

NEWBURY RACECOURSE ENTERPRISES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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COMPANY INFORMATION

Directors	D J Burke Lady Lloyd Webber C E Spencer B T Stewart-Brown J M Thick
Company secretary	C E Spencer
Registered number	04146183
Registered office	The Racecourse Newbury Berkshire RG14 7NZ
Independent auditors	KPMG LLP Chartered Accountants Arlington Business Park Theale RG7 4SD
Bankers	HSBC Bank Plc 6 Northbrook Street Newbury Berkshire RG14 1DJ
Solicitors	Pinsent Masons LLP 30 Crown Place London EC2A 4ES

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

The directors present their report and the financial statements for the year ended 31 December 2018.

Business Model

Newbury Racecourse Enterprises Ltd owns freehold land which is used for commercial rental purposes.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 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 company and to prevent and detect fraud and other irregularities.

Directors

The directors who served during the year were:

D J Burke
Lady Lloyd Webber
C E Spencer
B T Stewart-Brown
J M Thick
R L Todd (Deceased August 2018)

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and

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

- 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's auditor is aware of that information.

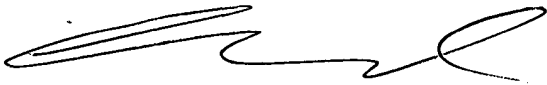
Auditors

The auditors, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by sections 414A and 415A of the Companies Act 2006.

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



C E Spencer
Secretary
The Racecourse
Newbury
Berkshire
RG14 7NZ

05 June 2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWBURY RACECOURSE ENTERPRISES LIMITED

Opinion

We have audited the financial statements of Newbury Racecourse Enterprises Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWBURY RACECOURSE ENTERPRISES LIMITED (CONTINUED)

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in the Directors' Responsibilities Statement on page 1, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities

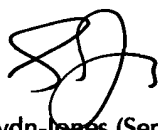
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEWBURY RACECOURSE ENTERPRISES LIMITED
(CONTINUED)

A fuller description of our responsibilities is provided on the FRC's website at: www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



Simon Haydn-Jones (Senior Statutory Auditor)

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

07 June 2019

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	24,255	24,072
Gross profit		<u>24,255</u>	<u>24,072</u>
Administrative expenses		(15,899)	(38)
Operating profit	5	<u>8,356</u>	<u>24,034</u>
Profit before tax		<u>8,356</u>	<u>24,034</u>
Profit after tax		<u><u>8,356</u></u>	<u><u>24,034</u></u>
Retained earnings at the beginning of the year		199,490	175,456
Profit for the year		8,356	24,034
Retained earnings at the end of the year		<u><u>207,846</u></u>	<u><u>199,490</u></u>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of income and retained earnings.

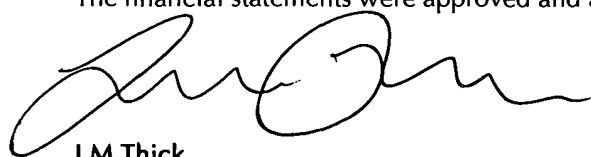
The notes on pages 9 to 13 form part of these financial statements.

**BALANCE SHEET
AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	7	203,000	203,000
Investment property	8	1,112,298	1,112,298
		<u>1,315,298</u>	<u>1,315,298</u>
Current assets			
Debtors falling due within one year	10	7,500,170	7,506,020
Cash at bank and in hand		3,783	3,420
		<u>7,503,953</u>	<u>7,509,440</u>
Creditors: amounts falling due within one year	11	(908,404)	(922,247)
Net current assets		<u>6,595,549</u>	<u>6,587,193</u>
Total assets less current liabilities		<u>7,910,847</u>	<u>7,902,491</u>
Net assets		<u><u>7,910,847</u></u>	<u><u>7,902,491</u></u>
Capital and reserves			
Called up share capital	12	1,001	1,001
Share premium account		7,702,000	7,702,000
Profit and loss account		207,846	199,490
		<u><u>7,910,847</u></u>	<u><u>7,902,491</u></u>

The financial statements of Newbury Racecourse Enterprises, company number 04146183, have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



J M Thick
Director

05 June 2019

The notes on pages 9 to 13 form part of these financial statements.

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

	Share capital	Share premium	Profit and loss account	Total
	£	£	£	£
At 1 January 2018	1,001	7,702,000	199,490	7,902,491
Profit for the year	-	-	8,356	8,356
At 31 December 2018	<u>1,001</u>	<u>7,702,000</u>	<u>207,846</u>	<u>7,910,847</u>

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

	Share capital	Share premium	Profit and loss account	Total
	£	£	£	£
At 1 January 2017	1,001	7,702,000	175,456	7,878,457
Profit for the year	-	-	24,034	24,034
At 31 December 2017	<u>1,001</u>	<u>7,702,000</u>	<u>199,490</u>	<u>7,902,491</u>

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

1. General information

Newbury Racecourse Enterprises Limited is a private company, limited by shares, domiciled in England and Wales, registration number 04146183. The registered office is The Racecourse, Newbury, Berkshire, RG14 7NZ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The 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.

Newbury Racecourse Enterprises Limited is consolidated in the financial statements of its parent, Newbury Racecourse plc. The consolidated financial statements of Newbury Racecourse plc are prepared in accordance with FRS 102, are available to the public and may be obtained from the address in note 15. Newbury Racecourse Enterprises Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements.

Exemptions have been taken in respect of the following disclosures;

- Financial instruments,
- Cash flow statement and related notes;
- Remuneration of key personnel; and
- Reconciliation of the number of shares outstanding from the beginning to the end of the period

The presentation currency of these financial statements is sterling.

The following principal accounting policies have been applied:

2.2 Going concern

The company has net current assets and is able to meet its third-party obligations as they fall due; it also has a positive cash position. The company has shown consistent profits and is forecast to continue making profits from renting its land. Having considered the financial position and performance of the entity and the current economic uncertainty, the directors have concluded that the company has adequate resources to continue to trade for the foreseeable future and hence it is appropriate to prepare the financial statements on a going concern basis.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue in the period relates to lease rental income which is credited to the profit and loss account on a straight-line basis over the term of the lease.

2.4 Tangible fixed assets

Tangible fixed assets are stated at cost, net of any depreciation or provision for impairment. Depreciation is not provided on freehold land.

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

2. Accounting policies (continued)

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 Impairment of assets

Assets not carried at fair value through profit or loss are 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.

2.7 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences and that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

2.8 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.

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

In the application of the Company's accounting policies, which are described above, 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. There are no such significant judgements or estimates in the financial year ended 31 December 2018.

4. Turnover

Turnover represents rental income receivable in the UK.

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

5. Operating profit

The operating profit is stated after crediting:

	2018 £	2017 £
Lease income	<u>24,255</u>	<u>24,072</u>

Auditor's remuneration of £1,000 (2017: £1,000) is expensed and borne by Newbury Racecourse plc.

6. EMPLOYEES

The Company has no employees (2017: no employees). Directors' remuneration is met by Newbury Racecourse plc where their remuneration and benefits are disclosed. It is not practicable to split their remuneration between their services as directors of the two companies.

7. TANGIBLE FIXED ASSETS

	Freehold land £
Cost and net book value	
At 1 January 2018 and 31 December 2018	<u>203,000</u>

8. INVESTMENT PROPERTIES

	Investment property £
Valuation	
At 1 January 2018 and 31 December 2018	<u>1,112,298</u>

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

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

9. TAXATION

Reconciliation of tax on profits on ordinary activities at the standard rate to total actual amount of current tax:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>8,356</u>	<u>24,034</u>
Tax on profit on ordinary activities at 19% (2017: 20%)	1,588	4,807
Effects of:		
Group relief	(1,588)	(4,807)
Total tax charge for the year	<u>-</u>	<u>-</u>

Current year losses have been utilised through group relief via the parent company.

10. DEBTORS

	2018 £	2017 £
Trade debtors	169	6,019
Amounts owed by group undertakings	7,500,001	7,500,001
	<u>7,500,170</u>	<u>7,506,020</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Amounts owed to parent company	904,904	918,747
Other creditors	3,500	3,500
	<u>908,404</u>	<u>922,247</u>

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

12. SHARE CAPITAL

	2018 £	2017 £
Authorised		
10,000- Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
1,001- Ordinary shares of £1 each	<u>1,001</u>	<u>1,001</u>

13. FINANCIAL COMMITMENTS

The company had nil financial commitments at the balance sheet date (2017: nil).

14. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary undertaking of Newbury Racecourse plc, the company has taken advantage of the exemption under FRS 102 33.1A from disclosing transactions between entities, 100% or more of whose voting rights are controlled within the group.

15. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company's ultimate parent company and controlling party is Newbury Racecourse plc, a company registered in England and Wales. This is the smallest and largest group in which the company's results are consolidated. Copies of the group financial statements are available from The Racecourse, Newbury, Berkshire, RG14 7NZ.