totalizator facilities, and the like as soon as building conditions will permit. It would appear, therefore, that although there is, in principle, no particular distinction to be drawn between racing and trotting clubs on the one hand and other forms of sport on the other in so far as taxation is concerned, yet there is, in virtue of the part which money plays in their activities and in the facility with which they can make profits by reason of the totalizator monopoly which the State secures to them, much justification for the imposition of taxation. The obligation of the clubs to the public should, however, we think, be the first claim upon their resources. It is that public which provides the money which maintains racing in all its forms, and the public which provides the funds which produce a very substantial income in taxation to the Crown.

227. We conclude, therefore, that relief from taxation in the form of income-tax and social security contributions should be extended, but that it should be based as to period and degree upon the circumstances of individual clubs, so that the primary obligation of each club to its patrons will be capable of reasonably early discharge.

228. On such a basis the reserves held by individual clubs should properly be taken into account. For instance, one major club projects an expenditure on maintenance, improvements, and additions which it is expected will aggregate £280,000. As against this, however, it has investments and cash at the bank totalling £218,329. In this amount no account is taken of the value of the club's property or assets other than investments and cash at the bank. It is obvious, of course, that a proper development programme has for long been postponed in the interests of the accumulation of this huge reserve, and that, too, over a protracted period, when the need for amenities was pressing and the means of satisfying the need reasonably easy and cheap.

229. Whilst the maintenance of a reasonable reserve is at all times proper and justifiable, the postponement of the provision of proper amenities in the interests of the mere accumulation of a reserve fund can never be justified; and certainly not through periods when proper amenities are urgently needed and can be provided at a reasonable cost. This case is exceptional in degree, but a great many of the clubs have reserves sufficient or approximately sufficient to provide the necessary amenities if, in the future, building-costs return to a level not greatly in excess of the pre-war level. The existence of these reserves is not indicative of the ability of clubs to pay taxation as in the past and still provide adequate amenities had costs remained more normal. In some instances the reserves might, in such circumstances, have been sufficient. As it is, they are now insufficient and there seems no prospect of such a fall in costs as would restore them to sufficiency.