

Company Registration No. 08004485

QATAR RACING LIMITED

Report and Financial Statements

31 December 2013

**(- 24/03/2014)
Qatar Racing Limited**

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QATAR RACING LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

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QATAR RACING LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sheikh Fahad bin Abdulla Al Thani
Kareem Adeeb Abdallah Altaj
Robert Michael Levitt
David John Luke Redvers

REGISTERED OFFICE

Lushington House
119 High Street
Newmarket
Suffolk
CB8 9AE

BANKERS

Weatherbys Bank Limited
Sanders Road
Wellingborough
Northamptonshire
NN8 4BX
United Kingdom

BNZ

Private Bag 39806
Wellington Mail Centre
New Zealand

France Galop
46 Place Abel Gance
92655 Boulogne Cedex
France

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom

QATAR RACING LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2013

The directors' report has been prepared in accordance with the special provisions applicable to companies entitled to the small companies exemption

ACTIVITIES

The principal activity of the company is training and racing of horses

BUSINESS REVIEW

The directors are satisfied with the continued establishment of the business in its first full trading year. The write down of certain horses at the year end accounts for the book loss recorded in these accounts. The financial statements indicate a less than successful year with a £13 million loss. However it should be mentioned that while horses worth less than their purchase price have been impaired, no such equal uplift is awarded to those horses that have improved in their prospects since purchase. Accordingly until certain high performing animals are sold the books only reflect a write down and no uplift in line with the IFRS legislation for racing animals.

The parent company, Qatar Investments & Projects Development Holding Co (QIPCO), has no intention to recall its loans in the foreseeable future. The directors are looking at new stock to invest in to continue to expand the business, and are hopeful of success in 2014.

DIRECTORS

The directors who served during the period were as follows

Sheikh Fahad bin Abdulla Al Thani
Kareem Adeeb Abdallah Altaji
Robert Michael Levitt
David John Luke Redvers

AUDITOR

Each of the persons who is a director at the date of approval of this annual report confirms 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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



R M Levitt
Director

27 March 2014

QATAR RACING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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 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, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QATAR RACING LIMITED

We have audited the financial statements of Qatar Racing Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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 auditor

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. 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

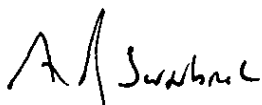
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QATAR RACING LIMITED (continued)

Matters on which we are required to report by exception

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, or
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report



Andrew Swarbrick BA FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom

27 Mar 2014

QATAR RACING LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2013

	Note	Year ended 31 December 2013 £	23 March 2012 to 31 December 2012 £
TURNOVER	2	9,351,843	827,552
Cost of sales		(21,803,828)	(4,186,266)
Gross profit		(12,451,985)	(3,358,714)
Operating expenses		(710,971)	(151,763)
OPERATING LOSS, BEING LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(13,162,956)	(3,510,477)
Tax on loss on ordinary activities	5	-	-
RETAINED LOSS FOR THE FINANCIAL YEAR	11	(13,162,956)	(3,510,477)

All activities are derived from continuing operations

There are no other recognised gains and losses other than as stated in the profit and loss account

QATAR RACING LIMITED

BALANCE SHEET 31 December 2013

	Note	2013 £	2012 £
CURRENT ASSETS			
Stocks	6	18,912,405	13,796,505
Debtors	7	1,752,856	2,515,737
Cash at bank and in hand		746,867	119,182
		<u>21,412,128</u>	<u>16,431,424</u>
CREDITORS: amounts falling due within one year	8	<u>(2,484,441)</u>	<u>(3,941,901)</u>
NET CURRENT ASSETS, BEING TOTAL ASSETS LESS CURRENT LIABILITIES		18,927,687	12,489,523
CREDITORS: amounts falling due after more than one year	9	<u>(35,601,020)</u>	<u>(15,999,900)</u>
NET LIABILITIES		<u>(16,673,333)</u>	<u>(3,510,377)</u>
CAPITAL AND RESERVES			
Called up share capital	10	100	100
Profit and loss account	11	<u>(16,673,433)</u>	<u>(3,510,477)</u>
SHAREHOLDERS' DEFICIT	12	<u>(16,673,333)</u>	<u>(3,510,377)</u>

The financial statements of Qatar Racing Limited, registered number 08004485, were approved by the Board of Directors and authorised for issue on 27 March 2014.

Signed on behalf of the Board of Directors



R M Levitt
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and preceding period.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Going concern

The company is dependent on its parent company for funding and at the year end owes £35.6 million. The parent company has confirmed in a binding letter that it has no intention to recall its borrowing in the foreseeable future. The funds are lent free of interest charges. The parent has also agreed to lend additional funds in 2014 for further expansion of the stock. Therefore after making enquiries the directors are happy that the company will continue to receive support and resources from its parent enabling it to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Stocks

Stocks comprises bloodstock held for the purpose of training and racing. These thoroughbreds are stated at the lower of purchase cost and net realisable value. Valuations upon which net book value is assessed are performed by a third party on an individual basis and are reviewed by the directors each year end. Where a write down is identified the value of the stock is reduced and the impairment immediately charged in the profit and loss account.

Taxation

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

Deferred taxation is provided in full on all timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currency transactions

Transactions of the company denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Cash flow statement

The company has taken advantage of the cash flow exemption as it is a 100% owned subsidiary, whereby its parent accounts are consolidated and publicly available (see note 14).

QATAR RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2013**

2. TURNOVER

Turnover represents amounts derived from race winnings and proceeds from the trading of racehorses which fall within the company's principal activities after deduction of value added tax

	Year ended 31 December 2013 £	23 March 2012 to 31 December 2012 £
The geographical analysis of turnover is		
United Kingdom	6,955,878	773,457
Rest of Europe	1,659,742	54,095
Rest of the World	736,223	-
	<u>9,351,843</u>	<u>827,552</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors who were the only employees of the company during the year, did not receive any remuneration

4. OPERATING LOSS

	Year ended 31 December 2013 £	23 March 2012 to 31 December 2012 £
Operating loss is after charging :		
The analysis of auditor's remuneration is as follows		
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>10,000</u>	<u>7,500</u>

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	Year ended 31 December 2013 £	23 March 2012 to 31 December 2012 £
Current taxation		
United Kingdom corporation at 20%	<u>-</u>	<u>-</u>

QATAR RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2013

5. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	Year ended 31 December 2013 £	23 March 2012 to 31 December 2012 £
Loss on ordinary activities before tax	(13,162,956)	(3,510,477)
Tax at 20% thereon	(2,632,591)	(702,095)
Effect of Losses arising from non taxable activity	2,632,591	702,095
Current tax rate for year as a percentage of profit	-	-

There is no tax charge in either this year or the previous period as the activity is non-taxable

6. STOCKS

	2013 £	2012 £
Horses held for resale	18,912,405	13,796,505

7. DEBTORS

	2013 £	2012 £
Due within one year		
Trade debtors	530,318	-
Amounts owed from related parties	94,360	10,800
Amounts owed from Qatar Racing Partnership	619,329	-
VAT	216,444	2,436,881
Other debtors	7,740	-
Prepayments	284,665	68,056
	1,752,856	2,515,737

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Trade creditors	1,444,603	632,545
Amounts owed to related parties	1,032,338	3,301,856
Accruals	7,500	7,500
	2,484,441	3,941,901

QATAR RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2013

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

	2013 £	2012 £
Amounts owed to related parties	35,601,020	15,999,900

The parent company QIPCO has confirmed that it has no intention to recall its borrowing in the foreseeable future. The funds are lent free of interest charges.

10. CALLED UP SHARE CAPITAL

	2013 £	2012 £
Called up, allotted and fully paid 100 ordinary shares of £1 each	100	100

11. PROFIT AND LOSS ACCOUNT

	£
At 1 January 2013	(3,510,477)
Loss for the year	(13,162,956)
At 31 December 2013	(16,673,433)

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2013 £	2012 £
Loss for the financial year	(13,162,956)	(3,510,477)
Issue of shares	-	100
Net increase in shareholders' deficit	(13,162,956)	(3,510,377)
Opening shareholders' deficit	(3,510,377)	-
Closing shareholders' deficit	(16,673,333)	(3,510,377)

QATAR RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2013

13. RELATED PARTY TRANSACTIONS

In the year the company has traded commercially with businesses in which the directors have an interest D J L Redvers is a bloodstock agent as well as a director and shareholder of Tweenhills Farm & Stud Limited and R M Levitt is a director and shareholder of Mill House Bloodstock Services Limited

	Sales	Purchases	Borrowed	Settled	Amounts (owed) due at 31 December 2013
	£	£	£	£	£
Qatar Bloodstock Limited	2,500,000	(1,495,935)	-	1,412,343	(511,592)
QIPCO	-	-	(19,601,120)	-	(35,601,020)
Mill House Bloodstock Services Limited	3,942	(63,000)	-	44,289	(22,269)
Mr D J L Redvers	16,761	(556,227)	-	160,998	(421,228)
Tweenhills Farm & Stud Limited	22,400	(137,484)	-	133,175	18,091
Pearl Bloodstock Limited	51,850	(2,964,377)	-	2,915,942	3,415
Robins Farm Racing Limited	-	(80,651)	4,384	80,651	4,384
Qatar Racing Partnership	619,329	-	-	-	619,329

Qatar Bloodstock Limited is a fellow subsidiary with Qatar Racing Limited and is under common control. Sheikh Fahad bin Abdulla Al Thani is the ultimate controlling party of Robins Farm Racing Limited and Pearl Bloodstock Limited. Sheikh Suhaim bin Abdulla Al Thani is his brother and is a partner along with QRL in Qatar Racing Partnership along with another.

There are no further related party balances outstanding at the year end.

14. CONTROLLING PARTY

The immediate controlling party of Qatar Racing Limited is Qatar Investments & Projects Development Holding Co (QIPCO), a company incorporated in Qatar.

The ultimate controlling parties are, His Highness Sheikh Abdulla bin Khalifa Al Thani, Sheikh Hamad bin Abdulla bin Khalifa, Sheikh Fahad bin Abdulla Al Thani and Mr Mohamad Al Kubaisi.