

Company Registration No. 08004485

QATAR RACING LIMITED

Report and Financial Statements

31 December 2014



(- 20/07/2015)
Qatar Racing Limited

QATAR RACING LIMITED

REPORT AND FINANCIAL STATEMENTS 2014

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QATAR RACING LIMITED

REPORT AND FINANCIAL STATEMENTS 2014

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sheikh Fahad bin Abdulla Al Thani
Kareem Adeeb Abdallah Altaji
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 2014.

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 have continued to establish the business as a serious concern in the British Horse Racing Industry in its second full trading year. The financial statements indicate another less than successful year with an £8 million loss (2013 - £13million loss). Again the write down of certain horses at the year end accounts for some of the book loss recorded in these accounts. Turnover is down compared with 2013 but the horse racing industry is hugely volatile as stock values can fluctuate materially as a result of racecourse performance. The number of horses the business has an interest in however has increased by 25% from 182 to 228.

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 greater success in 2015.

DIRECTORS

The directors who served throughout the year 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



Director *R M LEVITT*
20 July 2015

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 2014 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. 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.

Basis for qualified opinion on financial statements

IAS41 *Agriculture* specifically excludes racing animals therefore under IAS racehorses should be valued in accordance with IAS2 *Inventories*. The inventory shown on the balance sheet of £37,336,148 is stated at the directors' valuation rather than at the lower of purchase cost and net realisable value as required under IAS. Accordingly, inventory should be reduced by £14,437,035 and cost of sales increased by £14,437,035 to comply with IAS2 *Inventories*.

Qualified opinion on financial statements

In our opinion except for the effects of the matter described in the Basis for qualified opinion on financial statements paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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

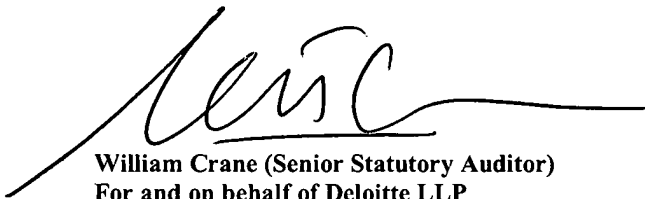
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



William Crane (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom

22 July 2015

QATAR RACING LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2014

		2014 £	2013 £
	Note		
TURNOVER	2	5,588,385	9,351,843
Cost of sales		<u>(12,746,866)</u>	<u>(21,803,828)</u>
Gross loss		(7,158,481)	(12,451,985)
Operating expenses		<u>(887,280)</u>	<u>(710,971)</u>
OPERATING LOSS, BEING LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(8,045,761)	(13,162,956)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
RETAINED LOSS FOR THE FINANCIAL YEAR	12	<u><u>(8,045,761)</u></u>	<u><u>(13,162,956)</u></u>

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 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Tangible assets	6	<u>79,889</u>	<u>-</u>
CURRENT ASSETS			
Inventory	7	37,336,148	18,912,405
Debtors	8	3,084,952	1,752,856
Cash at bank and in hand		<u>352,545</u>	<u>746,867</u>
		40,773,645	21,412,128
CREDITORS: amounts falling due within one year	9	<u>(4,640,900)</u>	<u>(2,484,441)</u>
NET CURRENT ASSETS		<u>36,132,745</u>	<u>18,927,687</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		36,212,634	18,927,687
CREDITORS: amounts falling due after more than one year	10	<u>(60,931,728)</u>	<u>(35,601,020)</u>
NET LIABILITIES		<u>(24,719,094)</u>	<u>(16,673,333)</u>
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Profit and loss account	12	<u>(24,719,194)</u>	<u>(16,673,433)</u>
SHAREHOLDERS' DEFICIT	13	<u>(24,719,094)</u>	<u>(16,673,333)</u>

The financial statements of Qatar Racing Limited, registered number 08004485, were approved by the Board of Directors and authorised for issue on *20 July 2015*

Signed on behalf of the Board of Directors



Director *R M LEVITT*

QATAR RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2014

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 with the exception of stock. The valuation policy is detailed in the note below and is in accordance with applicable United Kingdom accounting standards.

Going concern

The company is dependent on its parent company for funding and at the year end owes £48.8 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 2015 for further expansion of the business. 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.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Motor vehicles	15% on cost
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Inventory

Inventory comprises bloodstock held for the purpose of training and racing. These thoroughbreds should be stated at the lower of purchase cost and net realisable value as required by IAS2 *Inventories*. Valuations upon which net realisable value is assessed were performed by an expert third party on an individual basis. Horses purchased before the autumn sales are valued by the experts, whereas those purchased at auction in the few months prior to the year end are valued at their purchase cost. Where a write down is identified the value of the stock is reduced and the impairment immediately charged in the profit and loss account.

This year the directors disagreed with the valuations provided by the expert. The stock has therefore been included in these accounts at directors' valuation, which is a departure from IAS2 *Inventories* and the audit opinion on page 4 is modified accordingly.

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 only 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 15).

QATAR RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2014

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.

	2014 £	2013 £
The geographical analysis of turnover is:		
United Kingdom	4,694,204	6,955,878
Rest of Europe	412,221	1,659,742
Rest of the World	481,960	736,223
	<u>5,588,385</u>	<u>9,351,843</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

	2014 £	2013 £
Operating loss is after charging :		
Depreciation - owned assets	11,444	-
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>15,000</u>	<u>10,000</u>

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	2014 £	2013 £
Current taxation		
United Kingdom corporation at 20%	<u>-</u>	<u>-</u>

QATAR RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2014

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:

	2014 £	2013 £
Loss on ordinary activities before tax	(8,045,761)	(13,162,956)
Tax at 20% thereon	(1,609,152)	(2,632,591)
Effect of:		
Losses arising from non taxable activity	1,609,152	2,632,591
Current tax rate for year as a percentage of profit	-	-

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

6. TANGIBLE FIXED ASSETS

	Motor vehicles £
Cost	
Additions in the year and at 31 December 2014	91,333
Accumulated depreciation	
Depreciation in year and at 31 December 2014	11,444
Net book value	
At 31 December 2014	79,889
At 31 December 2013	-

7. INVENTORY

	2014 £	2013 £
Race horses held for resale	37,336,148	18,912,405

QATAR RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2014

8. DEBTORS

	2014 £	2013 £
Due within one year:		
Trade debtors	749,724	530,318
Amounts owed from related parties	204,076	94,360
Amounts owed from Qatar Racing Partnership	-	619,329
VAT	1,653,709	216,444
Other debtors	-	7,740
Prepayments	477,443	284,665
	<u>3,084,952</u>	<u>1,752,856</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Trade creditors	1,977,670	1,444,603
Amounts owed to related parties	682,169	1,032,338
Amounts owed to Qatar Racing Partnership	53,344	-
Accruals	1,927,717	7,500
	<u>4,640,900</u>	<u>2,484,441</u>

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

	2014 £	2013 £
Amounts owed to related parties	<u>60,931,728</u>	<u>35,601,020</u>

The parent company QIPCO has funded £48,774,237 (2013 - £35,601,020) and has confirmed that it has no intention to recall its borrowing in the foreseeable future. The funds are lent free of interest charges. Its sister subsidiary Qatar Bloodstock Limited has lent £12,157,491 (2013 - £nil) on the same terms.

11. CALLED UP SHARE CAPITAL

	2014 £	2013 £
Called up, allotted and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

QATAR RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2014

12. PROFIT AND LOSS ACCOUNT

	£
At 1 January 2014	(16,673,433)
Loss for the year	(8,045,761)
At 31 December 2014	<u>(24,719,194)</u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2014 £	2013 £
Loss for the financial year	(8,045,761)	(13,162,956)
Net increase in shareholders' deficit	(8,045,761)	(13,162,956)
Opening shareholders' deficit	(16,673,333)	(3,510,377)
Closing shareholders' deficit	<u>(24,719,094)</u>	<u>(16,673,333)</u>

14. 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 and shareholder of Tweenhills Farm & Stud Limited, and of David Redvers Bloodstock Ltd and R M Levitt is a director and shareholder of Millhouse Bloodstock Services Limited.

	Sales	Purchases	Amounts (owed) due as at 1 January 2014	Net movement	Amounts (owed) due as at 31 December 2014
	£	£	£	£	£
Mr DJL Redvers	47,364	976,959	(520,746)	457,862	(62,884)
Tweenhills Farm & Stud Limited	-	70,723	-	-	-
Millhouse Bloodstock Services Limited	-	70,000	-	-	-
QIPCO	-	-	(35,601,020)	(13,173,217)	(48,774,237)
Qatar Bloodstock Limited	228,000	3,926,563	(511,592)	(11,645,899)	(12,157,491)
Qatar Racing Partnership	-	-	619,329	(672,673)	(53,344)
Qatar Bloodstock Partnerships DR	-	-	94,360	109,716	204,076
Qatar Bloodstock Partnerships CR	-	-	-	(619,285)	(619,285)

Qatar Bloodstock Limited is a fellow subsidiary with Qatar Racing Limited and is under common control. Sheikh Fahad bin Abdulla Al Thani, and Sheikh Suhaim bin Abdulla Al Thani his brother, are partners along with QRL in Qatar Racing Partnership along with another.

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

QATAR RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

15. CONTROLLING PARTY

The immediate controlling party of Qatar Racing Limited is Qatar Investments & Projects Development Holding Co. (QIPCO), a company incorporated in Qatar. Group accounts are available from PO Box 8612, Doha, 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.