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Company Registration No. 08004485

QATAR RACING LIMITED

Annual Report and Financial Statements

Year ended 31 December 2019



QATAR RACING LIMITED

REPORT AND FINANCIAL STATEMENTS 2019

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QATAR RACING LIMITED

REPORT AND FINANCIAL STATEMENTS 2019

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

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

REGISTERED OFFICE

Lushington House
119 High Street
Newmarket
Suffolk
CB8 9AE
United Kingdom

BANKERS

Weatherbys Bank Limited
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Wellingborough
Northamptonshire
NN8 4BX
United Kingdom

BNZ
Private Bag 39806
Wellington Mail Centre
New Zealand

ANZ
409 High St
Northcote
Victoria
3070
Australia

France Galop
46 Place Abel Gance
92655 Boulogne Cedex
France

Horse Racing Ireland
Ballymany
Co Kildare
Ireland R56 XE37

Direktorium Fur Vollblutzucht und Rennen e.V
Rennbahnstr 154 – 50737
Koln
Germany

AUDITOR

Lovewell Blake LLP
Statutory Auditor
Norwich, United Kingdom

QATAR RACING LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

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 the training and racing of thoroughbred horses. The company also partakes in the buying and selling of racehorses as required, mainly purchasing youngstock at external auctions or utilizing homebred youngstock from the sister company Qatar Bloodstock Limited. The ultimate goal is to maximise success on the racecourse and promote the Qatar Racing brand.

BUSINESS REVIEW

In the year ended 31 December 2019 the directors have reviewed the accounting policies adopted by Qatar Racing Limited and have made changes to (i) align the valuation of stock (horses) with the requirements of Financial Reporting Standard 102 (i.e. to account for such assets at the lower of cost and net realisable value where previously they were accounted for at fair value); (ii) account for the asset value of a small number of horses where the profit or loss on their activity has been historically included in the financial statements of the company but their carrying value excluded. A summary of the impact of these adjustments is given in note 14 to the financial statements. Comparative information has been restated on a basis consistent with that reported for the year ended 31 December 2019.

The directors have continued to establish the business as a serious concern in the British Horse Racing Industry in its seventh full trading year. The financial statements indicate a less than successful year with a £9.4m loss (2018 (restated) - £22.4m profit). Turnover is down compared with 2018 as a result of less valuable stock retiring to stud compared with 2018. Prizemoney is down 73% which was mainly attributable to considerable prizemoney having been earned in 2018 from two horses in training (Roaring Lion and Lightning Spear) both of whom have since retired. The number of horses the business has an interest in has largely remained the same from 2018.

DIRECTORS

The directors who served throughout the year and subsequent to the year end, unless otherwise stated, were as follows:

Sheikh Fahad bin Abdulla Al Thani

Kareem Adeeb Abdallah Altaji

David John Luke Redvers

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk, which are partially mitigated by support from QIPCO. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

POST BALANCE SHEET EVENTS

Since 31 December 2019, the COVID-19 pandemic has had an unprecedented impact on the environment in which we operate. The effects have been far reaching and as yet are not fully defined. The impacts observed so far include:

- **A delay to the start of flat racing season with many races postponed until later in the year:** The Covid 19 pandemic has meant 2020 racing flat season has been delayed but the directors are hopeful it will commence behind closed doors by the end of May 2020 following discussions between BHA and the government. Prizemoney could be reduced as a result of no spectators but the directors do not see this as a significant risk to going concern.
- **Postponement of some bloodstock sales which have been rescheduled to later in the year:** Bloodstock Sales are likely to be held later in the year but this is dependent on the decisions made by government and is currently unknown, however we believe sales could take place by virtual means and we are hopeful this will be the worst case scenario. We do foresee bloodstock sales values being adversely affected by the COVID-19

QATAR RACING LIMITED

DIRECTORS' REPORT

pandemic, but we do not see this as a significant risk for Qatar Racing Limited, having regard to the quality of bloodstock and likely continuance of demand anticipated.

While it is presently difficult to accurately predict when and how the current pandemic will be resolved, the directors have been keeping the situation under constant review to develop and refine our response as new information becomes available.

GOING CONCERN

Taking account of the current unusual environment the directors have given particular consideration to the application of the going concern basis in preparing the financial statements. The financial statements for Qatar Racing Limited have been prepared on a going concern basis to the extent that the company has sufficient assets and cash flow resource available to fund planned expenditure, along with confirmation from the parent company that they won't recall significant debts owed, for the 12 months following the date of the signing of the accounts.

Whilst our cash flow may be affected for some time by the COVID-19 pandemic, the Company continues to enjoy the support of its parent group and continues to hold assets which may be realised if necessary; albeit the value of those assets may be less predictable at the present time.

In concluding on the application of the going concern basis the directors have given particular consideration to the ongoing availability of the loan from its parent company, Qatar Investments & Projects Development Holding Co. (QIPCO). At 31 December 2019 the balance owed to QIPCO amounted to £79m (2018: £79m). QIPCO has confirmed to the Company that it has no intention to recall its loans in the foreseeable future and that it does not foresee a need to make such a demand in the foreseeable future. Such loans are held as part of the reported net current liabilities of £63m at 31 December 2019 (2018 (restated): £53m).

The Company will continue to model our cash flow closely and we anticipate being able to continue our day to day operations without the need to sell assets; but do have this opportunity available to us should the need arise.

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.

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



David Redvers
Director



Sheikh Fahad Al Thani
Director

Date: 27 May 2020

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

QATAR RACING LIMITED

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Qatar Racing Limited (the 'company') for the year ended 31 December 2019 which comprise the profit and loss account, balance sheet, statement of changes in equity, cashflow statement and the related notes, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the narrative concerning going concern in note 1 to the financial statements and to note 13 to the financial statements (concerning post balance sheet events), which describes the observed impacts to date of the COVID-19 pandemic and the Company's assessment of the pandemic's impact on its operational activities and financial position. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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

Opinions on other matters 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 directors' report for the period 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.

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 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.

Auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

QATAR RACING LIMITED

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

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.



Tobias Wilson FCA BA (Hons) (Senior Statutory Auditor)

For and on behalf of

Lovewell Blake LLP

Chartered accountants & statutory auditor

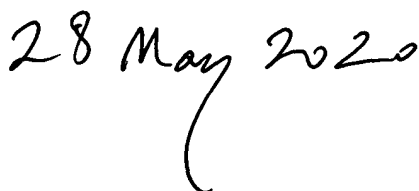
Bankside 300

Peachman Way

Broadland Business Park

Norwich

NR7 0LB



QATAR RACING LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2019

	Note	2019 £	2018 (restated) £
TURNOVER	3	5,422,827	42,492,220
Cost of sales		(13,876,240)	(19,121,108)
Gross (loss)/profit		(8,453,413)	23,371,112
Operating expenses		(992,434)	(1,016,943)
OPERATING (LOSS)/PROFIT, BEING (LOSS)/PROFIT BEFORE TAXATION	5	(9,445,847)	22,354,169
Tax on (loss)/profit	6	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(9,445,847)</u>	<u>22,354,169</u>

All activities are derived from continuing operations.

There are no comprehensive income or expenses other than the profit for the financial year and the loss for the preceding financial year. Accordingly, no statement of comprehensive income is given.

The notes on pages 12 to 22 form part of these financial statements.

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BALANCE SHEET

Year ended 31 December 2019

	Note	2019 £	2018 (restated) £
FIXED ASSETS			
Tangible assets	7	<u>119,213</u>	<u>111,449</u>
CURRENT ASSETS			
Stocks	8	16,929,181	13,366,332
Debtors	9	496,814	14,016,254
Cash at bank and in hand		<u>535,913</u>	<u>812,249</u>
		17,961,908	28,194,835
CREDITORS: amounts falling due within one year	10	<u>(80,750,017)</u>	<u>(81,529,333)</u>
NET CURRENT LIABILITIES		<u>(62,788,109)</u>	<u>(53,334,498)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(62,668,896)</u>	<u>(53,223,049)</u>
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Profit and loss account	11	<u>(62,668,996)</u>	<u>(53,223,149)</u>
SHAREHOLDERS' DEFICIT		<u>(62,668,896)</u>	<u>(53,223,049)</u>

The financial statements of Qatar Racing Limited, registered number 08004485, were approved by the Board of Directors and authorised for issue on 27 May 2020.

Signed on behalf of the Board of Directors



David Redvers
Director



Sheikh Fahad Al Thani
Director

Date: 27 May 2020

The notes on pages 12 to 22 form part of these financial statements.

QATAR RACING LIMITED

STATEMENT OF CHANGES IN EQUITY Year ended 31 December 2019

	Note	Called up share capital £	Profit and loss account £	Total £
At 1 January 2018 – as originally stated		100	(68,835,647)	(68,835,547)
Prior year adjustment	14	-	(6,741,671)	(6,741,671)
At 1 January 2018 – restated		100	(75,577,318)	(75,577,218)
Profit for the financial year – restated	14	-	22,354,169	22,354,169
At 31 December 2018 – restated		100	(53,223,149)	(53,223,049)
Loss for the financial year		-	(9,445,847)	(9,445,847)
At 31 December 2019		100	(62,668,996)	(62,668,896)

The notes on pages 12 to 22 form part of these financial statements.

QATAR RACING LIMITED

CASH FLOW STATEMENT Year ended 31 December 2019

	Note	2019 £	2018 £
Net cash flows from operating activities	A	<u>(243,929)</u>	<u>(7,063,373)</u>
Cash flows from investing activities			
Payments to acquire tangible fixed assets		(32,406)	(96,459)
Proceeds from disposals of tangible fixed assets		<u>-</u>	<u>33,000</u>
Net cash flows used in investing activities		<u>(32,406)</u>	<u>(63,459)</u>
Cash flows from financing activities			
Receipt of borrowings (QIPCO)		<u>-</u>	<u>6,631,000</u>
Net cash flows from financing activities		<u>-</u>	<u>6,631,000</u>
Net (decrease) increase in cash and cash equivalents		(276,335)	(495,832)
Cash and cash equivalents at beginning of year		<u>812,249</u>	<u>1,308,081</u>
Cash and cash equivalents at end of year		<u><u>535,913</u></u>	<u><u>812,249</u></u>

Cash and cash equivalents represents cash at bank and in hand.

The notes on pages 12 to 22 form part of these financial statements.

QATAR RACING LIMITED

NOTES TO THE CASH FLOW STATEMENT Year ended 31 December 2019

A. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH GENERATED BY OPERATIONS

	2019 £	2018 (restated) £
Operating profit (loss)	(9,445,847)	22,354,169
Adjustment for:		
Depreciation charges	24,643	19,996
Loss on disposal of fixed assets	-	1,548
Operating cash flow before movement in working capital	(9,421,204)	22,375,713
(Increase)/Decrease in stocks	(3,562,849)	(1,295,694)
(Increase)/Decrease in debtors	682,434	(94,134)
(Decrease)/Increase in creditors	(1,821,344)	402,134
(Decrease)/increase in intercompany creditors	1,042,027	(15,614,385)
(Increase)/Decrease in intercompany debtors	12,837,007	(12,837,007)
Cash used in operations	<u>(243,929)</u>	<u>(7,063,373)</u>

B. ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2019 £	Cash flows £	At 31 December 2019 £
Cash at bank and in hand	812,249	(276,335)	535,913
Debt:			
Amounts owed to parent company	(79,035,015)	-	(79,035,015)
Total net debt	<u>(78,222,766)</u>	<u>(243,929)</u>	<u>(78,499,102)</u>

QATAR RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2019**

1. ACCOUNTING POLICIES

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

General information and basis of accounting

Qatar Racing Limited is a company incorporated in the United Kingdom and is registered in England and Wales under the Companies Act 2006 and is a private limited company, limited by shares. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the directors' report on page 2.

The financial statements have been prepared under the historical cost convention modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Qatar Racing Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Going concern

The directors have considered the financial position of the company by reviewing monthly management accounts, likely future sales activity and planned expenditure. Taking this information and the nature of assets held the directors believe that the company is well placed to manage its business risks successfully, despite the current uncertain economic outlook. The directors believe the company is able to meet its own cash flow requirements in the 12 months following approval of the financial statements; having prepared cash flow forecasts and having received confirmation from the company's parent entity that no repayment will be required of the loan provided by the parent entity to the Company (£79m at 31 December 2019). The loan balance comprises of funds which are advanced free of interest charges and formal repayment terms (and are therefore included in current liabilities).

In reviewing the application of going concern the directors have also recognised that the ongoing COVID-19 pandemic has significantly changed the economic environment in which the Company presently operates. In this context the directors have sought to take into account a number of specific factors when preparing the forecasts for the 12 months following the signing of the financial statements. Such factors include (but are not limited to) the following:

- A reduction in prizemoney.
- A decrease in bloodstock sales values.
- A delay to flat racing season.
- A delay to bloodstock sales taking place.

After taking account of such factors, mitigating steps that could be taken (including the sale of assets on a private basis) and the ongoing availability of the loan facility from the parent entity, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Turnover

Turnover is recognised exclusive of VAT, upon the transfer of risk when a horse is sold (generally when passport ownership transfers). Prize money is recognised on the race day and sponsorship is recognised dependent on the period or day of sponsorship.

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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QATAR RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2019**

1. ACCOUNTING POLICIES (continued)

Inventory

Inventory comprises bloodstock held for the purpose of training and racing. Such assets are stated at the lower of cost and net realisable value (selling price less costs to sell). Where a write down is identified the value of the stock is reduced and the reduction 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 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 month end 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.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

(i) Financial assets and financial liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

QATAR RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2019**

1. ACCOUNTING POLICIES (continued)

- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment. Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash received, net of issue costs.

(iii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

2. CRITICAL ACCOUNTING JUDGEMENTS

In the application of the Company's accounting policies, which are described in note 1, 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. The only significant estimate or judgement applied is in determining the net realisable value of inventory. Refer to note 8 for further details of inventory held.

QATAR RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

3. 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.

	2019 £	2018 (restated) £
The geographical analysis of turnover is:		
United Kingdom	3,793,565	38,133,795
Rest of Europe	247,880	448,404
Rest of the World	1,381,382	3,910,021
	<u>5,422,827</u>	<u>42,492,220</u>
	2019 £	2018 (restated) £
An analysis of the company's turnover is:		
Bloodstock sales	4,133,433	37,728,219
Prize money and Sponsorship	1,289,393	4,764,001
	<u>5,422,827</u>	<u>42,492,220</u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors who were the only employees of the company during the year, did not receive any remuneration. £ nil (2018 - £18,000) was paid to third parties in respect of directors' services.

5. (LOSS)/PROFIT BEFORE TAXATION

	2019 £	2018 £
(Loss)/profit before taxation is stated after charging:		
Depreciation of owned tangible fixed assets	24,643	19,996
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>21,500</u>	<u>19,000</u>

QATAR RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

6. TAX ON PROFIT (LOSS)

	2019	2018
	£	£

United Kingdom corporation at 19% (2018 - 19%)	-	-
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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:

	2019	2018
	£	(restated) £
(Loss)/profit before tax	(9,445,847)	22,354,169
Tax at 19% (2018 - 19%) thereon	(1,794,711)	4,246,792
Effect of:		
Losses arising from non taxable activity	1,794,711	(4,246,792)
Total tax charge for year	-	-

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 20% with effect from 1 April 2015, 19% effective from 1 April 2017 and 17% effective from 1 April 2020. The closing deferred tax assets and liabilities have been calculated at 17%, on the basis that this is the rate at which they are expected to unwind.

7. TANGIBLE FIXED ASSETS

	Motor vehicles £
Cost	
At 1 January 2019	134,891
Additions	32,406
Disposals	
At 31 December 2019	167,297
Accumulated depreciation	
At 1 January 2019	23,442
Depreciation in year	24,643
Eliminated on disposals	
At 31 December 2019	48,085
Net book value	
At 31 December 2019	119,213
At 31 December 2018	111,449

QATAR RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

8. INVENTORY

	2019	2018 (restated)
	£	£
Bloodstock	<u>16,929,181</u>	<u>13,366,332</u>

Inventory is held at the lower of cost and net realisable value. See note 14 for details of the prior year adjustment. The fair value of inventory at 31 December 2018 and 2019 is considered by the directors to be in excess of its carrying value.

9. DEBTORS

	2019	2018 (restated)
	£	£
Due within one year:		
Trade debtors	245,425	196,190
Amounts owed from fellow subsidiary of parent company	-	12,837,007
Amounts owed from related parties	94,711	649
Taxes	51,897	547,432
Other debtors	44,136	292,282
Prepayments	60,645	142,694
	<u>496,814</u>	<u>14,016,254</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	249,930	2,228,662
Amounts owed to fellow subsidiary of parent company	1,042,027	-
Amounts owed to related parties	104,874	142,024
Amounts owed to parent company	79,035,015	79,035,015
Other Creditors	18,792	-
Accruals	299,379	123,632
	<u>80,750,017</u>	<u>81,529,333</u>

The parent company Qatar Investments & Projects Development Holding Co. (QIPCO) has provided funds of £79,035,315 (2018 - £79,035,315) and confirmed that while such funds are repayable on demand it has no intention to recall the borrowing in the foreseeable future. The funds are advanced free of interest charges.

The Company owes its fellow subsidiary of QIPCO (Qatar Bloodstock Limited) £1,042,027 creditor (payable on demand and free of interest charges). That entity has similarly confirmed that it has no intention of recalling such amount in the foreseeable future if prejudicial to the ongoing viability of Qatar Racing Limited.

QATAR RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

11. CALLED UP SHARE CAPITAL AND RESERVES

	2019 £	2018 £
Called up, allotted and fully paid		
100 ordinary shares of £1 each	100	100

The company's other reserve is as follows:

The profit and loss reserve represents cumulative profits or losses.

12. 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.

	Sales	Purchases	Amounts (owed) due as at 1 January – As restated 2019	Net movement	Amounts (owed to)/ due from as at 31 December 2019
	£	£	£	£	£
Mr DJL Redvers	-	701,777	(8,940)	8,940	-
Tweenhills Farm & Stud Limited	21,600	75,898	(5,630)	3,280	(2,350)
QIPCO	-	-	(79,035,015)	-	(79,035,015)
Qatar Bloodstock Limited	1,345,175	2,634,980	12,837,007	(13,879,034)	(1,042,027)
Qatar Bloodstock Ireland	-	10,874	(956)	(259)	(1,215)
Qatar Bloodstock Partnerships DR	-	-	649	94,062	94,711
Qatar Bloodstock Partnerships CR	-	-	(126,498)	63,454	(63,044)
SAS Ecurie Des Monceaux	-	2,212	-	254	(254)
Longholes Ltd	-	260,277	(85,604)	47,594	(38,010)

Qatar Bloodstock Limited is a fellow subsidiary with Qatar Racing Limited of QIPCO and is under common control.

There are no further related party balances outstanding at the year end. All balances are repayable on demand and no interest is receivable.

No key management personnel were remunerated other than those described in note 4.

QATAR RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2019**

13. POST BALANCE SHEET EVENTS

Since 31 December 2019, the COVID-19 pandemic has had an unprecedented impact on the environment in which we operate. The effects have been far reaching and as yet are not fully defined. The impacts observed so far include:

- *A delay to the start of flat racing season with many races postponed until later in the year:* The Covid 19 pandemic has meant 2020 racing flat season has been delayed but the directors are hopeful it will commence behind closed doors by the end of May 2020 following discussions between BHA and the government. Prizemoney could be reduced as a result of no spectators but the directors do not see this as a significant risk to going concern.
- *Postponement of some bloodstock sales which have been rescheduled to later in the year:* Bloodstock Sales are likely to be held later in the year but this is dependent on the decisions made by government and is currently unknown, however we believe sales could take place by virtual means and we are hopeful this will be the worst case scenario. We do foresee bloodstock sales values being adversely affected by the COVID-19 pandemic, but we do not see this as a significant risk for Qatar Racing Limited, having regard to the quality of bloodstock and likely continuance of demand anticipated.

While it is presently difficult to accurately predict when and how the current pandemic will be resolved, the directors have been keeping the situation under constant review to develop and refine our response as new information becomes available.

14. PRIOR YEAR ADJUSTMENT

The comparative information for the year-ended 31 December 2018 and as at that date has been restated. The restatement relates to two aspects of the Company's financial statements:

1. An adjustment has been made to change the accounting policy relating to the value of inventory (bloodstock held for racing and/or sale). Historically such inventory has been carried at its fair value which was in contravention of the requirements of FRS 102. The policy has been changed to account for such assets at the lower of the cost and net realisable value, which is in accordance with the requirements of FRS 102. The effect of this adjustment is summarised below and resulted in a change to historically reported profits, stock values and reserves.
2. Historically the profit and loss on the racing activity of a small number of horses has been recognised in the financial statements of Qatar Racing Limited, but the value of such horses has not been accounted for by this company. Reflecting the beneficial nature of such assets, the comparative information has been restated to include their value in the inventory of this Company (albeit the legal title remains with Qatar Bloodstock Limited). The effect of this adjustment is summarised below and resulted in a change to historically reported stock values and balances with related parties. The effect of the adjustment on comparative information also takes into account the change in valuation basis (see (1)) of the horses (fair value movements having historically been included in the profit/(loss) reported by Qatar Racing Limited.

QATAR RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2019

14. PRIOR YEAR ADJUSTMENT (continued)

The effect of the above adjustments is summarised in the following table:

	As originally stated £	Adj. 1 £	Adj. 2 £	As restated £
Year ended 31 December 2018:				
Turnover	41,796,466	-	695,754	42,492,220
Cost of sales	(21,259,095)	5,332,363	(3,194,376)	(19,121,108)
Operating expenses	(1,016,943)	-	-	(1,016,943)
	<u>19,520,428</u>	<u>5,332,363</u>	<u>(2,498,622)</u>	<u>22,354,169</u>
Profit before taxation	19,520,428	5,332,363	(2,498,622)	22,354,169
At 31 December 2018:				
Inventory	13,562,940	(1,409,308)	1,212,700	13,366,332
Amounts due from fellow subsidiary	16,548,329	-	(3,711,322)	12,837,007
Other assets/liabilities	(79,426,388)	-	-	(79,426,388)
Net assets	<u>(49,315,119)</u>	<u>(1,409,308)</u>	<u>(2,498,622)</u>	<u>(53,223,049)</u>
Share capital	100	-	-	100
Brought forward reserves 1 Jan. 2019	(68,835,647)	(6,741,671)	-	(75,577,318)
Profit/(loss) for the year	<u>19,520,428</u>	<u>5,332,363</u>	<u>(2,498,622)</u>	<u>22,354,169</u>
	<u>(49,315,119)</u>	<u>(1,409,308)</u>	<u>(2,498,622)</u>	<u>(53,223,049)</u>

15. FINANCIAL INSTRUMENTS

The Company has the following financial instruments:

	2019 £	2018 £
Financial assets/(liabilities) at fair value through the profit and loss account	-	-
Financial assets that are debt instruments measured at amortised cost:		
- Trade debtors	245,425	196,190
- Other receivables (amounts due from related parties, and other debtors)	138,847	13,129,938
Financial assets that are debt instruments measured at amortised cost:		
- Trade creditors	(249,930)	(2,228,662)
- Accruals	(299,379)	(123,632)
- Other creditors (amounts due to related parties and other creditors)	(80,200,708)	(79,177,039)

QATAR RACING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

16. CONTROLLING PARTY

The immediate controlling party of Qatar Racing Limited is Qatar Investments & Projects Development Holding Co. (QIPCO), a company incorporated in Qatar. This is the largest and smallest set of accounts which the company's results are consolidated within. Group accounts are maintained at PO Box 8612, Doha, Qatar but only available upon request at the discretion of the directors.

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.