Registered number: 00080774

NEWBURY RACECOURSE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

COMPANY INFORMATION

Directors	D J Burke J Dodds M Leigh J McGrath J M Thick	B R Burrough The Hon H M Herbert Lady Lloyd-Webber N W E Penser M L Thompson
Company secretary	M Leigh	
Registered number	00080774	
Registered office	The Racecourse Newbury Berkshire RG14 7NZ	
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU	
Bankers	Royal Bank of Scotland Abbey Gardens Reading RG1 3BA	
	HSBC Bank plc 6 Northbrook Street Newbury RG14 1DJ	
	Weatherbys Bank Sanders Road Wellingborough NN8 4BX	
Solicitors	Pinsent Mason LLP 30 Crown Place London EC2A 4ES	
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Corporate advisers	Allenby Capital Limited 5th Floor 5 St Helen's Place London EC3A 6AB	

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2020 was an extremely challenging year for Newbury Racecourse plc due to the severe impact of COVID-19 causing significant disruption to all parts of our business, which continues to this day. The news continues to be dominated by the ongoing coronavirus pandemic, although the vaccination programme and easing of lockdown plans unveiled by the government provide optimism for the second half of 2021. In 2020 the British Horseracing Authority's decision to suspend all horseracing in the UK with effect from 17th March 2020 was quickly followed by the first UK lockdown. This has been enormously disruptive to our business, with all operations being immediately ceased. While we were delighted to be able to restart racing 'Behind Closed Doors' in June, the financial impact of the loss of a number of racedays and racing crowds was severe and will continue to be challenging until we are in a position to welcome crowds back on our racecourse without any restrictions. We continue to develop our plans in response to the government lockdown easing timetable, with plans in place for the Hotel and Conference & Events businesses to relaunch following over a year of inactivity in the second half of the year. The Rocking Horse Nursery has continued to operate throughout albeit with some financial impact providing much needed revenues throughout.

We entered 2020 with ambitious targets and a clear strategy to drive further growth in our business and there is no doubt that the impact of the pandemic has severely impacted our financial performance. I am confident that the difficult decisions and actions taken during the year has meant we are well placed to resume full trading activities once circumstances permit. 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.

2020 Financial Performance

Statutory turnover fell by 59% to £8.49m in 2020. We were only able to host 20 fixtures during the year, compared with the 29 which were planned. 16 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. Total statutory racing income was £6.9m (2019: £17.1m) Our only other income of note was through the Nursery business which, despite being closed to all except key workers children for almost 3 months, generated turnover of £1.22m (2019: £1.47m). Due to their closure from March onwards, our Hotel and Conference & Events business income combined was £0.3m compared to £2.17m in 2019.

In order to reduce costs, the business responded to the initial lockdown by immediately ceasing all discretionary expenditure. We also utilised the Government Coronavirus Job Retention Scheme where possible, a number of staff accepted voluntary pay cuts but ultimately we took the difficult decision to implement a staffing re-structure and reduce permanent headcount by 30 employees.

The Operating losses in the year were £2.29m (2019: profit of £0.60m), which was net of an exceptional gain of £0.09m (2019: exceptional loss £0.42m). Loss after tax was £2.04m (2019: Profit of £0.79m).

2020 Racing Highlights

The 2020 racing programme was severely impacted by the effect of the first national lockdown. We had already lost the 29th February raceday to waterlogging before all racing was suspended by the BHA on 17th March. The next 6 race meetings, including the April Dubai Duty Free Spring Trials and May's Al Shaqab Lockinge fixture, were all abandoned.

Fortunately racing resumed, albeit behind closed doors, from June with an emergency fixtures list and race programme in place for much of the flat season. The fixture list returned to normal from September onwards and in the Jumps season we were delighted to host the Ladbrokes Trophy once more, where Jonjo O'Neill secured his first win with *Cloth Cap*. Without the presence of a crowd and with only those required on site to ensure the day was managed within the social restrictions in place, it just wasn't the same atmosphere as we've come to expect for this thrilling race. Following the government guidance at the time we were able to welcome a small, controlled crowd to our 16th December fixture, before quickly resuming behind closed doors once the 'second spike' in COVID-19 cases resulted in a further national lockdown being implemented.

The Development

The impact of the pandemic on the trading business meant that in order to further protect our cash position we immediately cancelled all non-committed expenditure. The restoration and refurbishment of the Western End of the Berkshire stand that was already underway was completed during the summer. The completion of this project marked the end of our major redevelopment of the racecourse heartspace and facilities.

Our redevelopment has delivered a first class venue so we can continue to host racing of the highest quality, as well as having facilities which are well placed to meet the increasing demands of the modern day consumer, from horsemen and racegoers, to conference and hotel guests, nursery patrons and local residents. It is anticipated 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 residential development continued throughout 2020 after a short pause during the first lockdown and is now into its final phase, with approximately 950 of the total c.1,500 homes now built and sold, with a further 80 currently in the construction phase.

Financing and liquidity

In early 2020 we fully drew down the revolving credit facility provided by National Westminster Bank plc in order to ensure we had sufficient cash reserves as we entered the period of uncertainty caused by the pandemic and initial lockdown. In July we agreed with the bank to remove the existing covenants and replace them with a single measure, based on minimum liquidity levels, tested through to April 2022, by which time we expect to receive £10.8m (being the payment balance due in relation to the residential development at the racecourse) from David Wilson Homes, a wholly owned subsidiary of Barratt Developments plc. We have also agreed to extend the date for the final repayment of the loan to Compton Beauchamp Estates Limited from November 2020 to April 2022 which coincides with the date when we expect the David Wilson Homes final payment.

In December we completed the sale of a 1.2 acre land parcel on the Northern side of the site for £1.5m, further supporting our cash position. This piece of land was acquired in 2004 in advance of the redevelopment for which the racecourse had no further use. We used some of these funds to purchase the freeholds of ten apartment blocks which were built as part of the racecourse redevelopment.

Outlook and Market Developments

Following the most recent national lockdown, the Government announcement on 22nd February detailing the roadmap out of lockdown means the business is now in a position to plan accordingly. Whilst our hospitality businesses remain closed, the Nursery remains open to all children and racing continues behind closed doors.

The initial milestone was 12th April when Licensed Betting Shops re-opened, generating much needed income to our racedays from this source. We are also able to take advantage by hosting a socially distanced pub garden experience outdoors.

From 17th May, sporting venues can once again welcome a crowd of up to 4,000 outdoors so we're pleased that our raceday on 10th June will be able to host a paying public in attendance for the first time in almost six months. Our next race meeting on 22nd June falls the day after the final date in the Government roadmap where they have indicated that all legal limits on social contact will be removed. We are yet to establish precisely how this will impact us but we are hopeful that crowds will fully return to racing in controlled numbers, particularly as we look forward to two Party in The Paddock events on 14th August (Olly Murs) and 18th September (Rick Astley). We are also planning to relaunch our Hotel and Conference & Events hospitality businesses in late summer from their enforced hibernation of almost 18 months.

We are very mindful of our responsibilities as a business to adhere to the restrictions that the Government have outlined and are ensuring that we fully comply with the advice of the British Horseracing Authority on their recommended governance for hosting our racedays. We remain optimistic that the vaccination rollout programme and the management of COVID-19 cases mean that the roadmap timeline will enable us to proceed with our plans as outlined, so that we can look forward to the summer flat season and through to the autumn jumps season with crowds and full hospitality.

During 2020 we were proud to have played our part in supporting the local West Berkshire community by providing our site to Age Concern for their Meals on Wheels programme. We also allowed the NHS free-of-charge use of our facilities as a local testing centre. In 2021 the NHS have again used our facility as a vaccination centre for the local health practice community.

The Board is confident that the Company has the financial resources to trade through this current year, even if further restrictions are put in place, particularly if there is a 'third spike' in infections resulting in any further national or regional lockdowns. The difficult actions taken during 2020 have put the company in a strong position to recover quickly once the economy fully opens up and people return to normal life. The impact of the financial losses for the 2020 year and for the first half of 2021 remain substantial, but for how much longer remains uncertain.

In conclusion, on behalf of the board, I would like to thank all Newbury staff for their continued hard work, resolve and commitment to the business during last year's challenging times, and look forward to a better outlook in 2021 and beyond.

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

30th April 2021

STRATEGY AND OBJECTIVES

The Board's long term strategy is for Newbury Racecourse to be a profitable, leading racecourse, entertainment and events business, with racing at its core. 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 also benefits from the sale of residential properties on the site, as part of its long term development agreement with David Wilson Homes.

PERFORMANCE REVIEW

2020 was a year severely impacted by the global COVID-19 pandemic. The British Horseracing Authority's decision to suspend all horse racing in the UK from 17th March was followed by the Government declaring a national lockdown which severely impacted the trading of the business. However, racing was able to re-start 'Behind Closed Doors' from June, by which point one of our biggest racing fixtures of the year, the Group 1 Al Shaqab Lockinge Stakes, had been lost. We were fortunate to benefit from our Media and Betting Rights providing a steady income stream although not sufficient to cover the overheads of the business. We were also able to take advantage of the Government's Coronavirus Job Retention Scheme (furlough) as well as the Business Rates holiday to mitigate some of these losses. Unfortunately, to ensure that we could control our overheads in response to the uncertain trading outlook, it was necessary to re-structure the staffing levels of the business which meant losing 30 employees to redundancy during the year.

The overall effect of the national lockdown and subsequent restrictions on public gatherings and hospitality trading activities has had a significant impact on the performance of the business as detailed below.

In December 2020 the company completed the sale of a 1.2 acre land parcel commonly known as the Opperman site for a cash consideration of £1.5m. The sale price was equal to the asset value held on the Company balance sheet as at 31st December 2019. The company separately purchased the freeholds of 10 apartment blocks (251 units) built by David Wilson Homes during the racecourse development, now providing the company with a future ground rent income stream from a total of 13 apartment blocks (617 units).

In order to support the short-term cash position of the company, in April 2020 the company reached agreement with Compton Beauchamp Estates Limited to defer the repayment of the final loan instalment from November 2020 to April 2022.

Racing

The accounts include a total of 20 days racing (2019: 29). Prior to the suspension we had already abandoned 1 race meeting on 29th February due to the weather (2019: 2 meetings abandoned). The suspension resulted in the loss of 6 fixtures. Following this suspension, once racing resumed in June, an emergency calendar of fixtures was initially put in place. Due to this a further 2 of our original fixtures were lost so ultimately the racecourse hosted 8 days National Hunt racing (2019: 11) and 12 days flat racing (2019: 18) during the year. Only 4 of these days were held with a paying attendance; 3 at the start of the year plus the 16th December date where a limited socially restricted crowd was permitted before the next Government lockdown was implemented.

Overall raceday attendances in 2020 were 12,000 (2019: 178,000).

Newbury's richest race meeting, the Al Shaqab Lockinge Day, was unable to be run in 2020. This meeting will continue 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.

Our longstanding association with the Dubai International Arabian Races Committee continues but sadly their flagship UK race meeting normally hosted at Newbury in July was also unable to be held due to restrictions on crowds being permitted. We look forward to this returning in future years.

Our cornerstone jump meeting, The Ladbrokes Winter Carnival, at the end of November, marked the fourth year of our five year partnership with Ladbrokes. This fixture was hosted behind closed doors so we are grateful for their continued sponsorship commitment.

We were grateful that our media agreement enabled the business to receive revenues from this racing income stream during most of 2020. In the year they accounted for a significant portion of our income at 49% of total trading revenue (2019: 25%).

Despite the difficult trading conditions and restrictions our ability to race with public attendance, our total prizemoney in 2020 was £2.7m (2019: £5.0m) but, like many other racecourses, we will need to carefully manage our future prizemoney commitments, as a result of both the ongoing expected decline in LBO revenues, uncertainty around future HBLB funding and the impact of the COVID 19 situation.

We were able to make an Executive Contribution to prizemoney of £0.54m and are grateful for the ongoing support of all our sponsors, with particular thanks to Al Shaqab Racing, bet365, Betfair, Betway, Dubai Duty Free and Ladbrokes for their commitment in 2020.

Conference and Events

The Conference & Events sales team began the year with great optimism following the success of 2019. However, the pandemic effectively put a temporary end to all business activity with operations closing in March and not resuming since. In the meantime, the team have continued to focus on building relationships within key sectors, including automotive, telecoms and location filming and we are hopeful that this will benefit the business once it is able to re-open in 2021.

Catering, Hospitality and Retail

Our in house catering operation continues to underpin the delivery of food and beverage retail activities across all of our businesses, although due to the significant loss of activity during 2020 a number of this team were made redundant.

The Rocking Horse Nursery

Despite the circumstances the nursery managed to deliver a comparatively strong year in 2020 and was a key contributor in a challenging year. The lockdown meant that the facility had to close to all except the children of key workers, from mid-March to early June, which had a significant impact on our income. However, from June onwards the children were able to return in line with Government guidelines and by the end of the year it was back operating at near optimal capacity. The focus going forward will therefore be on maintaining the very highest levels of care and early years learning standards, through continued investment in the equipment, facilities and staff training.

The Lodge

The Lodge hotel temporarily ceased operating on 23rd March once the Government announced the first lockdown. Due to continued restrictions on public movement it has not been open since with all bar one of the staff made redundant during the year as they were unable to be re-deployed elsewhere within the business. Previously the hotel had delivered good levels of growth over the last few years since opening to the general public and we entered 2020 with improvements in both average occupancy and average room rates. The Lodge has an important role at the racecourse and will continue to fulfil the key raceday requirement of providing accommodation to travelling stable staff, in addition to supporting our conference, events and wedding businesses.

The Redevelopment

In order to protect the cash position, the company made the decision to suspend all non-essential expenditure, so all investment activity was ceased except for that already committed. Therefore the only project completed during 2020 was the restoration and refurbishment of the western end of the Berkshire stand including new hospitality facilities, racing integrity (camera) positions and enhanced public facilities on the ground floor. These were completed at an estimated cost of £2.3m.

David Wilson Homes were still able to continue progress 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 950 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 2020 were £0.1m (2019: £1.09m). The final date for the balance of the guaranteed minimum land value to be paid by DWH is April 2022 – as at 31 December 2020 the recognised balance outstanding was £10.69m.

FINANCIAL COMMENTARY

Consolidated Group loss before tax in the year ended 31 December 2020 was £2.27m (2019: Profit of £0.65m) which includes £0.09m of exceptional profit (2019: £0.42m exceptional loss).

Total statutory turnover in 2020 was £8.49m (2019: £20.79m). Overall racing revenues fell by £10.21m compared with 2019 (£17.1m). Overall media and betting rights revenues decreased by c. £1.57m (35%), to £2.89m for the twelve months to 31 December 2020, due to the lower number of fixtures, closure of LBO's during the various lockdowns, on top of the anticipated impact of the Government FOBT reform, as previously reported.

Conference and Events revenues were £0.18m (2019: £1.32m) and The Lodge was £0.13m (2019: £0.86m) due to these businesses ceasing operations in March. The Nursery turnover was £1.22m (2019: £1.47m) which was down 17% predominantly due to the closure from mid-March to end of May, with the exception of key worker children only attending. Total costs for the year were £11.72m (2019: £20.16m). The overheads were reduced in response to lower income being generated, with the majority of savings made through a staff re-structure which reduced headcount by 30 (a 27% reduction). The Company also recovered £0.86m from the Government through the Coronavirus Job Retention Scheme grant as well as benefitting from the Business Rates holiday.

Exceptional profits during 2020 were £0.09m (2019: £0.42m exceptional loss) being the movement in the fair value of the DWH debtor.

Overall operating loss before interest was £2.29m (2019: £0.6m profit). Interest payable was £0.15m (2019: £0.13m) due to the interest charges on the fully drawn loan facility of £6.0m. The tax credit of £0.23m (2019: credit £0.15m) relates to the movement in deferred tax during the period. Loss after tax was £2.04m (2019: £0.79m profit).

The increase in cash reserves of £4.3m in the period (2019: £0.95m decrease) includes £5.5m of additional loan drawdown, £0.37m of cash deficit from operating activities, £0.1m of cash receipts from DWH in respect of properties sold in the period, £1.5m of cash receipts from the sale of the Opperman site and is net of £2m of capital expenditure.

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 12,000 (2019: 178,000). Operating profit is shown within the profit and loss account on page 20 and cash generated from trading activities is shown within the consolidated statement of cashflows on page 26.

PRINCIPAL RISKS AND UNCERTAINTIES

Impact of COVID-19
The global pandemic and the necessary restrictions this has placed upon business activities and public movement significantly impacted trading in 2020. The roadmap outlined by the Government on 22nd February provides the business with a clearer guidance on expectations for 2021. These assumptions have been factored into the Company's response to this risk which is covered in the Chairman's Statement and the Going Concern Basis of Preparation.

Cashflow Risk
The main cash flow risks, under normal trading circumstances, are the vulnerability of race meetings to abandonment due to adverse weather conditions and fluctuating attendances particularly for the Party in the Paddock events, together with the possibility of delayed property receipts from David Wilson Homes. The practice of covering the racetrack to protect it from frost and investment in improved drainage, as well as insuring key racedays, mitigates some of the raceday risk. Regular review of variable conferencing costs reduces the impact of a decline in conference sales. The timing and amount of receipts from David Wilson Homes is dependent upon the rate of sales of residential plots. The risk of delayed receipts is mitigated to some extent by the long stop dates in the sale agreement, in respect of the minimum guaranteed land value. Short term cash flow risk is mitigated by regular review of the expected timing of receipts and by ensuring that the Group has committed facilities in place in order to manage its working capital and investment requirements.

Credit Risk
The Group's principal financial assets are trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts in the balance sheet are net of allowances for doubtful receivables. Payment is required in advance for ticket, hospitality, sponsorship, and conference and event sales, reducing the risk of bad debt. The David Wilson Homes debtor is backed by a Parent Company Guarantee from Barratt Developments Plc.

Liquidity Risk
In order to maintain liquidity to ensure that sufficient funds are available for both ongoing operations and the property redevelopment, the Group uses a mixture of 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 22nd February 2021 easing of lockdown guidance from the Government as well as specific financial circumstances of the Group.

The Board reviews the cash flow and working capital requirements in detail on a frequent basis, whilst during the past twelve months under the current COVID-19 circumstances the regularity of this scrutiny has increased.

Key trading assumptions made within the cash flow projections base case scenario include:

- Racing taking place behind closed doors for the first 10 racedays of 2021 until the end of May.
  Once the government restrictions on attending sporting events is eased, the raceday on 10th June will be held with a crowd (albeit with social distancing and a capped attendance of 1,000 indoors or 4,000 outdoors). The next milestone on 21st June results in the lifting of all limits on social contact which we have assumed will allow the racecourse to host an unrestricted attendance for the remaining 18 racedays of the year and into 2022.
- The two 2021 Party in the Paddock concerts in August and September will continue to take place as planned with no crowd restrictions or social distancing measures.
- Licenced Betting Offices re-opening on 12th April in line with the government announcement on the easing of restrictions on non-essential retail.
- The Hotel and Conference & Events businesses will generate minimal revenue and trade at break-even or make minor losses in 2021.
- The Nursery will operate as normal during the year.

Alongside these trading businesses the following additional actions have been taken:

- Newbury will continue to utilise the Government's Coronavirus Job Retention Scheme and furlough staff on a flexible basis where appropriate, in accordance with scheme rules.
- Business rate relief has been assumed to extend through to the end of June 2021, in line with Government guidance.
- Agreement was confirmed with NatWest Bank on 31st July 2020 on the replacement of existing financial covenants, relating to the fully drawn £6m credit facility, with a single minimum liquidity level covenant measure of £1,200,000, through to March 2022.
- The CBEL loan final payment due in November 2020 has been deferred until April 2022. This will coincide with the current David Wilson Homes (under a Barratt Developments plc PCG) payment profile indicates that the minimum amount the company can expect to receive by this date will be £10.8m.
- 2021 Capex has been restricted.
- All non-essential expenditure continues to be carefully monitored.

Severe downside Scenario

The impact of COVID-19 is constantly being assessed and the situation (along with Government support) is subject to potential change. The Government's roadmap on the easing of the lockdown means that the racing and nursery operations have been able to plan accordingly. Similarly the Hotel and C&E hospitality businesses, which have been closed since March 2020, will now be able to create re-opening plans. Whilst the board is confident that the assumptions used in the base case are reasonable, a further scenario has been considered.

This worst case is severe and considers the potential of a further Government lockdown due to COVID-19. Under this extreme scenario racing would remain behind closed doors for the whole of 2021, with no crowds possible until the start of next year. LBO's would also remain closed for the remainder of 2021.

In the extremely unlikely scenario that these events do all occur, sufficient headroom for liquidity will still continue to be achieved for the next 12 months without any mitigating measures needed to be put in place.

The Group has committed credit facilities, which are in place as an effective bridging facility through to the final David Wilson Homes payment of £10.8m due by April 2022, and the Board has concluded that it has a reasonable expectation that the Group and Parent Company has adequate resources, banking facilities and arrangements in place to continue in operational existence for the foreseeable future and therefore the Going Concern basis has been adopted in preparing the financial statements.

Nonetheless, as at the date of this report, the possible continued impact of COVID-19 provides a level of uncertainty as the situation for the racing industry and our other businesses continually changes. The Board continue to monitor this routinely and to develop detailed forecasts in response to the changing environment and through reviews of mitigation and contingency plans.

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 it's activities on the local community, the environment and the Company's reputation for good business conduct, when making decisions. 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.
- We encourage 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.

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	• The board met on a very frequent basis (often weekly) throughout the year 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, but not limited to the cessation of racing and the reintroduction of racing behind closed doors. With regard to the reintroduction of racing, 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, during the year we took the decision to provide our site to Age Concern for their Meals on Wheels programme. In 2020 we also allowed the NHS use of our facilities as a local testing centre followed in 2021 with the NHS again using our facility as vaccination centre for the local health practice community.
Restructuring of staff base	Employees, shareholders	• Decisions were made by the Board in consultation with the Executive team after carefully considering the alternative options, employee and business impact. • Impacted individuals were properly communicated and consulted with and correct HR protocols followed. • Decisions were made in the interests of the business as a whole and with a view to ongoing sustainability with an employee base consistent with the operating requirements of the business.

Sale of 'Opperman' site	Shareholders, local community	• The board discussed to ensure that the sale was made to the most appropriate party who would be best placed to deliver local community benefit as well as the best value for shareholders.
Purchase of apartment freeholds	Shareholders, local community	• The board's decision was based on the long-term interests of shareholders, whilst also considering the impact it would have on engagement with local residents.

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 2020 is 2% (2019: 4%) of the amounts invoiced by suppliers during the year. This percentage, expressed as a proportion of the number of days in the year, is 8 days (2019: 16 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 £2,225 to national charities (2019: £5,905).

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

J M Thick
Chief Executive

30th April 2021

Sponsors in the year to 31 December 2020

We would like to thank our leading sponsors for their significant support in 2020

bet365
Betfair
British European Breeders Fund
Dubai Duty Free
Ladbrokes
MansionBet
Marsh JLT Specialty Ltd
Unibet
Weatherbys

We also received much appreciated support from the following sponsors;

Academy Insurance
Bryan Burrough
Catalyst Media
Denford Stud
Event Bar Management
Federation of Bloodstock Agents
Focus
Hot to Trot Racing
InDzine
Irish Thoroughbred Marketing
Molson Coors
Mencap West Berkshire
Newbury BID
Oakley Coachbuilders
Pertemps Network
Premier Food Courts
Sir Peter O'Sullevan Charitable Trust
The Burtons
West Berkshire Racing Club

The Directors present their report and the Group and Parent Company financial statements for the year ended 31 December 2020.

RESULTS AND DIVIDEND

The loss for the year, after taxation, amounted to £2,040,000 (2019 restated - profit £792,000).

The Directors have recommended that no final dividend be paid (2019: none).

MARKET VALUE OF LAND

The balance of the racecourse operational site was valued by a third party on 29 October 2012 at £14.5m and the Directors consider this to be a fair reflection of the market value as at 31 December 2020. The net book value of the land held in the balance sheet is £14.1m.

DIRECTORS

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

	Beneficial interest 2020	Beneficial interest 2019
D J Burke	**127,365**	107,365
B R Burrough	-	-
J Dodds	-	-
The Hon H M Herbert	**12,924**	12,924
M Leigh (appointed 14 April 2020)	-	-
Lady Lloyd-Webber	**319,656**	319,656
J McGrath	-	-
N W E Penser	-	-
Compton Beauchamp Estates Ltd *	**1,370,400**	1,370,400
C E Spencer (resigned 30 April 2020)	-	-
B T Stewart-Brown (resigned 5 June 2019)	-	-
J M Thick	-	-
M L Thompson	-	-

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

No Directors held any other non-beneficial interest in the shares of the Group at any time during the year. No Directors held shares in any other Group Company.

Company shares are traded on the Aquis Exchange Growth Market.

DIRECTORS' COMMITTEES

The Directors serve on the following Committees:

Audit
B R Burrough (Chair)
D J Burke
J Dodds

Remuneration
J Dodds (Chair)
D J Burke
B R Burrough

Nomination
D J Burke
N W E Penser

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 thirteen years. MMC employs around 75,000 people across some 130 countries and is the world's leading professional services firm in the areas of risk, strategy and people. Dominic is a keen owner and breeder with horses in training on the flat and over jumps and is a member of the Jockey Club.

John Dodds
John Dodds was Chief Executive of Kier Group PLC, the international construction Group, until March 2010, when he retired after nearly 40 years with the Company. John's extensive experience in the construction and house building industry sector 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, having spent the previous three years as CFO of Longleat Enterprises with responsibility for the Wiltshire estate and the commercial trading business which operates the safari park, stately home and attractions. Prior to that Mark spent almost 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. He is also a non-executive director of Racecourse Media Group Ltd.

SHAREHOLDINGS

As at 31 December 2020 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	163,946	4.90
D J Burke	127,365	3.80
Mr & Mrs A Stewart **	128,000	3.82

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

** Beneficial interests held in nominee accounts

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

There have been no significant events affecting the Group since the year end.

Auditors

BDO LLP, were appointed auditors effective 14 December 2020 and 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

30th April 2021

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

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

In preparing each of the Group and Parent Company financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEWBURY RACECOURSE PLC

1. 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 2020 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 2020 which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated and Company Balance Sheets, Consolidated and Company Statements of Changes in Equity, Consolidated Statement of Cash Flows 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.

2. Conclusions relating to going concern

In 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.

Management's considerations over going concern include inherent (non-Covid related) operating risks that may impact on revenues and costs, the direct impacts of Covid-19, in particular the impacts of racing behind closed doors, alongside the facilities available to the parent Company and Group during a period of not less than 12 months from the date of approval of the financial statements. Refer to note 2.3 to the financial statements.

In light of the significant assumptions made by management in their assessment we considered going concern to be a key audit matter.

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 and in response to the key audit matter 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 a phased reintroduction of crowds, and sensitivities applied thereon.
- **Evaluating the availability of loan facilities**: in particular, considering the ability of the group to satisfy loan repayment obligations 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 Parent Company's and the Group'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.

Overview

Coverage[1]	*100% of Group profit before tax* *100% of Group revenue* *100% of Group total assets*	
Key audit matters		2020
	1. Defined benefit pension scheme deficit	Yes
	2. Lease asset	Yes
	3. Going concern	Yes
Materiality	*Group financial statements as a whole* £0.22m based on 1.5% of 3 year average revenue.	

3. 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. In addition to the matter described in the Conclusions relating to going concern section above, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of defined benefit pension scheme deficit Refer to notes 2.20 and 25	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.	• With the use of our own auditors experts, 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 scheme assets to asset manager reports and reviewed the adequacy of controls in place with reference to the SOC reports of the scheme asset managers/custodians. • Key observation: no matters came to our attention to suggest that the actuarial assumptions were inappropriate or that the assets or liabilities of the scheme are materially misstated.

[1] These are areas which have been subject to a full scope audit by the group engagement team

Valuation of the Lease asset Refer to notes 2.8 and 18	The Group is the lessor of residential properties acquired from David Wilson Homes and accounts for these in accordance with the requirements of the applicable accounting standards. Management have assessed the gross and net investment in the lease assets that requires the application of an appropriate discount rate to the gross lease incomes receivable over the lease term. The asset is subject to present value measurement and underlying management assumptions. In addition, a prior period adjustment has been recorded. Therefore this was considered to be an area of focus for our audit.	• We have confirmed brought forward gross asset value to prior year accounts and records. • We have considered the appropriateness of the discount rate applied in accordance with the requirements of applicable accounting standards. • We have recalculated future contracted cash flows based on source agreements. • We have assessed the asset impairment review performed by management and considered the conclusion of there being no impairment against the requirements of the applicable accounting standards. • We have assessed the appropriateness of the adjustment relating to prior periods with regard to the unwinding of the discount applied to the gross investment in the lease against the requirements of the applicable accounting standards. • Key observation: we consider the assumptions underlying the valuation of the lease asset and adjustments made with regard to prior years to be appropriate.

4. 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 Group and Parent Company financial statements to be £220,000 and £210,000 respectively, which represents approximately 1.5 per cent of three year average revenue, being a key performance indicator for the Group and Parent Company and, in our professional judgement, a more reliable year on year measure than profit before tax.

Performance materiality
Performance materiality for the Group and the Parent Company was set at 72% of materiality based on our risk assessment and this being our first year as auditors to the Group and Parent Company.

Component materiality
Component materiality was set at £124,000, which represents 1.5% of the total assets of the component of £8,282,000. Performance materiality for the component was set at 72% of materiality.

Reporting threshold

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

5. 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.

6. 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	In our opinion, based on the work undertaken in the course of the audit: • 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. 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.
Matters on which we are required to report by exception	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: • 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.

7. 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.

8. Auditors' responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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.

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:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud, and
    - 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.

- 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:

    - 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.

    - 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:
https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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
55 Baker Street
London
W1U 7EU

Date: 30 April 2021

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	Restated* 2019 £000
Turnover	4	**8,487**	20,794
Cost of sales		**(9,501)**	(17,173)
Gross (loss)/profit		**(1,014)**	3,621
Administrative expenses		**(2,223)**	(2,983)
Other operating income	5	**857**	-
Gain on revaluations		**-**	388
Net exceptional items	6	**94**	(422)
Operating (loss)/profit	7	**(2,286)**	604
Interest receivable and similar income	9	**171**	169
Interest payable and similar expenses	10	**(150)**	(126)
(Loss)/profit before tax		**(2,265)**	647
Tax on (loss)/profit	11	**225**	145
(Loss)/profit for the financial year		**(2,040)**	792
Owners of the parent		**(2,040)**	792
Profit per share (basic and diluted) (Note 13)		**(60.9p)**	23.7p

All amounts derive from continuing operations

* See note 29 for details of prior year adjustment

The notes on pages 27 to 53 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	Restated 2019 £000
(Loss)/profit for the financial year		**(2,040)**	792
Other comprehensive income			
Remeasurement of the net defined benefit schemes		**(600)**	(407)
Deferred tax on actuarial (loss)/gain current year charge		**114**	69
Deferred tax prior year adjustment		**5**	4
Other comprehensive (loss)/income for the year		**(481)**	(334)
Total comprehensive income for the year		**(2,521)**	458

The notes on pages 27 to 53 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note		2020 £000		Restated 2019 £000
Fixed assets					
Tangible assets	14		**41,549**		40,388
Investments	15		**117**		117
Investment property	16		-		1,500
			41,666		42,005
Current assets					
Stocks	17	**177**		272	
Debtors: amounts falling due after more than one year	18	**14,046**		13,728	
Debtors: amounts falling due within one year	18	**4,130**		4,655	
Cash at bank and in hand		**5,529**		1,269	
		23,882		19,924	
Creditors: amounts falling due within one year	19	**(2,304)**		(5,384)	
Net current assets			**21,578**		14,540
Total assets less current liabilities			**63,244**		56,545
Creditors: amounts falling due after more than one year	20		**(8,611)**		(500)
Provisions for liabilities					
Provisions	22		**(4,169)**		(3,561)
Pension liability	25		**(1,538)**		(1,019)
Net assets			**48,926**		51,465
Capital and reserves					
Called up share capital	24		**335**		335
Share premium			**10,202**		10,202
Revaluation reserve	24		**75**		75
Capital redemption reserve	24		**143**		143
Profit and loss account			**38,119**		40,640
Shareholders' funds			**48,874**		51,395
Capital grants					
Deferred capital grants	26		**52**		70
			48,926		51,465

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

D J Burke
Chairman

J M Thick
Director

The notes on pages 27 - 53 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note		2020 £000		Restated 2019 £000
Fixed assets					
Tangible assets	14		**41,544**		40,383
Investments	15		**7,820**		7,820
			49,364		48,203
Current assets					
Stocks	17	**177**		272	
Debtors: amounts falling due after more than one year	18	**14,046**		13,728	
Debtors: amounts falling due within one year	18	**4,099**		5,560	
Cash at bank and in hand		**5,526**		1,265	
		23,848		20,825	
Creditors: amounts falling due within one year	19	**(10,328)**		(12,880)	
Net current assets			**13,520**		7,945
Total assets less current liabilities			**62,884**		56,148
Creditors: amounts falling due after more than one year	20		**(8,611)**		(500)
Provisions for liabilities					
Provisions	22		**(4,169)**		(3,561)
Pension liability	25		**(1,538)**		(1,019)
Net assets			**48,566**		51,068
Capital and reserves					
Called up share capital	24		**335**		335
Share premium			**10,202**		10,202
Revaluation reserve	24		**75**		75
Capital redemption reserve	24		**143**		143
Other reserves	24		**198**		198
Profit and loss account			**37,561**		40,045
Shareholders' funds			**48,514**		50,998
Capital grants					
Deferred capital grants	26		**52**		70
			48,566		51,068

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

D J Burke
Director

J M Thick
Director

The notes on pages 27 to 53 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2020	335	10,202	143	75	40,640	51,395
Loss for the year	-	-	-	-	(2,040)	(2,040)
Other comprehensive loss	-	-	-	-	(481)	(481)
At 31 December 2020	335	10,202	143	75	38,119	48,874

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2019 – As previously stated	335	10,202	143	75	39,830	50,585
Prior year adjustment	-	-	-	-	352	352
At 1 January 2019 – As restated	335	10,202	143	75	40,182	50,937
Profit for the year - Restated	-	-	-	-	792	792
Other comprehensive loss	-	-	-	-	(334)	(334)
At 31 December 2019	335	10,202	143	75	40,640	51,395

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 January 2020	335	10,202	143	75	198	40,045	50,998
Loss for the year	-	-	-	-	-	(2,003)	(2,003)
Other comprehensive loss	-	-	-	-	-	(481)	(481)
At 31 December 2020	335	10,202	143	75	198	37,561	48,514

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 January 2019 - As previously stated	335	10,202	143	75	198	39,623	50,576
Prior year adjustment	-	-	-	-	-	352	352
At 1 January 2019 - As restated	335	10,202	143	75	198	39,975	50,928
Profit for the year - Restated	-	-	-	-	-	404	404
Other comprehensive loss	-	-	-	-	-	(334)	(334)
At 31 December 2019	335	10,202	143	75	198	40,045	50,998

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £000	Restated 2019 £000
Cash flows from operating activities		
(Loss)/profit for the financial year	(2,040)	792
Adjustments for:		
Exceptional items	(94)	422
Amortisation of capital grants	(18)	(18)
Depreciation charges	1,194	1,056
Interest paid	150	126
Interest received	(171)	(169)
Tax credit	(225)	(145)
Decrease/(increase) in stocks	95	(22)
Decrease in debtors	860	1,001
(Decrease)/increase in creditors	(450)	291
Net fair value losses/(gains) recognised in P&L	-	(388)
Corporation tax received	207	-
Other associated property receipts	236	12
Pension top up payments	(109)	(163)
Net cash generated from operating activities	(365)	2,795
Cash flows from investing activities		
Receipts from exceptional sale of fixed assets	101	1,086
Purchase of fixed assets	(2,032)	(2,855)
Sale of tangible fixed assets	-	1
Purchase of freeholds	(411)	-
Sale of investment properties	1,500	-
Interest received	7	7
Net cash from investing activities	(835)	(1,761)
Cash flows from financing activities		
Receipt of new bank loan	5,500	500
Repayment of CBEL loan	-	(2,472)
British Championship loan repayment	9	9
Interest paid	(49)	(25)
Net cash used in financing activities	5,460	(1,988)
Net increase/(decrease) in cash and cash equivalents	4,260	(954)
Cash and cash equivalents at beginning of year	1,269	2,223
Cash and cash equivalents at the end of year	5,529	1,269
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	5,529	1,269
	5,529	1,269

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Parent Company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the Parent company financial statements have been applied:
• The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time; and
• No separate Parent Company Cash Flow Statement with related notes is included

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements 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 22nd February 2021 easing of lockdown guidance from the Government as well as specific financial circumstances of the Group.

The Board reviews the cash flow and working capital requirements in detail on a frequent basis, whilst during the past twelve months under the current COVID-19 circumstances the regularity of this scrutiny has increased.

The Group closed the financial year with £5.5m cash and fully drawn credit facilities of £8.6m, which are in place through to April 2022, by which point the final payment of £10.8m from David Wilson Homes will be received. The Board has concluded that it has a reasonable expectation that there are adequate resources, controls and banking facilities in place to continue in operational existence for the foreseeable future and therefore the going concern basis has been adopted in preparing the financial statements. The full scenario and assumptions used for the future cash flow forecast is detailed in the Strategic Report on page 6. Essentially the business has continued in operation over the past 12 months, despite the various lockdowns and restrictions in place, due to it's ability to race behind closed doors and generate media & betting revenues, which it is fully expected will continue to provide stabilised income into the future. The Board continue to monitor the situation and develop its detailed forecasts to respond the changing environment and to develop mitigation plans when necessary.

Whilst inherent uncertainties still exist in the sector with regard to the phased reintroduction of full attendances, given the financial position of the Company and Group (above), the directors have not identified a material uncertainty that may give rise to significant doubt over going concern.

No adjustments have been made that would otherwise be required were the going concern basis of preparation for the Company or Group not considered to be appropriate.

2. Accounting policies (continued)

2.4 Revenue recognition

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

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

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.

Property receipts

Property receipts are recognised in accordance with the substance of the transaction being that of an exceptional sale of land. The minimum guaranteed sum, as set out in the agreement with David Wilson Homes, is recognised at the point of sale. In accordance with FRS102, at each reporting date, the sum receivable is re-estimated based upon currently projected land value with the difference between this value and the discounted net present value recorded in the profit and loss account.

2.5 Investment property

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

2.6 Other investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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

2.7 Investment income

Dividends and other investment income receivable are included in the Profit and Loss Account inclusive of withholding tax but exclusive of other taxes.

2.8 Lease assets receivable

Lease assets receivable relates to freeholds that the Group has acquired, or has the option to acquire, from David Wilson Homes. The freeholds concerned relate to residential apartment buildings constructed as part of the overall residential development. Individual apartments in the development were sold by David Wilson Homes to purchasers under long-term leases, typically of 125 years. Under the terms of their long-term leases, 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 leases receivables are monitored for indications of impairment by comparing the net present value of future rentals receivable to the carrying value of the lease receivable. Where there is a shortfall in the present value of the future ground rents receivable, an impairment of the carrying value of the lease receivable is recognised.

2. Accounting policies (continued)

2.9 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

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

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

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

2.10 Impairment of assets

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

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

Non-financial assets
The carrying amounts of the entity’s non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

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

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

2. Accounting policies (continued)

2.11 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation 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 been previously 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.

2.12 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.

2.13 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.

2.14 Non recognised financial information

The profit and loss account includes measures which are not accounting measures under UK GAAP which are used to access the financial performance of the business.

2.15 Cash and cash investments

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

Cash which is held on deposits that are not accessible with less than 24 hours' notice, is deemed to not be liquid and is therefore classified as cash investments on the balance sheet.

2.16 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.

2.17 Dividends

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

2.18 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

2. Accounting policies (continued)

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 (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

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

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

2.19 Grants

Capital grants
Capital grants received, apart from HBLB grants, are accounted for as deferred grants on the Balance Sheet and credited to the Profit and Loss Account over the estimated economic lives of the asset to which they relate. Capital grants are in deferred capital grants on the Balance Sheet as the associated works have been performed and it is not in any way repayable.

Horserace Betting Levy Board (HBLB) grants
The HBLB provides funding to racecourses which is used to support racing activities. HBLB grants are accounted for under the performance model in line with standard industry practice. HBLB grants are credited to the Profit and Loss Account as revenue in the month of the raceday, the corresponding debtor is carried on the Balance Sheet until the cash is received.

Coronavirus Job Retention Scheme
The Government has provide grants, such as The Coronavirus Job Retention Scheme grants are accounted for under the performance model in line with accounting standards, with 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.

2.20 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

2. Accounting policies (continued)

determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

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

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

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

2.21 Borrowing costs

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

2.22 Financial instruments

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

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

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – inputs for the asset or liability that are not based on observable market data.

2.23 Exceptional items

Directors exercise their judgement in classification of certain items as exceptional and outside the Group's underlying results. The determination of whether items should be separately disclosed as an exceptional item or other adjustment requires judgement on its materiality, nature and incidence. Accounting transactions related to the DWH agreement are considered outside the ordinary course of business, see note 5 for further detail.

2.24 Non recognised financial information

The Consolidated Profit and Loss Account includes measures which are not accounting measures under UK GAAP which are used to access the financial performance of the business. These measures which are termed 'non-GAAP' include reference to EBITDA within the Strategic Report.

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

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies
The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements;

David Wilson Homes
The fair value of the long term David Wilson Homes debtor balance is determined with reference to current market conditions and to reflect the risks specific to the balance due. Estimates include the current value of the land as determined by the agreed parameters of the land sale agreement with David Wilson Homes, together with the application of a suitable discount rate.

Impairment of assets
Determining whether assets are impaired requires an estimation of the value in use of the cash generating units to which assets have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. The carrying amount of tangible fixed assets and investment property at the Balance Sheet date was £41.7 million. No impairment loss was recognised in 2020 as there was no further indication of impairment required (2019: no impairment loss).

Residual values and useful economic lives
The Group's tangible fixed assets are reviewed, whenever there is a relevant change in circumstances or after relevant review, in order to assess whether the residual values and useful economic lives continue to be appropriate for calculating depreciation in the period. There was no change in residual values or useful economic lives during 2020.

4. TURNOVER

Trading turnover, which arises solely in the United Kingdom, represents admissions to the racecourse, catering, hospitality sales, media rights licence fees, annual membership fees and all income from the provision of services for race meetings. It also includes income from conference and events. The nursery segment includes revenues from the Rocking Horse Nursery and the Lodge segment includes revenues from the Lodge Hotel. HBLB revenue grants are included in turnover. Property turnover represents rental income. Turnover is stated net of VAT (where applicable) and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. All turnover is generated by third parties.

Turnover by revenue stream

	2020 £000	2019 £000
Sale of goods	243	3,019
Rendering of services	5,647	14,894
HBLB grants	2,597	2,881
Total	8,487	20,794

Segmental Analysis

2020	Turnover £000	Gross Profit £000	Profit/(Loss) Before Interest and Exceptional Items £000	Exceptional Items £000	Profit/(Loss) Before Tax £000	* Net Assets £000
Trading	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

4. TURNOVER (continued)

2019 - restated	Turnover £000	Gross Profit £000	Profit/(Loss) Before Interest and Exceptional Items £000	Exceptional Items £000	Profit/(Loss) Before Tax £000	* Net Assets £000
Trading	18,421	2,910	(73)	(3)	(195)	32,840
Nursery	1,470	498	498	-	498	2,759
Lodge	856	166	166	-	166	1,364
Total	20,747	3,574	591	(3)	469	36,963
Property	47	47	435	(419)	178	14,502
Total	20,794	3,621	1,026	(422)	647	51,465

*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

	2020 £000	2019 £000
Other operating income	**857**	-
	857	-

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

6. EXCEPTIONAL ITEMS

	2020 £000	2019 £000
Net book value of asset disposal	**(6)**	(3)
DWH debtor movement in fair value	**100**	(419)
	94	(422)

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

7. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging/(crediting):

	2020 £000	2019 £000
Depreciation of plant and equipment	**1,194**	1,056
Amortisation of deferred capital grants	**(18)**	(18)
Auditors' remuneration	**58**	52
Tax services	**37**	38

8. EMPLOYEES

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

	2020 £000	2019 £000
Wages and salaries	**2,921**	3,399
Social security costs	**279**	307
Other pension costs	**116**	120
	3,316	3,826

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

	2020 No.	2019 No.
Office and management	**32**	35
Catering	**10**	13
Ground, maintenance and security staff	**17**	19
Lodge	**10**	8
Rocking Horse Nursery	**35**	36
	104	111

The total number of employees, including the directors, as at 31 December 2020 was 81 (2019: 109).

Directors' remuneration

	2020 £000	2019 £000
Executive Directors	490	489
Non-Executive Directors	-	60
	490	549

The highest paid director received remuneration of £330,000 (2019 - £352,000), including pension contributions of £21,300 (2019 - £20,000).

Two Directors are members of defined contribution pension schemes. The value of the company's contributions paid in respect of such Directors amounted to £31,000 (2019 - £30,000).

Transactions with Key Management Personnel

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

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

9. INTEREST RECEIVABLE

	2020 £000	Restated 2019 £000
Other interest receivable	171	169
	171	169

10. INTEREST PAYABLE AND SIMILAR CHARGES

	2020 £000	2019 £000
Bank interest payable	85	24
Other loan interest payable	37	74
Other interest payable	28	28
	150	126

11. TAXATION

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

	2020 £000	2019 £000
Corporation tax		
Adjustments in respect of previous periods	(280)	6
Total current tax	(280)	6
Deferred tax		
Origination and reversal of timing differences	(384)	(182)
Effect of change in rate	170	19
Adjustments in respect of prior year	269	12
Total deferred tax	55	(151)
Taxation on profit on ordinary activities	(225)	(145)

11. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2019 - the same as) the standard rate of corporation tax in the UK of 19% (2019 - 19%) as set out below:

	2020 £000	2019 £000
(Loss)/profit on ordinary activities before tax	(2,265)	647
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(430)	123
Effects of:		
Income not chargeable for tax purposes	(54)	(490)
Expenses not deductible for tax purposes	100	184
Effect of change in tax rate	269	19
Adjustments to tax charge in respect of prior periods	(110)	19
Total tax credit for the year	(225)	(145)

Deferred tax has been recognised in full at the substantively enacted rate of 19% as at 31 December 2020. A deferred tax rate of 17% was substantively enacted on 6 September 2016 to apply from 1 April 2020. However, it was announced in the 2020 Budget that this reduction in the UK corporation tax rate would no longer take place and the resulting legislation was substantively enacted on 17 March 2020.

Additionally, it was announced on 3 March 2021 that the main rate of corporation tax will increase from 19% to 25% from 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 Government has not utilised the Provisional Collection of Taxes Act 1968 to make these changes and so it is expected that this legislation will form part of the Finance Bill 2021 and possibly Finance Bill 2022, but the timescale for substantial enactment of the CT rate has not been confirmed yet. The closing deferred tax assets and liabilities have therefore been calculated at the substantively enacted rate (19%) expected to apply to the unwinding of the liability/asset as at the balance sheet date. If the tax rate used for deferred tax assets and liabilities was revised upwards to 25%, the net deferred tax liability would increase by £593k.

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 £2,003,000 (2019 restated: profit £404,000).

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 2020 of £2,040,000 (2019 restated: profit £792,000) by the weighted average number of ordinary shares during the year of 3,348,326 (2019: 3,348,326).

14. TANGIBLE FIXED ASSETS

Group

	Freehold property £000	Fixtures and fittings £000	Tractors and motor vehicles £000	Total £000
Cost or valuation				
At 1 January 2020 - Restated	51,823	9,139	288	61,250
Additions	1,972	410	25	2,407
Disposals	-	(52)	-	(52)
At 31 December 2020	53,795	9,497	313	63,605
Depreciation				
At 1 January 2020	16,137	4,588	138	20,863
Charge for the year on owned assets	640	533	21	1,194
Disposals	-	(1)	-	(1)
At 31 December 2020	16,777	5,120	159	22,056
Net book value				
At 31 December 2020	37,018	4,377	154	41,549
At 31 December 2019 - Restated	35,687	4,551	150	40,388

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 £36,942,000 (2019: £35,610,000).

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 2020.

14. TANGIBLE FIXED ASSETS (continued)

Company

	Freehold property £000	Fixtures and fittings £000	Tractors and motor vehicles £000	Total £000
Cost or valuation				
At 1 January 2020 - Restated	51,818	9,139	288	61,245
Additions	1,972	410	25	2,407
Disposals	-	(52)	-	(52)
At 31 December 2020	53,790	9,497	313	63,600
Depreciation				
At 1 January 2020	16,137	4,588	138	20,863
Charge for the year on owned assets	640	533	21	1,194
Disposals	-	(1)	-	(1)
At 31 December 2020	16,777	5,120	159	22,056
Net book value				
At 31 December 2020	37,013	4,377	154	41,544
At 31 December 2019 - Restated	35,682	4,551	150	40,383

The net book value of freehold land and buildings determined by the historical cost convention is £36,937,000 (2019: £35,605,000).

15. INVESTMENTS

Group

	Racecourse Media Group £000
At 1 January 2020	117
At 31 December 2020	117

15. INVESTMENTS (continued)

Company

	Investments in subsidiary companies £000	Trade investments £000	Total £000
Cost or valuation			
At 1 January 2020	7,703	117	7,820
At 31 December 2020	7,703	117	7,820
Net book value			
At 31 December 2020	7,703	117	7,820
At 31 December 2019	7,703	117	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).

The registered office address of RMG, RMS, RBC and RRB is 10th Floor, The Met Building, 22 Percy Street, London W1T 2BU.

Twenty one shares (£21 and 2.1% of the shareholding) in British Champions' Series Limited. The registered office address is 75 High Holborn, London WC1V 6LS

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 2020. As at 31 December 2020 Newbury Racecourse PLC holds 100% of the ordinary share capital and voting rights of both companies. Registered office for all subsidiaries, Newbury Racecourse, Newbury, Berkshire, RG14 7NZ.

16. INVESTMENT PROPERTY

Group

	Freehold investment property £000
At 1 January 2020	**1,500**
Disposals	**(1,500)**
At 31 December 2020	**-**

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

Investment property is comprised of a piece of land known as 'The Opperman Site'. This was sold on 4th December 2020 for a consideration of £1.5million.

17. STOCKS

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

	Group 2020 £000	Group 2019 £000
Catering	**158**	250
Sundry	**19**	22
	177	272

There is no material difference between the balance sheet value of stocks and their replacement cost. The write-down of stocks to net realisable value amounted to £nil (2019: £nil). No reversals of write-downs were made in the year (2019: £nil).

18. DEBTORS

	Group 2020 £000	Group Restated 2019 £000	Company 2020 £000	Company Restated 2019 £000
Due after more than one year				
Other debtors	**14,046**	13,728	**14,046**	13,728
	14,046	13,728	**14,046**	13,728

Other debtors include £10,450,000 (2019: £10,110,000) being the net present value of the balance due from David Wilson Homes in more than one year, in respect of the currently projected value arising from the land sale completed on 26 April 2016.

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

Other debtors also include £3,505,000 (2019: £3,459,000) in respect of lease asset receivables, being the value of ground rents receivable from the freehold interests of the Group and also a loan of £91,116 (2019: £86,683) to Britbet Racing LLP for the start-up of a new betting consortium.

	Group 2020 £000	Group Restated 2019 £000	Company 2020 £000	Company Restated 2019 £000
Due within one year				
Trade debtors	**697**	677	**667**	677
Amounts owed by group undertakings	-	-	-	905
Other debtors	**1,696**	2,513	**1,695**	2,513
Prepayments and accrued income	**146**	548	**146**	548
Deferred taxation	**1,591**	917	**1,591**	917
	4,130	4,655	**4,099**	5,560

Other debtors include £243,000 (2019: £584,000), 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.

Other debtors also include £154,400 (2019: £107,970) in respect of lease asset receivables, being the value of ground rents receivable from the freehold interests of the Group.

Of the deferred tax asset £1,293,000 (2019: £740,000) relates to tax losses and £298,000 (2019: £177,000) relates to deferred tax on movements in the valuation of the pension scheme.

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
CBEL loan (note 21)	-	2,574	-	2,574
Trade creditors	228	680	227	680
Amounts owed to group undertakings	-	-	8,045	7,500
Other taxation and social security	256	199	256	199
Other creditors	814	722	814	722
Accruals and deferred income	1,006	1,209	986	1,205
	2,304	5,384	10,328	12,880

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

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Bank loans	6,000	500	6,000	500
CBEL loan (note 21)	2,611	-	2,611	-
	8,611	500	8,611	500

21. LOANS

Analysis of loan repayments:

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Amounts falling due within one year	-	2,574	-	2,574
Bank loans	**6,000**	500	**6,000**	500
Amounts falling due 1-2 years	**2,611**	-	**2,611**	-
	8,611	3,074	**8,611**	3,074

Compton Beauchamp Estates Limited Loan

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

	Purpose	Repayment Dates	Interest*	Amount Drawn
£6,500,000	Purchase of own shares	15.11.18** 15.11.19** 30.04.22***	3.18%	£7,745,647

The loan is secured by a charge of the Group's property to a Deed of Priority dated 3 May 2016 between National Westminster Bank PLC, Trustees of the Newbury Racecourse PLC Pension and Life Assurance Plan and Compton Beauchamp Estates Limited.

The capital sum is repayable in three equal instalments on the dates as shown, with the balance of interest accrued payable on the final payment date.

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

* Under the terms of the loan the interest is rolled up into the loan capital sum. Interest accrued in the period to 31 December 2020 was £37,000 (2019: £74,000). Interest is calculated using the six monthly LGT Bank (Ireland) Limited International Bank Rate plus 2%. In accordance with FRS102, interest accrued includes an adjustment for the effective rate method.

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

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

22. PROVISIONS

Group and company	Property provision £000	Deferred Tax £000	Total £000
At 1 January 2020	700	2,861	3,561
Utilised in year	-	-	-
Released in year	-	-	-
Capital allowances in excess of depreciation	-	323	323
Deferred tax on rolled over capital gains	-	291	291
Deferred tax on lease receivable	-	(6)	(6)
	700	3,469	4,169

Property provisions relate to the constructive obligation related to potential contractual breaches associated with the land sale to David Wilson Homes.

23. DEFERRED TAX LIABILITY

The provision for deferred taxation consists of the following amounts:

Group and Company	2020 £000	2019 £000
Capital allowances in excess of depreciation	1,841	1,517
Deferred tax on rolled over gains	1,541	1,250
Deferred tax on lease asset receivable	88	94
	3,470	2,861

24. CAPITAL AND RESERVES

	2020 £000	2019 £000
6,000,000 (2019 - 6,000,000) Ordinary shares shares of £0.10 each	**600**	600
Allotted, called up and fully paid		
3,348,326 (2019 - 3,348,326) Ordinary shares shares of £0.10 each	**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.

Revaluation reserve

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

Capital redemption reserve

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

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.

25. EMPLOYEE BENEFITS

Defined Contribution Scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the fund and amounted to £116,000 (2019: £120,000). There were £16,800 (2019: £22,463) of outstanding contributions at the end of the year.

Defined Benefits Scheme

Until 1 December 2003 the Group operated a funded non-contributory defined benefit pension scheme covering its permanent employees whose employment commenced prior to 16 July 2001. The scheme was closed to future accrual on 1 December 2003 and employees are not able to accrue any further benefits after this date except that salary linkage is retained. The scheme will continue in existence, but no further life assurance cover has been provided after 1 December 2001. A lump sum contribution of £300,000 was made prior to 31 December 2003. Future pension provision for those employees who were accruing benefits under the defined benefit scheme will be made through enhanced contributions to the Stakeholder scheme. For employees joining the Group after 16 July 2001 a Stakeholder scheme has been put in place.

The defined benefit scheme funds are administered by trustees and are independent of the Group's finances. The pension cost is assessed in accordance with the advice of a qualified actuary using the projected unit method. The most recent full actuarial valuation was as at 1 July 2017, the most significant assumptions being the investment return on equities (and property) and pre-retirement discount rate.

As at 1 July 2017, the market value of the scheme assets was £1,406,000 and the actuarial value of the assets was only sufficient to fund 59% of the benefits that had accrued to members, after allowing for expected future increases in earnings. As such there is a deficit of £982,000 to fund and a recovery plan has been agreed with the Trustees of the scheme with annual contributions of £109,000 to be paid over a 10 year period commencing 1 July 2018. As at 31 December 2020, total contributions of £272,500 have been paid in to the scheme.

25. EMPLOYEE BENEFITS (continued)

The actuarial valuation described above has been updated at 31 December 2020 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 2020 under FRS 102 are as follows:

Reconciliation of present value of plan liabilities:

	2020 £000	2019 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	3,697	3,138
Interest cost	78	91
Actuarial (gains)/losses	545	785
Benefits paid	(100)	(317)
At the end of the year	4,220	3,697

Reconciliation of present value of plan assets:

	2020 £000	2019 £000
At the beginning of the year	2,678	2,391
Interest income	58	71
Actuarial gains/(losses)	(55)	378
Contributions	109	163
Benefits paid	(100)	(317)
Plan administrative cost	(8)	(8)
At the end of the year	2,682	2,678

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

	2020 £000	2019 £000
Group pension contract	1,428	1,375
Annuity contract	1,254	1,303
Fair value of plan assets	2,682	2,678

	2020 £000	2019 £000
Fair value of plan assets	2,682	2,678
Present value of plan liabilities	(4,220)	(3,697)
Net pension scheme liability	(1,538)	(1,019)

25. EMPLOYEE BENEFITS (continued)

The amounts recognised in profit or loss are as follows:

	2020 £000	2019 £000
Current service cost	**8**	8
Net interest cost	**20**	20
Total cost relating to defined benefit scheme	**28**	28

The cumulative amount of actuarial gains and losses recognised in the Consolidated Statement of Comprehensive Income was a loss of £NIL (2019 - £NIL).

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

	2020 %	2019 %
Discount rate	**1.35**	2.15
Future salary increases	**3.40**	3.30
Pre 1 July 1993 pension	**3.00**	3.00
Post 1 July 1993 pension	**2.85**	2.90
Inflation assumption (RPI)	**2.85**	2.90
Inflation assumption (CPI)	**2.40**	2.30

Assumed life expectancies on retirement at age 65 are:

- Retiring today - Males	**86.4**	86.3
- Retiring in 20 years time - Males	**87.7**	87.6
- Retiring today - Females	**88.7**	88.6
- Retiring in 20 years time - Females	**90.3**	90.1

26. CAPITAL GRANTS

	2020 £000	2019 £000
Analysis of movement of capital grants:		
Balance as at 1 January 2020	**70**	88
Capital grants credited to the profit and loss account	**(18)**	(18)
Balance as at 31 December 2020	**54**	70

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

27. FINANCIAL COMMITMENTS

	2020 £000	2019 £000
Swift Lifts Ltd	**90**	188
Kennet Equipment	**12**	-
Tech Support Guru	**169**	-
	271	188

Newbury Racecourse plc has a 5 year contract with Swift Lift Services Ltd for the purpose of undertaking lift maintenance and upgrade works until 31 March 2022.

Newbury Racecourse plc has a 3 year contract with Kennet Equipment for the lease of a CP30 Compactor until 31 December 2022.

Newbury Racecourse plc has a 5 year contract with Tech Support Guru for the lease of computer equipment until 30 Sept 2025.

As at 31 December 2020 there were no hedging instruments in place.

28. 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 2020, no sponsorship income (2019: £22,300) or hospitality income (2019: £7,998) was received from Compton Beauchamp Estates Limited. As at the year-end a debtor balance of £nil (2019: £1,241) was outstanding. The CBEL loan of £2,611,326 is provided by Compton Beauchamp Estates Limited (see note 20). Erik Penser is a director of Compton Beauchamp Estates Limited. These are considered to be arm's length transactions.

Marsh JLT Specialty Limited
During the year ended 31 December 2020, Marsh JLT Specialty Limited provided broker insurance services to Newbury Racecourse plc to the value of £32,500 (2019: £32,500). There was no sponsorship income (2019: £50,550) or hospitality income (2019: £15,322) received from Marsh JLT Specialty Limited in 2020. The balance outstanding at the year end was £nil (2019: £650). Dominic Burke is 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 2020, Newbury Racecourse plc traded with Racing Media Group Limited, income received from Racing Media Group Limited amounted to £1,737,000 (2019: £1,277,000). The balance outstanding at the year-end was £899,000 (2019: £1,107,000). Newbury Racecourse plc is a shareholder in Racing Media Group Limited. Racing Media Group Limited is the Parent Company of Racing Media Services Limited of which Julian Thick is a director. This is considered to be an arm's length transaction.

Highclere Thoroughbred Racing Limited
During the year ended 31 December 2020 hospitality income of £13,487 (2019: £23,611) was received from Highclere Thoroughbred Racing Limited. As at the year-end a debtor balance of £nil (2019: £156) 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 2020, no sponsorship income (2019: £25,500) or hospitality income (2019: £18,176) was received from Watership Down Stud. As at the year-end a debtor balance of £nil (2019: £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 2020, sponsorship income of £2,500 (2019: nil) was received from Bryan Burrough, a non-executive director of the company. As at the year-end a debtor balance of £nil (2019: £nil) was outstanding. This is considered to be arm's length transaction.

29. EXPLANATION OF PRIOR YEAR ADJUSTMENTS

The group has restated comparative financial information in order to bring the accounting treatment of the leasehold asset receivable in line with the requirements of FRS 102.

In 2012, under the terms of the David Wilson Homes land sale agreement, part of the consideration arising from David Wilson Homes was an option to purchase, at a substantial discount to market value, the interest in the ground rents of the new residential apartment buildings. This had been recognised in the financial statements as a lease receivable of £3.56m for the present value of all expected future rentals is recognised at 31 December 2016, with any ground rents received being netted off against the debtor.

On further consideration, the accounting of the present value of the lease receivable has been updated to reflect the length of the leasehold period of 125 years, and to split out the value of the exercised freehold option that has been purchased to be held as freehold property.

The effect on the financial statements as at 1 January 2019 is an increase in the lease asset receivable of £0.18m, an increase in freehold property of £0.17m and an increase in profit and loss reserve of £0.35m. The impact on 2019 profit for the year is £0.16m (effective interest on unwinding of discount applied to receivables) and the impact on the balance sheet at 31 December 2019, is an increase in lease asset of £0.34m, an increase in freehold property of £0.17m and an increase in profit and loss reserve of £0.51m.

	At 1 January 2019 £000	At 31 December 2019 £000
RECONCILIATION OF EQUITY		
Equity reported prior to restatement	50,585	50,881
Prior period adjustment:		
Recognition of effective interest on lease asset receivable	352	514
	50,937	51,395

	2019 £000
RECONCILIATION OF PROFIT FOR YEAR ENDED 31 DECEMBER 2019	
Profit for the financial period previously reported	630
Recognition of effective interest on lease asset receivable	162
	792