010
	£'000	£'000
2. Reconciliation of net cash flow to movement in net debt		
(Decrease)/Increase in cash in the year	(207)	486
Cash outflow from debt and lease financing	22	62
Inception of loans	(634)	(859)
Loans repaid	153	6,587
Change in net debt resulting from cash flows	(666)	6,276
Non cash movements	(4)	(107)
Net debt at 1 January	(965)	(7,134)
Net debt at 31 December	(1,635)	(965)

	At 1 Jan 2011 £'000	Cash flow £'000	Non cash changes £'000	At 31 Dec 2011 £'000
3. Analysis of change in net debt				
Cash at bank and in hand	934	(207)	-	727
Debt due within one year				
- loan	(153)	(481)	(1,729)	(2,363)
- finance lease	(32)	22	10	-
Debt due after one year				
- loan	(1,729)	-	1,729	-
- loan arrangement fees	15	-	(14)	1
	(965)	(666)	(4)	(1,635)

Accounting Policies

Year ended 31 December 2011

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

Accounting convention

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

Going concern

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

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

The Board has reviewed the cash flow and working capital requirements in detail. Subsequent to the balance sheet date a new facility was signed extending the current revolving credit facilities to December 2013.

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

Basis of consolidation

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

Revenue recognition

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

Repairs and renewals

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

Investment

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

Dividends

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

Tangible fixed assets

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

Depreciation is not provided on freehold land. On other assets it is provided on cost or re-valued amounts over the estimated lives of the assets as below:

Freehold land and buildings and outdoor fixtures

- 2% - 5% straight line

Fixtures and Fittings

- 15% - 25% reducing balance

Tractors and motor vehicles

- 15% - 25% reducing balance

Leases

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

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

Investment income

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

Stocks

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

Non GAAP financial information

The consolidated profit and loss account includes measures which are not accounting measures under UK GAAP which are used to assess the financial performance of the business. These non-GAAP measures are not considered a substitute for, or superior to, the equivalent measures calculated and presented in accordance with UK GAAP. These measures, which are termed "non-GAAP" include the separation of property, in relation to the redevelopment of the racecourse, from underlying trading activity.

Accounting Policies (continued)

Company only result for the year

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

Tax

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

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

Capital grants

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

Pensions

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

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

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

Finance costs

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

Financial liabilities and equity

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

Bank borrowings

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

Derivative financial instruments

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

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

Notes to the Financial Statements

Year ended 31 December 2011

1. TURNOVER

Trading turnover, which arises solely in the United Kingdom, represents admissions to the racecourse, catering, hospitality sales, sponsorship, media rights licence fees, annual membership fees and all income from the provision of services for race meetings, net of value added tax where applicable. It also includes income from conference and events (shown in racecourse trading), the golf club and fees for the Rocking Horse Nursery net of value added tax where applicable. Property turnover includes rental income from residential properties and freehold land.

Segmental Analysis

	Turnover £'000	Gross Profit £'000	Operating Profit/ (loss) before Exceptional items £'000	Exceptional items £'000	Profit/ (loss) before Tax £'000	*** Net Assets £'000
2011						
Racecourse trading	11,514	1,954	(100)	-	(182)	14,269
Nursery	767	221	221	-	221	88
Golf	218	39	39	-	39	288
Total trading	12,499	2,214	160	-	78	14,645
Property	57	(50)	(270)	(81)	(448)	5,082
Total	12,556	2,164	(110)	(81)	(370)	19,727

	*Turnover £'000	Gross Profit £'000	Operating Profit/ (loss) before Exceptional items £'000	Exceptional items £'000	Profit/ (loss) before Tax £'000	*** Net Assets £'000
2010						
Racecourse trading	10,921	2,323	(170)	306	-	14,562
Nursery	737	213	213	-	213	110
Golf	193	-	-	-	-	308
Total trading	11,851	2,536	43	306	213	14,980
Property **	76	42	(390)	-	(616)	5,094
Total	11,927	2,578	(347)	306	(403)	20,074

* Income from RMS which had previously been classified as interest receivable and other investment income has been re-classified as media income. The comparatives have been restated to reflect the underlying clarification of the substance income. The impact of this is an increase in revenue and decrease in other investment income of £40,000 in 2011 (2010: £83,000)

**The Directors have taken the view that in order to clarify the performance of the underlying trading activity as compared to the property activity in light of the forthcoming redevelopment, these two segments of the business should be shown separately on the face of the profit and loss account as additional non-GAAP measures. The prior year figures have been restated to allow for adequate comparison.

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

Notes to the Financial Statements

Year ended 31 December 2011

2. EXCEPTIONAL ITEMS

	2011 £'000	2010 £'000
Operating income		
Rates rebate	-	306
Operating expenses		
Asset Impairment	(81)	-
Total	(81)	306

Operating expenses – Asset impairment (2011)

At the balance sheet date the Company had accepted an offer, subject to contract, for the sale of a property which will result in a shortfall to net book value.

Operating income – Rates rebate (2010)

The company successfully appealed against the rateable value of the racecourse and a rates rebate was received for the years 1995 to 2009.

3. OTHER OPERATING INCOME

	2011 £'000	As restated (see note 1) 2010 £'000
Rates rebate	-	306
Other	-	37
	-	343

4. OPERATING LOSS

	2011 £'000	2010 £'000
This is stated after charging:		
Depreciation (note 10) of which £20,849 relates to assets held under finance leases (2010: £27,798)	947	947
Impairment	81	-
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	26	25
The audit of the Company's subsidiaries pursuant to legislation	1	1
Total audit fees	27	26
Tax services	26	24
Other services	8	38
Interim review	5	5
Total non audit fees	39	67
Total fees	66	93
And after crediting:		
HBLB contributions to prize money	(1,410)	(1,974)
Amortisation of deferred capital grants	(90)	(90)

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

Tax services include fees for tax compliance and tax advice. Other services provided by the auditors comprise a review of the transaction accounting paper in 2011 and work associated with a rights issue in 2010.

Notes to the Financial Statements

Year ended 31 December 2011

5. STAFF COSTS

GROUP AND COMPANY

	2011 £'000	2010 £'000
Employee costs during the year (including Directors):		
Wages and salaries	2,111	2,176
Social security costs	229	269
Other pension costs	72	78
	2,412	2,523

	Number	Number
Office and management	29	26
Catering	9	9
Ground, maintenance and security staff	16	16
Golf course	3	3
Rocking Horse Nursery	25	24
	82	78

	£'000	£'000
Directors' remuneration: emoluments		
Executive Directors	253	316
Property redevelopment bonus	-	150
Non Executive Directors	38	-
	291	466

	£'000	£'000
Highest paid Director	147	234

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

	£'000	£'000
Directors	19	19

Notes to the Financial Statements

Year ended 31 December 2011

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £'000	2010 £'000
Bank overdraft and loans	153	334
Pension scheme liabilities	26	28
	179	362

7. TAXATION

	2011 £'000	2010 £'000
Charge for the year	-	-
Total current tax	-	-
Deferred taxation:		
Origination and reversal of timing differences	90	150
Effect of change in rate	(29)	(10)
Adjustment in respect of prior years	(47)	(38)
	14	102
Deferred tax on interest charge on pension scheme	(7)	(8)
Tax charge	7	94

The actual tax charge for the current and previous year differs from the effective rate (26.5%, 2010: 28%) for the reasons set out in the following reconciliation.

	2011 £'000	2010 £'000
Loss on ordinary activities before tax	(370)	(403)
Tax on loss on ordinary activities at the standard rate	(98)	(113)
Income not chargeable for tax purposes	(34)	(48)
Expenses not deductible for tax purposes	221	318
Depreciation in excess of capital allowances	(17)	91
Utilisation of tax losses	(72)	(248)
Total actual amount of current tax	-	-

Deferred tax has not been provided on revaluations of fixed assets (see note 10). This tax will only become payable if the assets are sold and rollover relief is not obtained. The estimated amount of tax that would become payable in these circumstances is £18,872 (2010: £20,381).

8. LOSS OF PARENT COMPANY

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent Company is not presented as part of these accounts. The parent Company's loss for the financial year amounted to £398,000 (2010: £519,000).

9. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders for the year ended 31 December 2011 of £377,000 (2010: £497,000) by the weighted average number of ordinary shares during the year of 4,776,500 (2010: 4,648,909).

Notes to the Financial Statements

Year ended 31 December 2011

10. TANGIBLE FIXED ASSETS

GROUP	Freehold land and buildings and outdoor fixtures £'000	Fixtures and fittings and equipment £'000	Tractors and motor vehicles £'000	Total £'000
Cost or valuation				
As at 1 January 2011	28,452	5,555	378	34,385
Additions	296	388	-	684
Disposals	-	(188)	-	(188)
As 31 December 2011	28,748	5,755	378	34,881
Depreciation				
At 1 January 2011	8,135	3,388	262	11,785
Charge for year	594	328	25	947
Disposals	-	(172)	-	(172)
Impairment	81	-	-	81
At 31 December 2011	8,810	3,544	287	12,641
Net book value				
At 31 December 2011	19,938	2,211	91	22,240
At 31 December 2010	20,317	2,167	116	22,600

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly the book values at implementation have been retained. In 1959 a revaluation of part of the freehold land at £117,864 gave rise to an excess of £75,486 over its cost and this sum is included in the total value of this asset. The excess on revaluation is credited to the Revaluation Reserve. The net book value of freehold land and buildings determined by the historical cost convention is £19,863,000 (2010: £20,217,000).

The net book value of £22,240,000 includes the following amounts in respect of assets held under finance leases:

	2011 £'000	2010 £'000
Fixtures, fittings and equipment	63	83

Finance lease depreciation for the year amounted to £20,849 (2010: £27,798)

COMPANY	Freehold land and buildings and outdoor fixtures £'000	Fixtures and fittings and equipment £'000	Tractors and motor vehicles £'000	Total £'000
Cost or valuation				
As at 1 January 2011	27,335	5,555	378	33,268
Additions	296	388	-	684
Disposals	-	(188)	-	(188)
As 31 December 2011	27,631	5,755	378	33,764
Depreciation				
At 1 January 2011	8,135	3,388	262	11,785
Charge for year	594	328	25	947
Disposals	-	(172)	-	(172)
Impairment	81	-	-	81
At 31 December 2011	8,810	3,544	287	12,641
Net book value at 31 December 2011				
Net book value at 31 December 2011	18,821	2,211	91	21,123
Net book value at 31 December 2010	19,200	2,167	116	21,483

The net book value of freehold land and buildings determined by the historical cost convention is £18,746,000 (2010: £19,100,000). Amounts held under finance leases are the same as for the Group.

Notes to the Financial Statements

Year ended 31 December 2011

11. INVESTMENTS

	2011	2010
	£'000	£'000
GROUP		
Investment in Racecourse Media Group	117	-
	117	-
	2011	2010
	£'000	£'000
COMPANY		
Investment in Racecourse Media Group	117	-
Shares in subsidiary undertakings	7,703	7,703
	7,820	7,703

Shares in subsidiary undertakings represent investments in Newbury Racecourse Enterprises Limited, a Company registered in England and Wales involved in the holding and renting of land. Newbury Racecourse PLC holds 100% of the ordinary share capital and voting rights.

The Group has unlisted investments of one 'A' share (£100 and 5.6% of the 'A' shareholding) together with five hundred and eighty two 'B' shares that were issued in 2011 (£116,400 and 5.6% of the 'B' shareholding) in Racecourse Media Group Limited which owns 100% of Racing UK Limited; one share (£100 and 5.4% of the shareholding) in Racecourse Media Services Limited (RMS) which owns 50% of Amalgamated Racing Limited (TurfTV); and, 12,000 £1 shares in Super 12 Racing Limited, which are fully impaired.

The Directors have reviewed the valuation of the investment in Super 12 Racing Limited and they do not consider it to be recoverable.

12. STOCKS AND WORK IN PROGRESS

GROUP & COMPANY

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

	2011	2010
	£'000	£'000
Catering	159	164
Sundry	21	17
	180	181

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

Notes to the Financial Statements

Year ended 31 December 2011

13. DEBTORS

Amounts due within one year

GROUP	2011 £'000	2010 £'000
Trade debtors	911	1,187
Other debtors	274	242
Prepayments and accrued income	124	192
	1,309	1,621

Amounts due within one year

COMPANY	2011 £'000	2010 £'000
Trade debtors	911	1,187
Amounts owed by subsidiary undertakings	1,012	1,036
Other debtors	274	242
Prepayments and accrued income	124	192
	2,321	2,657

Amounts due in more than one year

GROUP AND COMPANY	2011 £'000	2010 £'000
Other debtors	132	75
	132	75

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

GROUP	2011 £'000	2010 £'000
AIB loans	2,362	153
Obligations under finance leases	-	32
Trade creditors	381	1,164
Other taxes and social security	219	148
Other creditors	19	19
Accruals and deferred income (note 19)	1,352	1,327
	4,333	2,843

COMPANY	2011 £'000	2010 £'000
AIB loans	2,362	153
Obligations under finance leases	-	32
Trade creditors	381	1,164
Other taxes and social security	219	148
Other creditors	16	19
Accruals and deferred income (note 19)	1,352	1,327
	4,330	2,843

Notes to the Financial Statements

Year ended 31 December 2011

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

	2011 £'000	2010 £'000
GROUP		
AIB Loans	-	1,713
	-	1,713
COMPANY	£'000	£'000
AIB Loans	-	1,713
Amounts owed to subsidiary undertakings	7,500	7,500
	7,500	9,213

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

16. LOANS

	2011 £'000	2010 £'000
GROUP & COMPANY		
Analysis of AIB loan repayments:		
Within one year	2,363	153
Between one and two years	-	1,729
Loan arrangement fees	(1)	(15)
	2,362	1,867
Analysis of finance lease obligations:	£'000	£'000
Within one year	-	32
	-	32

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

Notes to the Financial Statements

Year ended 31 December 2011

16. LOANS (continued)

Under an agreement dated 10 December 2009 and amendment dated 13 November 2010, Allied Irish Bank granted the Group the following facilities (see note 23). These facilities were extended to December 2013 after the balance sheet date.

Facility	Purpose	Repayment Date	Interest	Amount Drawn
£750,000	Pigeon Farm purchase	31 December 2012	Libor + 3%	£750,000
£497,796	Catering investment	31 December 2012	Libor + 3%	£152,862
£1,000,000	Revolving credit facility one	31 December 2012	MLBR + 3%	£1,000,000
£1,800,000	Revolving credit facility two	31 December 2012	MLBR + 3%	£459,528
£1,500,000	Revolving credit facility three	31 December 2012	MLBR + 3%	Nil

The loans are secured by a first charge of the Group's property subject to a Deed of Priority dated 4 November 2010 between the Allied Irish Bank, HSBC PLC and Trustees of the Newbury Racecourse PLC Pension and Life Assurance Plan.

17. PROVISIONS FOR LIABILITIES

DEFERRED TAX: GROUP AND COMPANY

	2011 £'000	2010 £'000
Provision for deferred taxation consists of the following amounts:		
Capital allowances in excess of depreciation	1,174	757
Tax losses	(767)	(364)
	407	393
	2011 £'000	2010 £'000
At 1 January	393	291
Debit for the year	14	102
At 31 December	407	393

On 26 March 2012, the UK corporation tax rate change from 26.5% to 24% was substantively enacted with effect from 1 April 2012. As at 31 December 2011, the tax changes announced in the Budget were not regarded as 'substantively enacted' and as such, in accordance with accounting standards, the changes have not been reflected in the Company's financial statements for this period.

The budget proposed a decrease in the rate of UK corporation tax from 24% to 23% with effect from April 2013, and then from 23% to 22% with effect from 1 April 2014. This is expected to be enacted annually. The effect of the reduction in the tax rate to 22% on the Company's deferred tax liability is not considered material.

The effect on the Company of these proposed changes to the UK tax system will be reflected in the Company's financial statement in future years, as appropriate, once the proposals have been substantially enacted.

Notes to the Financial Statements

Year ended 31 December 2011

18. ACCRUALS AND DEFERRED INCOME

GROUP AND COMPANY	2011 £'000	2010 £'000
Deferred capital grants	3,343	3,433
Other accruals and deferred income (included in creditors – amounts falling due within one year note 14)	1,352	1,327
	4,695	4,760

Analysis of movements on capital grants

	2011 £'000
Balance at 1 January 2011	3,433
Capital grants credited to the profit and loss account	(90)
Balance as at 31 December 2011	3,343

For further explanation on capital grants see accounting policy on page 19

19. SHARE CAPITAL

	2011 £'000	2010 £'000
Authorised		
Ordinary shares at 10p each	600	400
Additions - ordinary shares at 10p	-	200
Total	600	600
	2011 £'000	2010 £'000
Allotted and fully paid		
Ordinary shares of 10p each	478	318
Rights issue ordinary shares of 10p each	-	160
Total	478	478

In February 2010 the Company issued 1,592,167 new shares at 400 pence per share on the basis of 1 new share for every 2 existing shares to raise £5.7 million (net of expenses). Total number of allotted ordinary shares post rights issue is 4,776,500

Notes to the Financial Statements

Year ended 31 December 2011

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

GROUP	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2010	318	4,668	75	6,417	11,478
Loss for the year to 31 December 2010	-	-	-	(497)	(497)
Actuarial loss net of associated deferred tax	-	-	-	(34)	(34)
Rights Issue	160	5,534	-	-	5,694
At 31 December 2010	478	10,202	75	5,886	16,641
Loss for the year to 31 December 2011	-	-	-	(377)	(377)
Actuarial gain net of associated deferred tax	-	-	-	120	120
At 31 December 2011	478	10,202	75	5,629	16,384

COMPANY	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Other reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2010	318	4,668	75	198	6,348	11,607
Loss for the year to 31 December 2010	-	-	-	-	(519)	(519)
Actuarial loss net of associated deferred tax	-	-	-	-	(34)	(34)
Rights Issue	160	5,534	-	-	-	5,694
At 31 December 2010	478	10,202	75	198	5,795	16,748
Loss for the year to 31 December 2011	-	-	-	-	(398)	(398)
Actuarial gain net of associated deferred tax	-	-	-	-	120	120
At 31 December 2011	478	10,202	75	198	5,517	16,470

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

Notes to the Financial Statements

Year ended 31 December 2011

21. PENSION SCHEMES

Defined Contribution Scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the fund and amounted to £72,000 (2010: £78,000). There were £8,756 (2010: £10,546) of outstanding contributions at the end of the year.

As at 1 July 2008, the market value of the scheme assets was £1,299,000 and the actuarial value of the assets was sufficient to fund 89% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

Defined Benefits Scheme

Until 1 December 2003 the Group operated a funded non-contributory defined benefit pension scheme covering its permanent employees whose employment commenced prior to 16 July 2001. The scheme was closed to future accrual on 1 December 2003 and employees are not able to accrue any further benefits after this date except that salary linkage is retained. The scheme will continue in existence but no further life assurance cover has been provided after 1 December 2003. A lump sum contribution of £300,000 was made prior to 31 December 2003. 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 actuarial valuation described above has been updated at 31 December 2011 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued for this purpose at fair value. The major assumptions used for calculating the liabilities at 31 December 2011 under FRS 17 are as follows:

The Group paid a £50,000 contribution to the scheme on 1 July 2011, and intends to pay £50,000 per annum for two further years. A further £46,000 will be paid by November 2015, subject to review at further valuations.

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 2008, the most significant assumptions being an investment return of 7% and salary increases of 5% per annum. The 2011 triennial valuation is on-going pending results of negotiations with trustees over assumptions.

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 2008, the most significant assumptions being an investment return of 7% and salary increases of 5% per annum. The 2011 triennial valuation is ongoing pending results of negotiations with trustees over assumptions.

Notes to the Financial Statements

Year ended 31 December 2011

21. PENSION SCHEMES (continued)

	2011	2010	2009	2008	2007
	%	%	%	%	%
Disclosure of actuarial assumptions					
Rate of increase in salaries	3.8	4.4	4.5	3.8	4.2
Rate of increase in pensions in payment:					
Pre 1 July 1993 pension	3.0	3.0	3.0	3.0	3.0
Post 1 July 1993 pension	2.8	3.4	3.3	2.8	3.2
Discount rate (pre and post retirement)	4.7	5.4	5.8	6.5	5.7
Inflation assumption	2.8	3.4	3.5	2.8	3.2

In 2011 the company changed its method of valuing pensions in deferment from RPI to CPI in accordance with UK government legislation.

Disclosure of fair values of assets and expected rates of return	Expected	Fair value	Expected	Fair value	Expected	Fair value
	rate of return 2011 %	2011 £'000	rate of return 2010 %	2010 £'000	rate of return 2009 %	2009 £'000
Group pension contract	4.7	1,550	5.5	1,433	5.7	1,220
Cash	2.8	(5)	4.2	(9)	4.5	(4)
Annuity contracts	4.7	894	5.4	831	5.8	811
Total		2,439		2,255		2,027

	Expected	Fair value	Expected	Fair value
	rate of return 2008 %	2008 £'000	rate of return 2007 %	2007 £'000
Group pension contract	4.7	1,211	5.7	1,446
Cash	3.8	(4)	4.5	(5)
Annuity contracts	6.5	791	5.7	862
Total		1,998		2,303

The yield under the Group Pension contract is paid in the form of a declared rate of interest, which is applied to the amount that stands to the credit of the contract.

	2011	2010
	£'000	£'000
Amounts included as other finance charges		
Expected return on scheme assets	123	115
Interest cost	(149)	(143)
Net finance charge	(26)	(28)

Notes to the Financial Statements

Year ended 31 December 2011

21. PENSION SCHEMES (continued)

	2011	2010
	£'000	£'000
Amounts included in the Statement of total recognised gains and losses		
Difference between actual and expected return on scheme assets	71	180
Experience gains arising on the scheme liabilities	98	4
Effects of change in assumptions underlying the present value of scheme liabilities	(4)	(231)
Total actuarial gain/(loss) recognised in the Statement of Total Recognised Gains and Losses	165	(47)

The total cumulative amount of actuarial profit recognised in the statement of total recognised gains and losses since the adoption of FRS17 is a profit of £53,000.

Reconciliation of scheme assets and liabilities to the balance sheet date	2011	2010	2009	2008	2007
	£'000	£'000	£'000	£'000	£'000
Fair value of scheme assets	2,439	2,255	2,027	1,998	2,303
Present value of scheme liabilities	(2,792)	(2,797)	(2,494)	(2,005)	(2,396)
Actuarial deficit	(353)	(542)	(467)	(7)	(93)
Related deferred tax	115	154	132	2	26
Net pension liability	(238)	(388)	(335)	(5)	(67)

	2011	2010
	£'000	£'000
Movement in the scheme liability during the year		
Deficit in the scheme at the beginning of the year	(542)	(467)
Movement in the year:		
Other finance cost	(26)	(28)
Actuarial gain/(loss)	165	(47)
Employer contribution	50	-
Deficit in the scheme at the end of the year	(353)	(542)

	2011	2010
	£'000	£'000
Impact of pension scheme deficit		
Profit and loss reserve excluding pension liability	5,867	6,274
Pension deficit	(238)	(388)
Profit and loss reserve including pension liability	5,629	5,886

Notes to the Financial Statements

Year ended 31 December 2011

21. PENSION SCHEMES (continued)

	2011				
	£'000				
Movement in share assets					
Assets in scheme at beginning of the period	2,255				
Movement in the period					
Expected return on assets	123				
Employer contribution	50				
Member contributions	1				
Benefits paid	(61)				
Actuarial gain on assets	71				
Assets in scheme at end of period	2,439				
					2011
					£'000
Movement in scheme liabilities					
Assets in scheme at beginning of the period	2,797				
Movement in the period					
Interest cost	149				
Member contributions	1				
Benefits paid	(61)				
Actuarial gain on liabilities	(94)				
Assets in scheme at end of period	2,792				
	2011	2010	2009	2008	2007
	£'000	£'000	£'000	£'000	£'000
History of experience gains and losses					
Difference between the expected and actual return on scheme assets:					
- Amount	71	180	5	(368)	(18)
- Percentage of scheme assets	2.9%	8.0%	0.2%	(18.4%)	(0.8%)
Experience (losses)/gains arising on the scheme liabilities:					
- Amount	98	4	(36)	22	(51)
- Percentage of scheme liabilities	3.5%	0.2%	(1.4%)	1.1%	(2.2%)
Effects of changes in assumptions underlying the present value of scheme liabilities					
- Amount	(4)	(231)	(407)	437	66
- Percentage of scheme liabilities	(0.1%)	(8.3%)	(16.3%)	21.8%	2.8%

Notes to the Financial Statements

Year ended 31 December 2011

22. FINANCIAL INSTRUMENTS

Fair value of financial instruments

A comparison of current and book values of all the Group's financial instruments as at 31 December 2011 is provided below. Where market prices are not available for a particular instrument, fair values have been calculated by discounting cash flow at prevailing interest rates.

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

The numerical disclosures within this note deal with financial assets and financial liabilities as defined in FRS 13 "Derivatives and Other Financial Instrument Disclosures". Certain financial assets, such as investments in subsidiary, are excluded from the scope of these disclosures.

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

	Book value 2011 £'000	Fair value 2011 £'000	Book value 2010 £'000	Fair value 2010 £'000		
Primary financial instruments held to finance the Group's operations						
Cash at bank and in hand	727	727	934	934		
Borrowings due within one year	(2,363)	(2,208)	(185)	(175)		
Borrowings due after more than one year	-	-	(1,729)	(1,509)		
Derivative financial instruments held to manage interest rate profile						
Interest rate swap	-	-	-	(12)		
	(1,636)	(1,481)	(980)	(762)		
	Variable rate 2011 £'000	Fixed rate 2011 £'000	Interest free 2011 £'000	Variable rate 2010 £'000	Fixed rate 2010 £'000	Interest free 2010 £'000
Maturity profile of financial instruments						
Within one year or less on demand	2,363	-	-	185	-	-
More than one year but not more than two years	-	-	-	1,728	-	-
	2,363	-	-	1,913	-	-

Subsequent to the balance sheet date a new facility was signed extending the current revolving credit facilities to December 2013

Interest rate on profile of financial instruments	2011	2010
Floating	3% over LIBOR and MLBR	3% over LIBOR and MLBR

Financial instruments of overdraft and AIB loans have been used in the period to fund master plan expenditure.

Notes to the Financial Statements

Year ended 31 December 2011

23. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date a new banking facility was signed extending the current revolving credit facilities to December 2013.

24. RELATED PARTY TRANSACTIONS

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

Turnover includes £603,000 (2010: £411,000) from Racing UK Limited in respect of licence fees and Directors' fees of which there was £330,000 of income outstanding at 31 December 2011. Racecourse Media Group Limited owns 100 % of Racing UK Limited. Turnover also includes media income of £40,000 (2010: £83,000) of which there was nothing outstanding at 31 December 2011, from Racecourse Media Services Limited (RMS) which owns 50% of Amalgamated Racing Limited (TurfTV). S Hordern is a director of Newbury Racecourse PLC and was a director of Racecourse Media Services Limited and Racecourse Media Group Limited until 18 October 2011.

There is an amount of £32,000 (2010: Nil) due from British Champion Series. S Higgins is a director of Newbury Racecourse PLC and is a director of British Champion Series.