

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
FOR
THE DONCASTER RACECOURSE
MANAGEMENT COMPANY LTD**

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**THE DONCASTER RACECOURSE
MANAGEMENT COMPANY LTD (REGISTERED NUMBER: 05206009)**

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FOR THE YEAR ENDED 31 DECEMBER 2016**

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**THE DONCASTER RACECOURSE
MANAGEMENT COMPANY LTD**

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016**

DIRECTORS:

M Spincer
P C O'Driscoll
K S Robertson
S D Wiles
T A Banfield

SECRETARY:

Ms M J Langridge

REGISTERED OFFICE:

Millbank Tower
21-24 Millbank
London
SW1P 4QP

REGISTERED NUMBER:

05206009 (England and Wales)

AUDITORS:

BDO LLP
55 Baker Street
London
W1U 7EU

**THE DONCASTER RACECOURSE
MANAGEMENT COMPANY LTD (REGISTERED NUMBER: 05206009)**

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

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

The principal activity of the Company is that of operator of Doncaster Racecourse, a leisure complex embracing a racecourse and conference and exhibition centre.

REVIEW OF BUSINESS

The directors are satisfied with the results for the year.

Doncaster Racecourse is one of the UK's oldest racecourses, hosting the first major race of the turf flat racing season, as well as the last classic of the season; the St Leger Stakes.

The racecourse hosted 36 race meetings during 2016 (2015: 35) with no abandonments. 2016 was a challenging year. Turnover was £20,187,175 (2015: £20,355,689). This decrease was largely a result of a drop in attendance of 14% on the prior year leading to a decline in admissions income of 8%, which was driven by a change in attendances from successful music nights. This decline in attendance levels impacted overall food and beverage sales however spend per head increased.

The number of non raceday events continues to grow year on year, 2016 saw the racecourse host a model and engineering exhibition for the first time which proved to be very popular. The racecourse continues to host Christmas Live.

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 £3,566,898 (2015: £4,426,744). The decline is a result of the fall in revenue as explained above and increased costs, particularly labour costs where we have seen the increase in the national minimum wage. The contribution to prize money has also been increased.

The directors look forward to the future with confidence. Construction is now underway on the Hilton Garden Inn hotel which is due to open in Summer 2018. The development includes 154 guestrooms over six floors. The hotel will be home to a flexible event space located on the first floor which will boast extensive views across the racecourse.

**THE DONCASTER RACECOURSE
MANAGEMENT COMPANY LTD (REGISTERED NUMBER: 05206009)**

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

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: 29/9/2017

**THE DONCASTER RACECOURSE
MANAGEMENT COMPANY LTD (REGISTERED NUMBER: 05206009)**

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

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:

P C O'Driscoll
K S Robertson
M Spincer

Other changes in directors holding office are as follows:

K Gallagher - resigned 8 December 2016
T A Banfield - appointed 8 December 2016
S A Higgins - resigned 6 July 2017
C L Wedd – resigned 10 August 2017
S D Wiles – appointed 10 August 2017

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 Strategic Report, 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 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.

**THE DONCASTER RACECOURSE
MANAGEMENT COMPANY LTD (REGISTERED NUMBER: 05206009)**

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

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: 29/9/2017
.....

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE DONCASTER RACECOURSE
MANAGEMENT COMPANY LTD**

We have audited the financial statements of The Doncaster Racecourse Management Company Ltd 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.

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
THE DONCASTER RACECOURSE
MANAGEMENT COMPANY LTD**

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)

**THE DONCASTER RACECOURSE
MANAGEMENT COMPANY LTD (REGISTERED NUMBER: 05206009)**

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

	Notes	2016 £	2015 £
TURNOVER	3	20,187,175	20,355,689
Cost of sales		<u>(12,496,088)</u>	<u>(12,010,499)</u>
GROSS PROFIT		7,691,087	8,345,190
Administrative expenses		<u>(5,358,062)</u>	<u>(4,760,648)</u>
OPERATING PROFIT	5	2,333,025	3,584,542
Interest receivable and similar income	6	<u>-</u>	<u>18,384</u>
		2,333,025	3,602,926
Interest payable and similar expenses	7	<u>(790,828)</u>	<u>(911,020)</u>
PROFIT BEFORE TAXATION		1,542,197	2,691,906
Tax on profit	8	<u>(245,599)</u>	<u>(448,818)</u>
PROFIT FOR THE FINANCIAL YEAR		1,296,598	2,243,088
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,296,598</u>	<u>2,243,088</u>

The notes on pages 11 to 24 form part of these financial statements

**THE DONCASTER RACECOURSE
MANAGEMENT COMPANY LTD (REGISTERED NUMBER: 05206009)**

**BALANCE SHEET
31 DECEMBER 2016**

	Notes	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	9		32,635,890		32,942,220
CURRENT ASSETS					
Stocks	10	226,970		234,476	
Debtors	11	2,068,654		2,207,530	
Cash at bank		<u>679,736</u>		<u>558,306</u>	
		2,975,360		3,000,312	
CREDITORS					
Amounts falling due within one year	12	<u>(22,289,734)</u>		<u>(23,898,024)</u>	
NET CURRENT LIABILITIES			<u>(19,314,374)</u>		<u>(20,897,712)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			13,321,516		12,044,508
CREDITORS					
Amounts falling due after more than one year	13		<u>(783,602)</u>		<u>(803,192)</u>
NET ASSETS			<u>12,537,914</u>		<u>11,241,316</u>
CAPITAL AND RESERVES					
Called up share capital	15		1,000		1,000
Share premium	16		12,000,000		12,000,000
Retained earnings	16		<u>536,914</u>		<u>(759,684)</u>
SHAREHOLDERS' FUNDS			<u>12,537,914</u>		<u>11,241,316</u>

The financial statements were approved by the Board of Directors on 29/9/2017 and were signed on its behalf by:



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

The notes on pages 11 to 24 form part of these financial statements

**THE DONCASTER RACECOURSE
MANAGEMENT COMPANY LTD (REGISTERED NUMBER: 05206009)**

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

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2015	1,000	(3,002,772)	12,000,000	8,998,228
Changes in equity				
Total comprehensive income	<u>-</u>	<u>2,243,088</u>	<u>-</u>	<u>2,243,088</u>
Balance at 31 December 2015	<u>1,000</u>	<u>(759,684)</u>	<u>12,000,000</u>	<u>11,241,316</u>
Changes in equity				
Total comprehensive income	<u>-</u>	<u>1,296,598</u>	<u>-</u>	<u>1,296,598</u>
Balance at 31 December 2016	<u>1,000</u>	<u>536,914</u>	<u>12,000,000</u>	<u>12,537,914</u>

The notes on pages 11 to 24 form part of these financial statements

**THE DONCASTER RACECOURSE
MANAGEMENT COMPANY LTD (REGISTERED NUMBER: 05206009)**

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

1. STATUTORY INFORMATION

The Doncaster Racecourse Management Company 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 Doncaster Racecourse, Leger Way, Doncaster, DN2 6BB.

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

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.

The Directors have drawn up the financial statements on a going concern basis, notwithstanding the net current liabilities of the Company.

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.

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators or impairment of the company's tangible assets. Factors taken into account in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Determine the extent to which deferred tax assets are recognised upon taxable profits that are expected to arise in the future.
- Determine whether leases entered into by the company are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation and uncertainty:

- Tangible fixed assets

The company recognises fixed assets where such expenditure enhances the racecourse assets, whereas any expenditure classed as maintenance is expensed in the period incurred. Determining enhancement from maintenance is a subjective area. The estimated useful economic lives of fixed assets are based on management judgement and experience.

**THE DONCASTER RACECOURSE
MANAGEMENT COMPANY LTD (REGISTERED NUMBER: 05206009)**

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

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.

Income is recognised once a race meeting or non-raceday event has been held. 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.

**THE DONCASTER RACECOURSE
MANAGEMENT COMPANY LTD (REGISTERED NUMBER: 05206009)**

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

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 the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Land	0%
Buildings	2% on cost
Plant and equipment	5% to 25% on cost
Motor vehicles	25% on cost

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.

**THE DONCASTER RACECOURSE
MANAGEMENT COMPANY LTD (REGISTERED NUMBER: 05206009)**

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

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.

Retirement benefits

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.

**THE DONCASTER RACECOURSE
MANAGEMENT COMPANY LTD (REGISTERED NUMBER: 05206009)**

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

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.

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.

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.

**THE DONCASTER RACECOURSE
MANAGEMENT COMPANY LTD (REGISTERED NUMBER: 05206009)**

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

2. ACCOUNTING POLICIES - continued

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.

Government grants

Government grants are credited to deferred income. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

3. TURNOVER

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

**THE DONCASTER RACECOURSE
MANAGEMENT COMPANY LTD (REGISTERED NUMBER: 05206009)**

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

4. EMPLOYEES AND DIRECTORS

	2016	2015
	£	£
Wages and salaries	2,586,008	2,600,530
Social security costs	156,768	153,037
Other pension costs	38,009	44,111
	<u>2,780,785</u>	<u>2,807,678</u>

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

	2016	2015
Total permanent staff	<u>54</u>	<u>54</u>

The Company employs casual staff to assist during racedays. The number of casual staff varies between 216 and 408 (2015: 230 and 447) 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

The operating profit is stated after charging:

	2016	2015
	£	£
Hire of plant and machinery	69,037	155,353
Depreciation - owned assets	1,233,873	842,202
Auditors' remuneration	16,117	16,125
Inventory recognised as an expense	1,692,796	1,784,258
Group management charges	<u>527,576</u>	<u>464,246</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	£	£
Refund of loan interest	<u>-</u>	<u>18,384</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016	2015
	£	£
Bank interest	137	1,571
Group interest	<u>790,691</u>	<u>909,449</u>
	<u>790,828</u>	<u>911,020</u>

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

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2016 £	2015 £
Deferred tax	<u>245,599</u>	<u>448,818</u>
Tax on profit	<u>245,599</u>	<u>448,818</u>

Reconciliation of total tax 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>1,542,197</u>	<u>2,691,906</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	308,439	545,111
Effects of:		
Expenses not deductible for tax purposes	123,506	39,420
Capital allowances in excess of depreciation	-	(201,255)
Depreciation in excess of capital allowances	129,442	-
Utilisation of tax losses	(561,373)	(382,657)
Other short term timing differences	(14)	(619)
Deferred Tax charge	<u>245,599</u>	<u>448,818</u>
Total tax charge	<u>245,599</u>	<u>448,818</u>

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Assets under construction £	Plant and equipment £	Motor vehicles £	Totals £
COST					
At 1 January 2016	27,452,338	-	12,756,243	34,085	40,242,666
Additions	<u>43,378</u>	<u>702,969</u>	<u>179,098</u>	<u>2,098</u>	<u>927,543</u>
At 31 December 2016	<u>27,495,716</u>	<u>702,969</u>	<u>12,935,341</u>	<u>36,183</u>	<u>41,170,209</u>
DEPRECIATION					
At 1 January 2016	1,382,712	-	5,889,428	28,306	7,300,446
Charge for year	<u>586,661</u>	<u>-</u>	<u>645,081</u>	<u>2,131</u>	<u>1,233,873</u>
At 31 December 2016	<u>1,969,373</u>	<u>-</u>	<u>6,534,509</u>	<u>30,437</u>	<u>8,534,319</u>
NET BOOK VALUE					
At 31 December 2016	<u>25,526,343</u>	<u>702,969</u>	<u>6,400,832</u>	<u>5,746</u>	<u>32,635,890</u>
At 31 December 2015	<u>26,069,626</u>	<u>-</u>	<u>6,866,815</u>	<u>5,779</u>	<u>32,942,220</u>

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

10. STOCKS

	2016	2015
	£	£
Goods for resale	<u>226,970</u>	<u>234,476</u>

11. DEBTORS

	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	1,239,702	983,102
Amounts owed by group undertakings	300,700	386,956
Other debtors	1,391	35,411
Prepayments and accrued income	<u>117,815</u>	<u>147,416</u>
	<u>1,659,608</u>	<u>1,552,885</u>

Amounts falling due after more than one year:		
Deferred Tax	<u>409,046</u>	<u>654,645</u>

Aggregate amounts	<u>2,068,654</u>	<u>2,207,530</u>
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Deferred Tax

	2016	2015
	£	£
Depreciation in excess of capital allowances	302,869	173,427
Trading losses	105,146	480,172
Provisions	<u>1,031</u>	<u>1,046</u>
	<u>409,046</u>	<u>654,645</u>

Deferred Tax

	£
Balance at 1 January 2016	654,645
Released during the year	<u>(245,599)</u>
Balance at 31 December 2016	<u>409,046</u>

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

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade creditors	974,380	1,036,988
Amounts owed to group undertakings	19,664,012	21,026,353
Social security and other taxes	57,050	47,509
VAT	106,469	139,533
Other creditors	71,857	52,914
Accruals and deferred income	<u>1,415,966</u>	<u>1,594,727</u>
	<u>22,289,734</u>	<u>23,898,024</u>

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

	2016	2015
	£	£
Deferred government grants	<u>783,602</u>	<u>803,192</u>

The deferred government grants represents an Objective One grant which is being amortised over the life of the assets to which it relates - the Racecourse grandstand. The initial grant received was £979,503.

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2016	2015
	£	£
Within one year	139,538	145,191
Between one and five years	519,888	140,158
In more than five years	<u>15,551,640</u>	<u>-</u>
	<u>16,211,066</u>	<u>285,349</u>

The above operating leases include a lease for the land on which the racecourse operates which runs for a further 125 years.

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016	2015
			£	£
190	'A' Shares	£1	190	190
810	'B' Shares	£1	<u>810</u>	<u>810</u>
			<u>1,000</u>	<u>1,000</u>

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

15. CALLED UP SHARE CAPITAL - continued

The differing rights attaching to each class of shares are detailed in the Company's Articles of Association. The profits available for distribution are applied between the holders of 'A' and 'B' shares as follows:

Within the first 30 years following grant of the lease:

- Capital profits in respect of the disposal of any part of the site allocated for a hotel:
 - 7.5% to the holders of 'A' shares
 - 92.5% to the holders of 'B' shares
- Other capital profits:
 - 19% to the holders of 'A' shares
 - 81% to the holders of 'B' shares
- Cumulative trading profits after tax which exceed 133% of the projected profits:
 - 19% to the holders of 'A' shares
 - 81% to the holders of 'B' shares
- Cumulative trading profits after tax up to 133% of the projected profits:
 - 7.5% to the holders of 'A' shares
 - 92.5% to the holders of 'B' shares
- All profits beyond the first 30 years following grant of the lease are distributed as follows:
 - 19% to the holders of 'A' shares
 - 81% to the holders of 'B' shares

16. RESERVES

Called up share capital

Represents the nominal value of equity shares issued.

Share premium

The share premium account has been established to represent the excess proceeds over the nominal value for all share issues less any directly attributable share issue costs.

Retained earnings

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

17. 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 £5,159 (2015: £5,235).

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

18. ULTIMATE PARENT COMPANY

The immediate parent company is Arena Leisure Racing 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 Arena Racing Corporation Limited. Arena Racing Corporation Limited prepares group financial statements and copies can be obtained from Companies House.

The registered address and principal place of business of Arena Racing Corporation Limited and Arena Leisure Racing 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.

**THE DONCASTER RACECOURSE
MANAGEMENT COMPANY LTD (REGISTERED NUMBER: 05206009)**

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

19. RELATED PARTY DISCLOSURES

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

	Recharges	
	2016	2015
	£	£
Arena Leisure Limited	2	276,102
Arena Leisure Racing Limited	(1,594,235)	437,416
Arena Leisure Catering Limited	-	52,161
Lingfield Park Limited	9,215	70,618
Arena Racing (Southwell) Limited	(44,005)	442,407
Windsor Racing Limited	(2,566)	857,062
Wolverhampton Racecourse Limited	(42,249)	(12,637)
Worcester Racecourse Limited	(2,857)	200,295
Folkestone Racecourse Limited	-	11,000
Northern Races Limited	(86,257)	60,646
The Fontwell Park Steeplechase Limited	274	145
High Gosforth Park Limited	11,057	(32,533)
Sedgefield Steeplechase Company (1927) Limited	5,417	(6,573)
Utttoxeter Leisure and Development Company Limited	30,565	(31,582)
Brighton Racecourse Company Limited	341	(9,002)
Chepstow Races Limited	(34,718)	16,846
Great Yarmouth Racecourse Limited	(7,882)	(4,210)
Hereford Racecourse Company Limited	27,671	(29,543)
Bath Racecourse Company Limited	3,638	2,370
	Balance due from/(to) related party as at 31 December	
	2016	2015
	£	£
Arena Leisure Limited	(18,119,327)	(19,837,878)
Arena Leisure Racing Limited	(1,544,685)	(1,188,475)
Northern Races Limited	300,700	386,956
Reuben Foundation	-	13,644

The companies above are all under common control with the company.

During the year the company paid interest on inter company loans of £824,931 (2015: £909,449) to Arena Leisure Limited. The company received income of £1,720,940 (2015: £1,649,103) from Arena Leisure Racing Limited. A management fee of £527,576 (2015: £464,246) was charged by Arena Leisure Racing Limited.

The bank loans and overdrafts of the Arena Racing Corporation Group are secured by a legal charge over the racecourse properties in the group.