

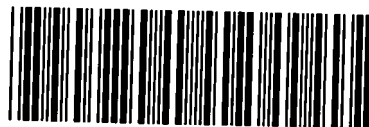
Company Registration Number 08387189

**The Jockey Club Racecourse Bond
Company Plc**

Report and Financial Statements

31 December 2017

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The Jockey Club Racecourse Bond Company Plc

Report and financial statements 2017

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The Jockey Club Racecourse Bond Company Plc

Report and financial statements 2017

Corporate information

Directors

S Bazalgette
P Fisher

Secretary

S Clark

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Bankers

HSBC
129 New Bond Street
London
W1S 1EA

Solicitors

Pinsent Masons LLP
30 Crown Place
Earl Street
London
EC2A 4ES

Registered Office

75 High Holborn
London
WC1V 6LS

The Jockey Club Racecourse Bond Company Plc

Report and financial statements 2017

Strategic report

The directors present their strategic report, directors' report and audited financial statements for the year ended 31 December 2017.

Business review and principal activities

The principal activity of the company is to issue and service Unlisted Unsecured Bonds. Proceeds of issue are lent to group companies as interest bearing intercompany loans. During the year, Bonds with a nominal value of £nil were redeemed (2016: £52,000) and £0.85m of intercompany loans were repaid by Jockey Club Racecourses Limited (2016: £0.9m).

As shown in the company's statement of income and retained earnings on page 7, the company's loss before tax has increased by £23,000 to £934,000 compared to the prior year. This is mainly due to income from investments decreasing by £38,000 offset by interest payable decreasing by £6,000. Interest income is the key performance measure for the company. This has reduced this year due to the loans issued to group companies decreasing by £850,000 during the year.

£1,045,000 of bonds were redeemed in September 2017 which are due for repayment in June 2018. £14,609,000 of bondholders entered into an agreement to extend the earliest date of redemption from June 2018 to June 2021. The remaining balance of bonds can be redeemed on each anniversary of the issue as long as nine months' notice of redemption is provided by the bondholder.

Principal risks and uncertainties

Liquidity risk

The Unlisted Unsecured Bonds are repayable at the Bondholder's option on or after the fifth anniversary of issue. Bondholders are required to serve at least nine months' notice of redemption. This notice period will enable management to obtain sufficient funding to be able to redeem the bonds therefore there is no short term liquidity risk. Forecasts and projections prepared by Management indicate that the group will be able to fund The Jockey Club Racecourse Bond Company Plc during this period.

Credit risk and cash flow risk

The credit risk on liquid funds is limited because the counterparties are members of the Jockey Club group. The company is able to ensure that sufficient intercompany funds are available from group companies to ensure that it is able to meet its cash flow requirements.

Results, dividends and transfers from reserves

The results of the year are set out in the statement of income and retained earnings on page 7. The directors do not recommend the payment of a dividend (2016: £nil).

Future developments

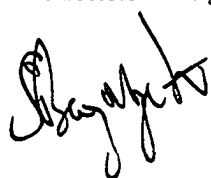
The company will continue to manage the existing bonds to maturity and thereafter until redemption.

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

S Bazalgette

Director

19 April 2018



The Jockey Club Racecourse Bond Company Plc

Directors' report

The directors present their third annual report and the audited financial statements for the year ended 31 December 2017.

Directors

The directors during the year and since the year end were:

S Bazalgette
P Fisher

None of the directors had any interests in the share capital of the company or of any other group company during the year.

The following information is not shown in the directors' report as it has been included in the strategic report under s414C(11):

- Financial risk management, objectives and policies
- Exposure to risks
- Future developments

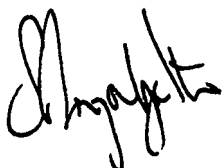
Auditor

Each of the persons who is a director at the date of approval of this 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 in order 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. BDO LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the annual general meeting.

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



S Bazalgette
Director

19 April 2018

The Jockey Club Racecourse Bond Company Plc

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 with reasonable accuracy and disclose at any time the financial position of the company and to 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 The Jockey Club Racecourse Bond Company Plc

Opinion

We have audited the financial statements of The Jockey Club Racecourse Bond Company Plc ("the Company") for the year ended 31 December 2017 which comprise the statement of income and retained earnings, the statement of financial position, and notes to the financial statements, 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 Financial Reporting Standard 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 2017 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.

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.

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 Directors are responsible for the other information. The other information comprises the information included in the Report and Financial Statements, 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 this regard.

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 Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Independent auditor's report to the members of The Jockey Club Racecourse Bond Company Plc (continued)

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 Strategic report and 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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

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.

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 at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BDO LLP

Ian Clayden (senior statutory auditor)
for and on behalf of BDO LLP, statutory auditor
London
United Kingdom
20 April 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The Jockey Club Racecourse Bond Company Plc

Statement of income and retained earnings Year ended 31 December 2017

	Notes	2017 £000	2016 £000
Turnover	1,3	57	42
Cost of sales		-	-
Gross profit		57	42
Administrative expenses		(197)	(191)
Operating loss		(140)	(149)
Income from other investments	5	1,026	1,064
Interest payable and similar charges	6	(1,820)	(1,826)
Loss on ordinary activities before taxation	7	(934)	(911)
Tax charge on loss on ordinary activities	8	-	-
Loss and total comprehensive loss for the financial year transferred to reserves		(934)	(911)
Retained earnings at 1 January		(2,690)	(1,779)
Loss and total comprehensive loss for the financial year		(934)	(911)
Retained earnings at 31 December		(3,624)	(2,690)

All amounts derive from continuing operations.

The notes on pages 9 to 14 form part of these financial statements.

The Jockey Club Racecourse Bond Company Plc

Statement of financial position At 31 December 2017

	Notes	2017 £000	2016 £000
Current assets			
Debtors	9	21,268	22,096
Cash		62	10
		<u>21,330</u>	<u>22,106</u>
Creditors: amounts falling due within one year	11	<u>(1,424)</u>	<u>(364)</u>
Net current assets		<u>19,906</u>	<u>21,742</u>
Total assets less current liabilities		<u>19,906</u>	<u>21,742</u>
Creditors: amounts falling due after more than one year	12	<u>(23,480)</u>	<u>(24,382)</u>
Net Liabilities		<u>(3,574)</u>	<u>(2,640)</u>
Capital and reserves			
Called up share capital	14	50	50
Profit and loss account		(3,624)	(2,690)
		<u>(3,574)</u>	<u>(2,640)</u>

The financial statements of The Jockey Club Racecourse Bond Company Plc registered number 08387189 were approved by the Board of Directors on 19 April 2018.

Signed on behalf of the Board of Directors

S Bazalgette
Director



The notes on pages 9 to 14 form part of these financial statements.

The Jockey Club Racecourse Bond Company Plc

Notes to the financial statements

Year ended 31 December 2017

1. Accounting policies

The company is a public company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1. The principal activity of the Company is described in the Strategic Report on page 2.

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

In preparing these financial statements, advantage has been taken of the following disclosure exemption available in FRS 102:

- No statement of cash flows has been presented.

This exemption is available because the company is a member of the Jockey Club Racecourses (Holdings) Limited group and is included within its consolidated financial statements. The group's consolidated financial statements are publically available at Companies House.

The following principal accounting policies have been applied:

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report and the directors' report. The financial position of the company is set out in the statement of financial position and the accompanying notes to the financial statements.

The directors believe that the company is able to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries of its ultimate parent company, including receipt of ongoing financial support, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The Jockey Club Racecourse Bond Company Plc

Notes to the financial statements

Year ended 31 December 2017

1. Accounting policies (continued)

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets and 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 financing 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 statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group 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).

(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.

The Jockey Club Racecourse Bond Company Plc

Notes to the financial statements

Year ended 31 December 2017

1. Accounting policies (continued)

Financial instruments (continued)

Interest-bearing bonds and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise or to which they relate.

Turnover

Turnover represents commission receivable (excluding VAT) and is recognised in the period during which the services are delivered and when the company obtains the right to consideration.

2. Judgements in applying accounting policies and key sources of information uncertainty

In preparing these financial statements, other than in considering the going concern basis of preparation, the directors have made no significant accounting judgements or estimates.

3. Turnover

Turnover arises wholly within the United Kingdom and is wholly attributable to the principal activity of the company.

4. Information regarding directors and employees

The company had no employees in the year. Directors' remuneration for the year was borne by other group companies. It is not practicable to allocate total remuneration between services to this company and other group companies.

5. Income from other investments

	2017 £000	2016 £000
Interest received on intercompany loans	1,026	1,064

Interest on intercompany loans is chargeable at 4.75% in both the current and preceding year.

6. Interest payable and similar charges

	2017 £000	2016 £000
Unlisted Retail Bonds 7.75%	1,820	1,826

Interest on the Unlisted Retail Bonds 7.75% is chargeable at 4.75% in cash and 3.00% in Rewards4Racing points unless the Bondholder has elected not to receive such points in which case the Bondholder only receives the 4.75% cash element. The Rewards4Racing points are assigned to Jockey Club Racecourses Limited, a fellow group undertaking in return for administering the bond points scheme and honouring the liability.

7. Loss on ordinary activities before taxation

	2017 £000	2016 £000
Loss before taxation is after including:		
Fees payable to the company's auditors for the audit of the company's annual accounts	6	5

The Jockey Club Racecourse Bond Company Plc
Notes to the financial statements
Year ended 31 December 2017

8. Tax on loss on ordinary activities

a) Analysis of charge in the year

	2017 £000	2016 £000
<i>Current tax:</i>		
Adjustments in respect of prior periods	-	-
<i>Total current tax</i>	-	-
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	-
<i>Total deferred tax</i>	-	-
Tax charge on loss on ordinary activities (note b)	-	-

b) Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016: higher than) the standard rate of corporation tax in the year. The differences are explained below:

	2017 £000	2016 £000
Loss on ordinary activities before taxation	(934)	(911)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.0%)	(180)	(182)
<i>Effects of:</i>		
Group relief claimed	(20)	(19)
Transfer pricing adjustments	200	201
<i>Total tax charge for the year</i>	-	-

9. Debtors

	2017 £000	2016 £000
Due within one year		
Amounts due from group undertakings	1,045	-
Accrued income	88	92
Other taxes	27	2
Prepayments	3	2
	1,163	96
Due after more than one year		
Amounts due from group undertakings	20,105	22,000
	21,268	22,096

Amounts due from group undertakings represent interest bearing loans.

The Jockey Club Racecourse Bond Company Plc
Notes to the financial statements
Year ended 31 December 2017

10. Cash and cash equivalents

Cash and cash equivalents are comprised entirely of cash at bank and in hand.

11. Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	151	8
Other taxes	85	85
Unlisted Unsecured Bonds	1,045	-
Accruals	143	271
	1,424	364

12. Creditors: amounts falling due after more than one year

	2017 £000	2016 £000
Unlisted Unsecured Bonds	23,539	24,584
Loan issue costs	(59)	(202)
	23,480	24,382

The Unlisted Unsecured Bonds are repayable at the Bondholder's option on or after the fifth anniversary of issue. The issue dates were 3 June 2013 and 12 June 2013. Bondholders are required to serve at least nine months' notice of redemption. £1,045,000 of bonds were redeemed in September 2017 which are due for repayment in June 2018. Details of the interest terms are shown in note 6. Unlisted Unsecured Bonds are shown in the statement of financial position net of unamortised loan issue costs. During the year, a charge of £143,000 (2016: £143,000) was made in respect of amortisation of these costs.

13. Financial instruments

The carrying values of the company's financial assets and liabilities are summarised by category below:

	2017 £000	2016 £000
Measured at undiscounted amount receivable		
• Amounts due from group undertakings (note 9)	21,150	22,000
• Cash	62	10
	21,212	22,010
	2017 £000	2016 £000
Measured at amortised cost		
• Unlisted Unsecured Bonds (notes 11,12)	24,584	24,584
Measured at undiscounted amount payable		
• Trade and other creditors (note 11)	151	8
• Accruals (note 11)	143	271
	24,878	24,863

The Jockey Club Racecourse Bond Company Plc
Notes to the financial statements
Year ended 31 December 2017

13. Financial instruments (continued)

The company's income, expense, gains and losses in respect of financial instruments are as follows:

	2017 £000	2016 £000
Interest income and expense		
Total interest income for financial assets at amortised cost (note 5)	1,026	1,064
Total interest expense for financial liabilities at amortised cost (note 6)	(1,820)	(1,826)
	<u>(794)</u>	<u>(762)</u>

14. Called up share capital

	2017 £000	2016 £000
Authorised, allotted and fully paid:		
50,000 ordinary shares of £1 each	<u>50</u>	<u>50</u>

15. Related party transactions

No key management are remunerated through this entity, or through any other entity in respect of their services to the company.

16. Ultimate parent undertaking

The company's ultimate parent and controlling undertaking is The Jockey Club, a company incorporated in Great Britain by Royal Charter and registered in England and Wales. The company's immediate parent company is Jockey Club Racecourses (Holdings) Limited, a company registered in England and Wales whose registered address is 75 High Holborn, London, WC1V 6LS. The largest and smallest group for which statutory group accounts are prepared is headed by Jockey Club Racecourses (Holdings) Limited. The group financial statements for Jockey Club Racecourses (Holdings) Limited are publically available from Companies House, Crown Way, Cardiff, CF14 3UZ.