

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016  
FOR  
HIGH GOSFORTH PARK LIMITED**



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FOR THE YEAR ENDED 31 DECEMBER 2016**

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**HIGH GOSFORTH PARK LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**DIRECTORS:**

S A J Nahum  
P C O'Driscoll  
K S Robertson

**SECRETARY:**

Ms M J Langridge

**REGISTERED OFFICE:**

Millbank Tower  
21-24 Millbank  
London  
SW1P 4QP

**REGISTERED NUMBER:**

00014667 (England and Wales)

**AUDITORS:**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present their strategic report for the year ended 31 December 2016.

The principal activity of the company continued to be that of the operation of a racecourse under Jockey Club and National Hunt Rules at Newcastle Racecourse and the management of the owned estate including Parklands Golf Course.

**REVIEW OF BUSINESS**

The directors are satisfied with the results for the year.

Newcastle Racecourse operated throughout the year providing a total of 49 fixtures (2015: 29). The increase in fixtures is a result of the opening of the all-weather track on 17 May 2016. Turnover increased from £9,962,210 to £12,433,723 largely as a result of this.

The key performance indicator the directors use in assessing the business is Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). EBITDA achieved during the year was £3,291,107 (2015: £1,340,577). During the year, the company disposed of tangible fixed assets giving rise to a profit on disposal of £1,723,891 (2015: £nil). After adjusting for this, EBITDA achieved was £1,567,216 (2015: £1,340,577). The improvement in adjusted EBITDA is not as strong as would be expected given the growth in revenue. This is a result of increased costs, particularly labour costs, where there has been an increase in the national minimum wage. The contribution to prize money has also increased.

The directors look forward to the future with confidence. 2017 will see a full year of racing on the all-weather track.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**PRINCIPAL RISKS AND UNCERTAINTIES**

The company operates in the sporting and leisure sector within the UK and as such faces the same risks as other similar businesses, primarily economic welfare, the availability of disposable income and competing interests for the leisure pound.

In addition, as with any business that is conducted outdoors in the UK, a further risk is that of weather related abandonments. It is impossible to mitigate this risk but the company does allow for a certain number of abandonments when completing its business plans.

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk and credit risk. The financial risk management objectives and policies for each of these risks are described in more detail below.

**Interest rate risk**

Given the current low interest rate economic climate, hedging for interest risk is not deemed necessary, although the position is kept under regular review by the Board.

**Liquidity risk**

Liquidity risk is managed centrally. The current loan facilities have been agreed at appropriate levels given the Group's forecasted operating cash flows, loan repayments, expected future capital expenditure and trading income over the course of the foreseeable future.

**Credit risk**

Due to the nature of the company's income streams, the exposure to credit risk is considered minimal. One of the main sources of income is received from the HBLB and media income from the transmission of pictures through the SIS contract. Other third party income is derived from customers on race days and this is either paid in advance of the event or paid on the day. Of the income received by the company that is subject to credit risk, there are established credit procedures and collection policies in place which are reviewed and monitored centrally.

**Going concern**

Having reviewed the company's financial forecasts and expected future cash flows, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the going concern basis has been adopted in preparing the financial statements for the year ended 31 December 2016. Further details are given in note 2 to the accounts.

**ON BEHALF OF THE BOARD:**



.....  
P C O'Driscoll - Director

Date: 28/9/2017

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present their report with the financial statements of the company for the year ended 31 December 2016.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2016.

No dividend was distributed for the year ended 31 December 2015.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report:

S A J Nahum  
P C O'Driscoll  
K S Robertson

**MATTERS COVERED IN THE STRATEGIC REPORT**

As permitted by S414c(11) of the Companies Act 2006, the directors have elected to disclose information, required to be in the directors' report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', in the strategic report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 company will continue in business.

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

HIGH GOSFORTH PARK LIMITED (REGISTERED NUMBER: 00014667)

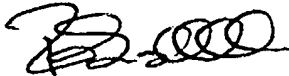
**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**AUDITORS**

Pursuant to section 487(2) of the Companies Act 2006, the auditors, BDO LLP, will be deemed to be reappointed and will therefore continue in office.

**ON BEHALF OF THE BOARD:**



.....  
P C O'Driscoll - Director

Date: 28/9/2017

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HIGH GOSFORTH PARK LIMITED**

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We have audited the financial statements of High Gosforth Park Limited for the year ended 31 December 2016 which comprise the income statement and statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditors**

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

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.



**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
HIGH GOSFORTH PARK LIMITED**

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**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained during the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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;

*BDO LLP*

Dominic Stammers (Senior Statutory Auditor)  
For and on behalf of BDO LLP  
Statutory Auditor  
55 Baker Street  
London  
W1U 7EU

Date: *29 September 2017*

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

**HIGH GOSFORTH PARK LIMITED (REGISTERED NUMBER: 00014667)**

**INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £	2015 £
<b>TURNOVER</b>	<b>3</b>	<b>12,433,723</b>	<b>9,962,210</b>
Cost of sales		<u>(7,087,614)</u>	<u>(5,199,007)</u>
<b>GROSS PROFIT</b>		<b>5,346,109</b>	<b>4,763,203</b>
Administrative expenses		<u>(3,400,239)</u>	<u>(3,979,559)</u>
<b>OPERATING PROFIT</b>	<b>5</b>	<b>1,945,870</b>	<b>783,644</b>
Income from fixed asset investments		756	713
Interest receivable and similar income	6	<u>7,285</u>	<u>-</u>
<b>PROFIT BEFORE TAXATION</b>		<b>1,953,911</b>	<b>784,357</b>
Tax on profit	7	<u>76,636</u>	<u>(10,094)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>2,030,547</b>	<b>774,263</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>2,030,547</b></u>	<u><b>774,263</b></u>

The notes on pages 11 to 22 form part of these financial statements

**HIGH GOSFORTH PARK LIMITED (REGISTERED NUMBER: 00014667)**

**BALANCE SHEET  
31 DECEMBER 2016**

	Notes	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Intangible assets	8		29,211		39,211
Tangible assets	9		<u>21,279,143</u>		<u>17,075,348</u>
			21,308,354		17,114,559
<b>CURRENT ASSETS</b>					
Stocks	10	157,031		167,206	
Debtors	11	13,482,599		13,277,153	
Investments	12	1,188		1,188	
Cash at bank		<u>378,596</u>		<u>218,951</u>	
		14,019,414		13,664,498	
<b>CREDITORS</b>					
Amounts falling due within one year	13	<u>(14,254,536)</u>		<u>(11,736,428)</u>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u>(235,122)</u>		<u>1,928,070</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			21,073,232		19,042,629
<b>CREDITORS</b>					
Amounts falling due after more than one year	14		<u>56</u>		<u>-</u>
<b>NET ASSETS</b>			<u>21,073,176</u>		<u>19,042,629</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		90,960		90,960
Revaluation reserve	17		2,351,124		2,351,124
Retained earnings	17		<u>18,631,092</u>		<u>16,600,545</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>21,073,176</u>		<u>19,042,629</u>

The financial statements were approved by the Board of Directors on 28/9/2017 and were signed on its behalf by:



.....  
P C O'Driscoll - Director

The notes on pages 11 to 22 form part of these financial statements

**HIGH GOSFORTH PARK LIMITED (REGISTERED NUMBER: 00014667)**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
<b>Balance at 1 January 2015</b>	90,960	15,826,282	2,351,124	18,268,366
<b>Changes in equity</b>				
Total comprehensive income	<u>-</u>	<u>774,263</u>	<u>-</u>	<u>774,263</u>
<b>Balance at 31 December 2015</b>	<u>90,960</u>	<u>16,600,545</u>	<u>2,351,124</u>	<u>19,042,629</u>
<b>Changes in equity</b>				
Total comprehensive income	<u>-</u>	<u>2,030,547</u>	<u>-</u>	<u>2,030,547</u>
<b>Balance at 31 December 2016</b>	<u>90,960</u>	<u>18,631,092</u>	<u>2,351,124</u>	<u>21,073,176</u>

The notes on pages 11 to 22 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1. STATUTORY INFORMATION**

High Gosforth Park Limited is a company limited by shares incorporated in England and Wales. The registered office is Millbank Tower, 21-24 Millbank, London, SW1P 4QP. The principal place of business of the company is Newcastle Racecourse, High Gosforth Park, Newcastle Upon Tyne, NE3 5HP.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The Directors have drawn up the financial statements on a going concern basis.

The Directors consider it appropriate to draw up the financial statements on a going concern basis as they have received assurance from Omaha Business Holdings Corp that it will continue to make sufficient funds available to enable the Company to meet its obligations as they fall due for the foreseeable future, and at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

**Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

**Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016

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2. ACCOUNTING POLICIES - continued

**Turnover**

Turnover principally relates to income derived directly from the holding of horse race meetings, including industry related funding from the HBLB, and the non-raceday use of the Racecourse facilities. Turnover is also derived from the operation of a golf course and public house.

Income is recognised once a race meeting or non-raceday event has been held or upon use of the golf course and public house. This includes admissions revenue, other racing income and catering income. In certain circumstances income is taken over the life of the agreement to which it relates, such as rental income and annual memberships.

**Media rights**

Income received in respect of media rights over the broadcasts from the racecourse is recognised within revenue in the period in which the relevant race meetings are held.

**HBLB revenue**

The HBLB provides revenue to racecourses to support the holding of race meetings. For taxation purposes, this revenue can be waived by racecourses, with HBLB approval, and transferred to 'capital credits', which is a tax-efficient scheme operated by the HBLB. These capital credits may be claimed by racecourses against expenditure on HBLB-approved capital projects and as a result, are not assessable to tax. It is the Company's policy that, as they are derived from and are dependent upon trading activities, capital credit receipts are recognised within revenue when the race meetings to which they relate are held. A corresponding receivable is recognised until the cash is received.

**Purchased racing fixtures**

Purchased racing fixtures are shown at cost. The amortisation of the purchased racing fixtures is calculated to write off the cost of the assets in equal annual instalments over their estimated useful economic life of 20 years.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016

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2. ACCOUNTING POLICIES - continued

**Tangible fixed assets**

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is derecognised. Repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Depreciation is provided at rates calculated to write off cost or valuation less estimated residual value of each asset over its expected useful life as follows:

Freehold land	nil
Freehold buildings	over 50 years
Plant and machinery	10% - 20%
Motor vehicles	25%

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the profit and loss account.

**Impairment of fixed assets**

At each reporting end date, the company reviews the carrying amount of its tangible fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account unless the relevant asset is carried in a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Stocks**

Closing stock is stated at lower of cost and net realisable value. The cost includes all expenditure which has been incurred in bringing the stock to its present location and condition. Stock is valued using the first in first out method.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016

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2. ACCOUNTING POLICIES - continued

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date, where applicable.

**Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**Leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016

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2. ACCOUNTING POLICIES - continued

**Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

**Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**Classification of financial liabilities**

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

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016

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2. ACCOUNTING POLICIES - continued

Basic financial liabilities, including trade and other payables and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled

**Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

**Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

3. TURNOVER

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

**HIGH GOSFORTH PARK LIMITED (REGISTERED NUMBER: 00014667)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**4. EMPLOYEES AND DIRECTORS**

	2016	2015
	£	£
Wages and salaries	2,039,992	1,802,027
Social security costs	144,445	132,003
Other pension costs	<u>24,731</u>	<u>24,269</u>
	<u>2,209,168</u>	<u>1,958,299</u>

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

	2016	2015
Total permanent staff	<u>60</u>	<u>61</u>

The Company employs casual staff to assist during racedays. The number of casual staff varies between 45 and 240 (2015: 60 and 315) depending on the raceday. Casual staff are not included in the staff numbers stated above.

	2016	2015
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

**5. OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

	2016	2015
	£	£
Inventory recognised as an expense	813,901	666,081
Operating lease rentals - plant and machinery	14,905	34,100
Amortisation of intangible assets	10,000	12,460
Depreciation - owned assets	1,335,237	544,473
Group management charges	731,792	663,856
Profit on disposal of fixed assets	(1,723,891)	-
Auditors' remuneration		
- Audit	5,000	5,000
- Accountancy	-	1,000
- Tax	-	1,000

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2016	2015
	£	£
Other interest receivable	<u>7,285</u>	<u>-</u>

**7. TAXATION**

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the profit for the year was as follows:

	2016	2015
	£	£
Deferred tax	<u>(76,636)</u>	<u>10,094</u>
Tax on profit	<u>(76,636)</u>	<u>10,094</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**7. TAXATION - continued****Reconciliation of total tax (credit)/charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £	2015 £
Profit before tax	<u>1,953,911</u>	<u>784,357</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.250%)	390,782	158,832
Effects of:		
Expenses not deductible for tax purposes	191,240	83,805
Capital allowances in excess of depreciation	-	(9,648)
Depreciation in excess of capital allowances	76,495	-
Group relief	(658,658)	(232,417)
Other short term timing differences	141	(572)
Deferred tax	<u>(76,636)</u>	<u>10,094</u>
Total tax (credit)/charge	<u>(76,636)</u>	<u>10,094</u>

**8. INTANGIBLE FIXED ASSETS**

	Purchased Racing Fixtures £
<b>COST</b>	
At 1 January 2016 and 31 December 2016	<u>200,000</u>
<b>AMORTISATION</b>	
At 1 January 2016	160,789
Amortisation for year	<u>10,000</u>
At 31 December 2016	<u>170,789</u>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<u>29,211</u>
At 31 December 2015	<u>39,211</u>

**HIGH GOSFORTH PARK LIMITED (REGISTERED NUMBER: 00014667)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**9. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £	Assets under construction £	Plant and equipment £	Motor vehicles £	Totals £
<b>COST</b>					
At 1 January 2016	14,253,769	7,387,786	2,591,158	33,807	24,266,520
Additions	336,965	4,711,238	153,276	326,853	5,528,332
Reclassification/transfer	12,099,024	(12,099,024)	-	-	-
At 31 December 2016	<u>26,689,758</u>	<u>-</u>	<u>2,744,434</u>	<u>360,660</u>	<u>29,794,852</u>
<b>DEPRECIATION</b>					
At 1 January 2016	5,315,821	-	1,846,165	29,186	7,191,172
Charge for year	942,071	-	358,238	24,228	1,324,537
At 31 December 2016	<u>6,257,892</u>	<u>-</u>	<u>2,204,403</u>	<u>53,414</u>	<u>8,515,709</u>
<b>NET BOOK VALUE</b>					
At 31 December 2016	<u>20,431,866</u>	<u>-</u>	<u>540,031</u>	<u>307,246</u>	<u>21,279,143</u>
At 31 December 2015	<u>8,937,948</u>	<u>7,387,786</u>	<u>744,993</u>	<u>4,621</u>	<u>17,075,348</u>

The freehold land and buildings included above at valuation could alternatively be stated at a cost of £23,775,263 (2015: £11,339,274) with accumulated depreciation of £5,837,605 (2015: £4,953,824).

The property was valued on 31 December 1995 at open market value on the basis of existing use by the directors. The value of land not depreciated is £1,453,202 (2015: £1,453,202).

Deferred tax on the revaluation gain has not been provided under FRS102 as indexation allowance mitigates any potential gain.

**10. STOCKS**

	2016 £	2015 £
Goods for resale	<u>157,031</u>	<u>167,206</u>

**11. DEBTORS**

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	480,329	414,757
Amounts owed by group undertakings	12,483,576	11,065,559
Other debtors	103,485	326,678
VAT	154,669	1,330,417
Deferred tax asset		
Other timing differences	56	-
Prepayments and accrued income	<u>169,389</u>	<u>125,283</u>
	<u>13,391,504</u>	<u>13,262,694</u>

**HIGH GOSFORTH PARK LIMITED (REGISTERED NUMBER: 00014667)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**11. DEBTORS - continued**

	2016 £	2015 £
Amounts falling due after more than one year:		
Deferred Tax	<u>91,095</u>	<u>14,459</u>
 Aggregate amounts	 <u>13,482,599</u>	 <u>13,277,153</u>

**Deferred Tax**

	2016 £	2015 £
Depreciation in excess of capital allowances	90,232	13,737
Provisions	<u>863</u>	<u>722</u>
	<u>91,095</u>	<u>14,459</u>

	Deferred Tax £
Balance at 1 January 2016	14,459
Recognised during the year	<u>76,636</u>
Balance at 31 December 2016	<u>91,095</u>

**12. CURRENT ASSET INVESTMENTS**

	2016 £	2015 £
Unlisted investments	<u>1,188</u>	<u>1,188</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £	2015 £
Trade creditors	683,990	2,913,137
Amounts owed to group undertakings	12,521,851	8,449,787
Social security and other taxes	46,611	32,701
Other creditors	80,545	3,948
Accruals and deferred income	<u>921,539</u>	<u>336,855</u>
	<u>14,254,536</u>	<u>11,736,428</u>

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2016 £	2015 £
Hire purchase contracts (see note 15)	<u>56</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**15. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2016	2015
	£	£
Gross obligations repayable:	<u>          </u>	<u>          </u>
Finance charges repayable:		
Between one and five years	<u>(56)</u>	<u>-</u>
Net obligations repayable:		
Between one and five years	<u>56</u>	<u>-</u>
	Non-cancellable operating leases	
	2016	2015
	£	£
Within one year	13,959	33,539
Between one and five years	<u>8,767</u>	<u>66,085</u>
	<u>22,726</u>	<u>99,624</u>

**16. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			
Number:	Class:	Nominal value:	
		2016	2015
		£	£
90,960	Ordinary Shares	<u>90,960</u>	<u>90,960</u>

**17. RESERVES****Called up share capital**

Represents the nominal value of equity shares issued.

**Revaluation reserve**

The revaluation reserve represents revaluation movements on the company's land and buildings held as tangible fixed assets.

**Retained earnings**

Retained earnings represent the company's cumulative net gains and losses.

**18. PENSION COMMITMENTS**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund.

There was a pension creditor at the year end amounting to £4,315 (2015: £3,610).

**HIGH GOSFORTH PARK LIMITED (REGISTERED NUMBER: 00014667)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**19. ULTIMATE PARENT COMPANY**

The immediate parent company is Northern Races Limited. The ultimate parent company is Omaha Business Holdings Corp., a company registered in the British Virgin Islands.

The company's ultimate UK parent is NR Acquisitions Topco Limited. NR Acquisitions Topco Limited prepares group financial statements and copies can be obtained from Companies House.

The registered address and principal place of business of NR Acquisitions Topco Limited and Northern Races Limited is Millbank Tower, 21-24 Millbank, London, SW1P 4QP.

The registered address and principal place of business of Omaha Business Holdings Corp is 2nd Floor, O'Neal Marketing Associates Building, PO Box 3174, Wickham's Cay II, Road Town, Tortola, British Virgin Islands.

**20. CAPITAL COMMITMENTS**

	2016 £	2015 £
Contracted but not provided for in the financial statements	-	4,596,000

**21. RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of FRS102 not to disclose related party transactions with wholly owned subsidiaries within the group.

During the year, the company provided racing services to and received similar services from the following related parties:

	Recharges	
	2016 £	2015 £
The Doncaster Racecourse Management Company Limited	(11,057)	32,533
Uttoxeter Leisure and Development Company Limited	(88)	50,642
Brighton Racecourse Company Limited	(375)	238,106
Great Yarmouth Racecourse Limited	660	591,580
Sedgefield Steeplechase Company (1927) Limited	26,123	(112,769)

The above companies are under common control with the company. There were no balances outstanding with the above companies at 31 December 2016 or 31 December 2015.

The bank loans and overdrafts of the NR Acquisitions Topco Group are secured by a legal charge over the racecourse properties in the group.