

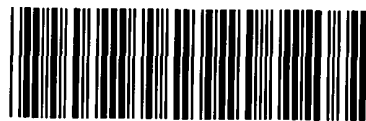
Company Registration No. 08004485

## **QATAR RACING LIMITED**

### **Report and Financial Statements**

**31 December 2017**

WEDNESDAY



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COMPANIES HOUSE

# **QATAR RACING LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2017**

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# **QATAR RACING LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2017**

### **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  
United Kingdom

#### **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  
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 2017.

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 third full trading year. The financial statements indicate another less than successful year with a £12.0 million loss (2016 - £11.3 million loss). Turnover is up slightly compared with 2016 with a 16% increase in prizemoney earned and a 15% increase in Bloodstock Sales. The number of horses the business has an interest in has largely remained the same from 2016.

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 2018.

### **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

### **GOING CONCERN**

The financial statements for Qatar Racing Limited have been prepared on a going concern basis to the extent that the company is supported by the parent company. However, a material uncertainty exists with respect to the going concern status of the company, please refer to note 1 of the financial statements for further details.

### **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



R. M. LEVITT

Director

Date: 1 June 2018

## **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**

##### **Basis for qualified opinion on financial statements**

As racing animals do not fall within the definition of biological assets related to agricultural activity and agricultural produce in FRS 102 section 34 Specialised Activities, racehorses should be valued in accordance with FRS 102 section 13 Inventories. The inventory shown on the balance sheet of £18,812,309 is stated at fair value rather than at the lower of cost and selling price less costs to complete and sell as required under FRS 102. Accordingly, inventory should be reduced by £7,869,427 to comply with FRS 102 section 13 Inventories. Other effects on the financial statements would be to decrease brought forward retained earnings by £5,063,251, and to decrease net income for the year ended 31 December 2017 by £2,806,176.

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 qualified opinion.

##### **Opinion**

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

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Qatar Racing Limited for the year ended 31 December 2017 which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- the notes to the cash flow statement; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

## **QATAR RACING LIMITED**

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

#### **Material uncertainty related to going concern**

We draw attention to note 1 in the financial statements, which indicates that the company is ultimately reliant on support from its ultimate parent Qatar Investments Projects Development Holdings Co. (QIPCO). Qatar Racing Limited has received a letter of support from QIPCO that the parent will support the company for the foreseeable future in respect of all outstanding debts. However, the ability of QIPCO to provide that support cannot be verified to available financial statements and future cash flow projections, due to the confidentiality surrounding the QIPCO financial statements.

As stated in note 1 these events or conditions, along with the other matters as set forth in note 1 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 respect of these matters.

#### **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](http://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.

#### **Report on other legal and regulatory requirements**

##### **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 financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

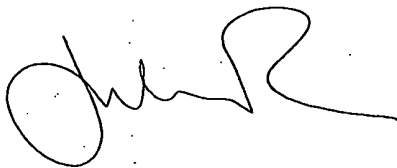
In the light of the knowledge and understanding of the company and their environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

##### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, 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 in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.



**Julian Rae (Senior Statutory Auditor)**  
**For and on behalf of Deloitte LLP**  
Statutory Auditor  
Cambridge, United Kingdom  
1 June 2018



# QATAR RACING LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2017

		2017 £	2016 £
	Note		
<b>TURNOVER</b>	3	7,796,034	6,767,398
Cost of sales		(18,912,664)	(17,308,192)
Gross loss		(11,116,630)	(10,540,794)
Operating expenses		(887,995)	(782,428)
<b>OPERATING LOSS, BEING LOSS BEFORE TAXATION</b>	5	(12,004,625)	(11,323,222)
Tax on loss	6	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(12,004,625)</u>	<u>(11,323,222)</u>

All activities are derived from continuing operations.

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

# QATAR RACING LIMITED

## BALANCE SHEET 31 December 2017

	Note	2017 £	2016 £
<b>FIXED ASSETS</b>			
Tangible assets	7	<u>69,534</u>	<u>88,999</u>
<b>CURRENT ASSETS</b>			
Stocks	8	18,812,309	22,739,675
Debtors	9	1,085,113	1,728,129
Cash at bank and in hand		<u>1,308,081</u>	<u>615,334</u>
		21,205,503	25,083,138
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(90,110,584)</u>	<u>(82,003,059)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(68,905,081)</u>	<u>(56,919,921)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(68,835,547)</u>	<u>(56,830,922)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	100	100
Profit and loss account	11	<u>(68,835,647)</u>	<u>(56,831,022)</u>
<b>SHAREHOLDERS' DEFICIT</b>		<u>(68,835,547)</u>	<u>(56,830,922)</u>

The financial statements of Qatar Racing Limited, registered number 08004485, were approved by the Board of Directors and authorised for issue on *1 June 2018*

Signed on behalf of the Board of Directors



**R M LEVITT**  
Director

*1 June 2018*

# **QATAR RACING LIMITED**

## **STATEMENT OF CHANGES IN EQUITY** **31 December 2017**

	<b>Called up share capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 January 2016	100	(45,507,800)	(45,507,700)
Loss for the financial year	-	(11,323,222)	(11,323,222)
At 31 December 2016	100	(56,831,022)	(56,830,922)
Loss for the financial year	-	(12,004,625)	(12,004,625)
At 31 December 2017	100	(68,835,647)	(68,835,547)

# QATAR RACING LIMITED

## CASH FLOW STATEMENT Year ended 31 December 2017

	Note	2017 £	2016 £
Net cash flows from operating activities	A	(2,057,253)	(6,783,322)
Cash flows from investing activities			
Payments to acquire tangible fixed assets		-	(38,432)
Net cash flows used in investing activities		-	(38,432)
Cash flows from financing activities			
Receipt of borrowings (QIPCO)		2,750,000	7,000,000
Net cash flows from financing activities		2,750,000	7,000,000
Net increase in cash and cash equivalents		692,747	178,246
Cash and cash equivalents at beginning of year		615,334	437,088
Cash and cash equivalents at end of year		<u>1,308,081</u>	<u>615,334</u>

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

## **QATAR RACING LIMITED**

### **NOTES TO THE CASH FLOW STATEMENT**

**Year ended 31 December 2017**

#### **A. RECONCILIATION OF OPERATING LOSS TO NET CASH GENERATED BY OPERATIONS**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Operating loss	(12,004,625)	(11,323,222)
Adjustment for:		
Depreciation charges	19,465	15,622
Operating cash flow before movement in working capital	(11,985,160)	(11,307,600)
Decrease/(increase) in stocks	3,927,366	(2,206,302)
Decrease in debtors	643,016	171,851
Increase in creditors	266,429	242,759
Increase in intercompany creditors	5,091,096	6,315,970
Cash used in operations	(2,057,253)	(6,783,322)

# **QATAR RACING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2017**

### **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, except for inventories as noted in the accounting policies below.

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 company is dependent on its parent company for funding and at the year end owes £72.4 million to the parent company, and £15.6m to Qatar Bloodstock Limited. The funds are advanced to the company free of interest charges and the parent has also agreed to lend additional funds in 2018 for further expansion of the inventory. The parent company has confirmed in a letter that it has no intention to recall its borrowing in the foreseeable future. However, the parent company accounts are confidential and although the directors' best understanding is that QIPCO have available resource to provide the financial support, there is no evidence available to prove the future cash flow projections in the foreseeable future, and without QIPCO having available funds, the company will not continue as a going concern. These circumstances constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern, such that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding this material uncertainty, the directors consider 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.

#### **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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#### **Inventory**

Inventory comprises bloodstock held for the purpose of training and racing. These thoroughbreds should be stated at the lower of cost and net realizable value (selling price less costs to complete and sell) as required by FRS 102 section 13 Inventories. Where a write down is identified the value of the stock is reduced and the impairment immediately charged in the profit and loss account.

The directors disagree with valuing racehorses at lower of cost and selling price less costs to complete and have decided to fair value the assets as they believe that it is more representative of their business. Valuations of selling price less costs to complete and sell, were performed by an expert third party on an individual basis. The stock has therefore been included in these accounts at market value less costs to sell, which is a departure from FRS 102 section 13 Inventories and the audit opinion on page 4 is modified accordingly.

# **QATAR RACING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2017**

### **1. ACCOUNTING POLICIES (continued)**

#### **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.
- (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).

# **QATAR RACING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2017**

### **1. ACCOUNTING POLICIES (continued)**

#### **Financial instruments (continued)**

- (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 AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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.

#### **Key sources of estimation - Valuation of stock**

Determining the fair value of stock under FRS 102 Section 34 "specialised activities" requires valuation judgement. The fair value requires judgement on the perceived market value of horses which year on year may be materially different depending on performance. The current value of stock held at fair value at the balance sheet date is £18,812,309. However, we understand from the standard that Racehorses are specifically excluded as an agricultural activity and the balance should be measured at cost under FRS102 section 13 Inventories, however in our opinion this policy better represents the nature of our business.



# QATAR RACING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

#### Key judgement - Going concern

As mentioned above, the company is reliant to a significant degree on parent funding. The parent company have provided a letter of support to the company, however, the parent company accounts are confidential and although the directors' best understanding is that QIPCO have available resource to provide the financial support, there is no evidence available to prove the future cash flow projections in the foreseeable future, and without QIPCO having available funds, the company will not continue as a going concern

### 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.

	2017 £	2016 £
The geographical analysis of turnover is:		
United Kingdom	5,604,407	5,431,657
Rest of Europe	1,217,354	1,070,940
Rest of the World	974,273	264,801
	<u>7,796,034</u>	<u>6,767,398</u>
	2017 £	2016 £
An analysis of the company's turnover is:		
Bloodstock sales	5,809,106	5,042,311
Prize money and Sponsorship	1,986,928	1,709,987
Insurance proceeds	-	15,100
	<u>7,796,034</u>	<u>6,767,398</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. £22,800 (2016 - £22,800) was paid to third parties in respect of directors' services.

### 5. LOSS BEFORE TAXATION

	2017 £	2016 £
Loss before taxation is stated after charging:		
Depreciation of owned tangible fixed assets	19,465	15,622
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>16,000</u>	<u>15,000</u>

# QATAR RACING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

### 6. TAX ON LOSS

Current taxation	2017 £	2016 £
United Kingdom corporation at 20%	-	-

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:

	2017 £	2016 £
Loss before tax	(12,004,625)	(11,323,222)
Tax at 20% thereon	(2,400,925)	(2,264,644)
Effect of:		
Losses arising from non taxable activity	2,400,925	2,264,644
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 2017 and 31 December 2017	129,765
Accumulated depreciation	
At 1 January 2017	40,766
Depreciation in year	19,465
At 31 December 2017	60,231
Net book value	
At 31 December 2017	69,534
At 31 December 2016	88,999

### 8. INVENTORY

	2017 £	2016 £
Race horses held for resale	18,812,309	22,739,675

The replacement cost of inventory is deemed by the directors to be the equivalent of the market value above.

# QATAR RACING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

### 9. DEBTORS

	2017 £	2016 £
Due within one year:		
Trade debtors	27,023	189,405
Amounts owed from related parties	138,400	105,172
VAT	565,973	1,083,780
Other debtors	353,717	349,772
	<u>1,085,113</u>	<u>1,728,129</u>

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade creditors	1,867,919	1,644,086
Amounts owed to related parties	34,531	35,714
Amounts owed to parent company	72,404,015	69,654,015
Amounts owed to fellow subsidiary of parent company	15,614,385	10,523,289
VAT	85,245	-
Accruals	104,489	145,955
	<u>90,110,584</u>	<u>82,003,059</u>

The parent company QIPCO has provided funds of £72,404,015 (2016 - £69,654,015) and confirmed that it has no intention to recall the borrowing in the foreseeable future. The funds are advanced free of interest charges. Its sister subsidiary Qatar Bloodstock Limited has advanced £15,614,385 (2016 - £10,523,289) on the same terms.

### 11. CALLED UP SHARE CAPITAL AND RESERVES

	2017 £	2016 £
Called up, allotted and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

The company's other reserve is as follows:

The profit and loss reserve represents cumulative profits or losses.

## QATAR RACING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

#### 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 and R M Levitt is a director and shareholder of Millhouse Bloodstock Services Limited.

	Sales	Purchases	Amounts (owed) due as at 1 January 2017	Net movement	Amounts (owed) due as at 31 December 2017
	£	£	£	£	£
Mr DJL Redvers	-	608,701	(14,278)	14,278	-
Tweenhills Farm & Stud Limited	16,920	52,237	(21,436)	24,510	3,074
Millhouse Bloodstock Services Limited	-	22,800	-	-	-
QIPCO	-	-	(69,654,015)	(2,750,000)	(72,404,015)
Qatar Bloodstock Limited	2,515,200	2,143,646	(10,523,289)	(5,091,096)	(15,614,385)
Qatar Bloodstock Ireland	-	40,048	-	3,479	3,479
Qatar Bloodstock Partnerships DR	-	-	106,924	24,923	131,847
Qatar Bloodstock Partnerships CR	-	-	(1,752)	(32,779)	(34,531)

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. All balances are repayable on demand and no interest is receivable.

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

#### 13. 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.