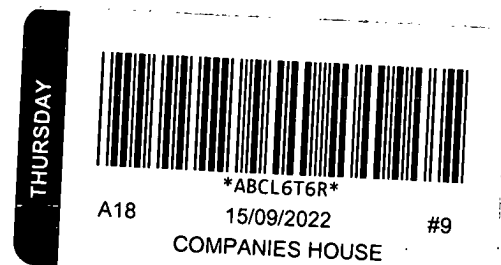


NEWBURY RACECOURSE ENTERPRISES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



COMPANY INFORMATION

Directors
D J Burke
Lady Lloyd-Webber
J M Thick
M Leigh

Company secretary M Leigh

Registered number 04146183

Registered office
The Racecourse
Newbury
Berkshire
RG14 7NZ

Independent auditors
BDO LLP
55 Baker Street
London
W17 7EU

Bankers
HSBC Bank Plc
6 Northbrook Street
Newbury
Berkshire
RG14 1DJ

Solicitors
Pinsent Masons LLP
30 Crown Place
London
EC2A 4ES

CONTENTS

| | Page |
|--|--------|
| Directors' Report | 1 - 2 |
| Independent Auditor's Report to the members of Newbury Racecourse Enterprises Ltd | 3 - 6 |
| Statement of Income and Retained Earnings | 7 |
| Balance Sheet | 8 |
| Notes to the Financial Statements | 9 - 15 |

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

Directors

The directors who served during the year were:

D J Burke
Lady Lloyd-Webber
J M Thick
M Leigh

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

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
- 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, BDO LLP, have expressed their willingness to continue in office and a resolution to reappoint them will be proposed 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 section 415A of the Companies Act 2006.

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



M Leigh
Director

Date:

6/9/22

INDEPENDENT AUDITOR'S REPORT FOR THE MEMBERS OF NEWBURY RACECOURSE ENTERPRISES LTD

Opinion on the 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 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK 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 Enterprises Limited ("the Company") for the year ended 31 December 2021 which comprise the statement of income and retained earnings, the balance sheet 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 are independent of the 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, and have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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 Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

INDEPENDENT AUDITOR'S REPORT FOR THE MEMBERS OF NEWBURY RACECOURSE ENTERPRISES LTD (CONTINUED)

statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements

In the light of the knowledge and understanding of the Company and its environment obtained in 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 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, 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

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 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 Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT FOR THE MEMBERS OF NEWBURY RACECOURSE ENTERPRISES LTD (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 Company. These include, but are not limited to, compliance with the Companies Act, United Kingdom Generally Accepted Accounting Practice and tax legislation.
- making enquiries of management of the Company 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 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 discount rates used for non-current receivables;
 - 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 Company.
- 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.

**INDEPENDENT AUDITOR'S REPORT FOR THE MEMBERS OF
NEWBURY RACECOURSE ENTERPRISES LTD (CONTINUED)**

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 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.

DocuSigned by:

Ian Clayden

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

Date: 12 September 2022

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021 £ | 2020 £ |
|---|------|-----------------|-----------------|
| Turnover | 4 | - | 16,519 |
| Gross profit | | - | 16,519 |
| Administrative expenses | | (76,271) | (52,508) |
| Operating loss | 5 | (76,271) | (35,989) |
| Loss before tax | | (76,271) | (35,989) |
| Tax on loss | 8 | - | (23) |
| Loss after tax | | <u>(76,271)</u> | <u>(36,012)</u> |
| Retained earnings at the beginning of the year | | 559,424 | 595,436 |
| Loss for the year | | (76,271) | (36,012) |
| Retained earnings at the end of the year | | <u>483,153</u> | <u>559,424</u> |

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of income and retained earnings.

The notes on pages 9 to 15 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2021

| | Note | 2021 £ | 2020 £ |
|--|------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 7 | 203,000 | 203,000 |
| | | <u>203,000</u> | <u>1,703,000</u> |
| Current assets | | | |
| Debtors falling due within one year | 9 | 7,979,489 | 8,075,284 |
| Cash at bank and in hand | | 3,665 | 3,753 |
| | | <u>7,983,154</u> | <u>8,079,037</u> |
| Creditors: amounts falling due within one year | 10 | - | (19,612) |
| Net current assets | | <u>7,983,154</u> | <u>8,059,425</u> |
| Total assets less current liabilities | | <u>8,186,154</u> | <u>8,262,425</u> |
| Net assets | | <u>8,186,154</u> | <u>8,262,425</u> |
| Capital and reserves | | | |
| Called up share capital | 11 | 1,001 | 1,001 |
| Share premium account | | 7,702,000 | 7,702,000 |
| Profit and loss account | | 483,153 | 559,424 |
| | | <u>8,186,154</u> | <u>8,262,425</u> |

The Company's financial statements 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

Date: 6/9/22

The notes on pages 9 to 15 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Newbury Racecourse Enterprises Limited is a private company, limited by shares, registered 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 ('FRS 102') and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

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 14. 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 Board of the parent company, Newbury Racecourse plc, has undertaken a full, thorough and continual review of the Group's forecasts and associated risks and sensitivities through to the end of 2023. The extent of this review reflects the current economic climate as well as the specific financial circumstances of the Group.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

The Board continues to monitor the situation routinely and to develop detailed forecasts in response to the changing environment and through reviews of mitigation and contingency plans. Copies of the group financial statements are available from The Racecourse, Newbury, Berkshire, RG14 7NZ.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared 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. Lease rental income 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

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 Company) 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.

2.9 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 Statement of Income and Retained Earnings in the year that the Company 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. Judgements 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 2021.

4. Turnover

Turnover represents rental income receivable in the UK.

5. Operating loss

The operating loss is stated after crediting:

| | 2021 | 2020 |
|--------------|----------|---------------|
| | £ | £ |
| Lease income | <u>-</u> | <u>16,519</u> |

Auditor's remuneration of £2,000 (2020: £2,000) is expensed and borne by Newbury Racecourse plc.

6. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2020 - £NIL).

7. Tangible Fixed Assets

| | Freehold land £ |
|--|-----------------------|
| Cost and net book value | |
| At 1 January 2021 and 31 December 2021 | <u>203,000</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. Taxation

| | 2021 | 2020 |
|--|----------|-------------|
| | £ | £ |
| Total current tax | <u>-</u> | <u>-</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | - | 26 |
| Changes to tax rates | - | (3) |
| Total deferred tax | <u>-</u> | <u>23</u> |
| Taxation on loss on ordinary activities | <u>-</u> | <u>(23)</u> |

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 – *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%) as set out below:

| | 2021 | 2020 |
|--|-----------------|-----------------|
| | £ | £ |
| Loss on ordinary activities before tax | <u>(76,271)</u> | <u>(35,989)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%) | (14,491) | (6,838) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 11,515 | 10,139 |
| Group relief | 2,976 | (3,275) |
| Effect of changes in tax rates | - | (3) |
| Total tax charge/(credit) for the year | <u>-</u> | <u>23</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. Taxation – continued

Factors that may affect future tax charges

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

9. Debtors

| | 2021 | 2020 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Trade debtors | 30,090 | 30,090 |
| Amounts owed by group undertakings | 7,949,399 | 8,045,194 |
| | <u>7,979,489</u> | <u>8,075,284</u> |

10. Creditors: Amounts falling due within one year

| | 2021 | 2020 |
|-----------------|----------|---------------|
| | £ | £ |
| Other creditors | - | 19,612 |
| | <u>-</u> | <u>19,612</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Share capital

| | 2021 | <i>2020</i> |
|--|----------------------|----------------------|
| | £ | £ |
| 10,000 (2020 - 10,000) Ordinary shares of £1.00 each | <u>10,000</u> | <u><i>10,000</i></u> |
| Allotted, called up and fully paid | | |
| 1,001 (2020 - 1,001) Ordinary shares of £1.00 each | <u>1,001</u> | <u><i>1,001</i></u> |

12. 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.

13. 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.