Company Registration No. 03387163

Spotlight Sports Group Limited

Report and Financial Statements

Year ended 31 December 2022

Spotlight Sports Group Limited

Contents

Spotlight Sports Group Limited

Officers and registered office

Directors

M Renshaw	
S Winder	(Appointed 1 February 2023)
A Byrne	(Resigned 1 February 2023)
M Francis	(Resigned 1 February 2023)

Registered Office

The Old Rectory
Church Street
Weybridge
Surrey
England
KT13 8DE

Bankers

Lloyds Banking Group Plc
25 Gresham Street
London
EC2V 7HN

Auditor

Deloitte LLP
Statutory Auditor
2 New Street Square
London
EC4A 3BZ
United Kingdom

Spotlight Sports Group Limited

Strategic report

The directors present their strategic report and the audited financial statements for the year ended 31 December 2022 as required under S414c CA 2006. The purpose of the Strategic Report is to inform members of the company and help them assess how the directors have performed their duty under Section 172 (duty to promote the success of the company).

Principal activity

The principal activities of the company in the year under review was the generation of horseracing and sports betting content for a range of platforms, in particular for the Racing Post newspaper, Racing Post website and Racing Post racing mobile app.

Business review

The business successfully continued its transition from a traditional newspaper delivering content over one daily medium to providing constant and real-time content for delivery across various platforms. The transition is necessary to meet the needs of the consumer who wishes to absorb quality journalism across a myriad of alternative digital platforms, in addition to print.

The company continued its investment in mobile and web with a capital expenditure programme dedicated to bringing to market cutting-edge digital products which delight existing users, and attract a new, more diverse audience to Spotlight Sports Group brands.

The Racing Post mobile app continues to benefit from seven high-profile bookmaker partners on the platform, delivering strong betting revenues.

As with most other newspaper publishers, the traditional print-side of the business continues to face challenges. The Racing Post's loyal readership remains, and it is this loyalty, together with unwavering support from the horseracing and betting industry which has helped to restrict the business's print declines. During the period under review and into 2023 the industry has faced unprecedented pressure on newsprint costs, the underlying causes of which are diverse and complex, and have been exacerbated by the ongoing war in Ukraine.

The growth in digital revenues, whilst successfully managing volume decline within the traditional print-side of the business enabled the company to generate revenues of £59.7 million (2021: £55.3 million) and Adjusted EBITDA (earning before interest, taxation, depreciation and amortisation) as defined on page 5 of this Strategic Report of £13.6 million (2021: £17.0 million). The company's results for the year ended 31 December 2022 are set out on page 13.

Section 172(1) statement

Section 172(1) of the Companies Act (2006) requires directors to act in a way that they consider, in good faith, would be most likely to promote the success of a company. In doing so, directors must take into consideration the interests of the various stakeholders, the impact of its operations on the community and the environment, take a long-term view on consequences of the decisions they make as well as aim to maintain a reputation for high standards of business conduct and fair treatment between the members.

In complying with the requirements of Section 172(1), the Directors should be able to ensure that all decisions are made in a responsible and sustainable way for the benefit of all stakeholders. In accordance with the requirements of the

Spotlight Sports Group Limited

Strategic report (continued)

Section 172(1) statement (continued)

Companies (Miscellaneous Reporting) Regulations 2018, the below explains how the Directors have discharged their duties under Section 172(1). This section serves as the Company's Section 172(1) Statement.

The company's stakeholders are considered to comprise its employees, customers and suppliers. Details of how the Board seeks to understand the needs and priorities of the company's stakeholders and how these are taken into account during all of its discussions and as part of its decision-making are set out below:

Employees

The board recognises that is has an important role in accessing and monitoring that the desired culture is embedded in the values, attitudes, and behaviours. Training schemes are in place to ensure the company continues to invest in the development of staff to foster a culture of continuous improvement.

Engagement with and involvement of employees in key decisions comprises team meetings, town halls, employee surveys, performance appraisals and development plans. During the year a new HR system was rolled out to employees.

Customers

The business continues its transition from a traditional newspaper delivering content over one daily medium to providing constant and real-time content for delivery across various platforms to meet the needs of the customer who wishes to absorb quality journalism and bet-promoting content across a myriad of alternative digital platforms, in addition to print.

The group continued its investment in mobile and web technology to bring to market cutting-edge digital products which delight existing users, and attract a new, younger audience to the Spotlight Sports Group brands. We regularly ask our customers for feedback on how we can improve our digital products.

We have regular meetings with our business-to-business customers at both operational and strategic level and have clear partnership agreements in place. During the year we engaged directly with our customers at industry conferences both in Europe and America.

Suppliers

The company has a relatively stable supplier base. Strong relationships have been built over several years and we listen carefully to their concerns act accordingly with the aim of working closely together to create valuable products for our customers, whilst also acknowledging their own goals and strategic objectives.

Global supply chain challenges continued to dominate engagement with suppliers, namely inflationary cost pressures experience by every industry. We have regular meetings at both operational and strategic level to discuss such challenges, with clear service agreements in place. During the year we engaged directly with our suppliers at industry conferences both in Europe and America.

We are committed to acting responsibly and with integrity, which is reflected through our values. We expect our third parties to trade with honesty and integrity.

Section 172(1) statement (continued)

Community and the environment

The board recognises the important role its products play in the sport and betting eco-system and is deeply committed to collaboration and engagement with its stakeholders. The directors always seek to promote and advocate responsible gambling, being a founding member of The Responsible Affiliates in Gambling (RAIG), an independent body set up to help raise standards in the sector, particularly in respect of responsible gambling. The association aims to foster wider initiatives in the UK affiliate marketing sector to promote social responsibility and help create a safer gambling environment for consumers. As a condition of membership, each member will be subject to an annual social responsibility audit which will be conducted by an independent third party.

We report annually on UK energy use and associated GHG emissions and have implemented several initiatives to improve performance on these measurements including optimising air conditioning controls for all offices to reduce energy consumption.

Future developments

During 2023, the company will maintain its focus on growing and investing in its digital business, whilst seeking to manage volume decline within the print business. The company's success to date across mobile, web and business-to-business means the audience interacting with its portfolio of different brands and products continues to grow.

The company will also look to lead the wider industry by continuing to promote and advocate responsible gambling.

Principal risks and uncertainties

The company's revenues are predominantly generated from sport and horseracing worldwide and a complete cessation of one or both would have a significant impact e.g. COVID-19 pandemic or Equine Flu. However, the company has a number of mitigating actions it can take to limit the impact e.g. reduced marketing and capital expenditure.

In common with most publishers the company is reliant on circulation and advertising revenues although it is proportionately less reliant on advertising than its peers. General economic conditions and the financial health of our customers affect the performance of our business. However, the company is not overly reliant on any single customer and we derive less of our revenue from more cyclical advertising than other media publishers. We retain the support of our principal advertising customers and continue to attract new ones.

Financial risk management

The company is exposed to financial risk through its financial assets and liabilities. The most important components of financial risk are currency risk, credit risk and liquidity risk.

Currency risk

Currency risk is mitigated where possible through goods, services and financing sourced in currencies matching those foreign currency inflows.

Credit risk

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for bad and doubtful debts, estimated based on prior experience and assessment of the economic climate.

Liquidity risk

Liquidity risk arises through timing differences between cash inflows and outflows. These risks are managed through the maintenance of sufficient cash balances and unutilised credit facilities estimated to be required to meet future requirements. These resources together with the anticipated cash generation are regarded as sufficient to meet the anticipated funding requirements of the company for at least the next 12 months.

Spotlight Sports Group Limited

Strategic report (continued)

Key performance indicators

The directors use turnover and adjusted EBITDA, defined below, as key performance indicators to set targets and measure performance. These KPI's are deemed to be the best measures of growth, profitability, financial health and performance management.

	Year ended 31 December 2022 £'m	Year ended 31 December 2021 £'m
Turnover	59.7	55.3
Operating (loss)/profit	(1.3)	3.4
Depreciation of tangible fixed assets (note 10)	0.5	0.4
Amortisation of capitalised development costs (note 9)	8.8	7.6
Amortisation of goodwill and other intangible assets (note 9)	5.6	5.6
Adjusted EBITDA	13.6	17.0

The increase in turnover noted above is predominantly driven by growth in B2B revenues. Cost pressures faced by the business e.g. newsprint prices have result in a reduction in Adjusted EBITDA from 2021.

Approved and signed by the directors

M Renshaw

Director

26 April 2023

Spotlight Sports Group Limited

Directors' report

The present membership of the Board and the directors who served throughout the year are set out on page 1.

Dividends and transfer to reserves

No dividend will be paid for the year ended 31 December 2022 (2021: £nil). A retained loss for the financial year of £1,580,000 (2021: £1,943,000 profit) has been transferred to reserves.

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

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.

The current economic conditions create uncertainty particularly over (a) the level of demand for the company's products and (b) increasing print costs.

The company generates horseracing and sports betting content for a range of platforms. It also provides digital marketing and translation services to a range of customers across multiple industries.

Although the company generated a retained loss for the financial year of £1.3m (2021: £1.4m profit), and at the year end held liabilities of £43.1m (2021: £36.5m) and cash of £1.0m (2021: £2.2m), this is largely to the structuring of intercompany transactions and the amortisation of goodwill and other intangible assets. The company's operating activities are cash generative and has access to an additional £5m via a revolving credit facility.

The directors have a reasonable expectation that the company and the group, which the company is dependent upon for liquidity purposes given the debt structuring, have adequate resources to continue in operational existence for a period of at least 12 months after the date of signing the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Strategic report

The information that fulfils the Companies Act requirements of the business review is included in the Strategic report. This includes a review of the development of the business of the company during the year, of its position at the end of the year, and of the likely future developments in its business.

Similarly, the company's financial risk management objectives, policies and exposure are stated in the Strategic report.

Research and development

During 2022 the company continued to significantly invest in the development of digital products (see note 9). The company invested £9.8m (2021: £10.1m) in the development of its digital products focused on transforming the front-end digital proposition, aimed at improving the level of engagement on Racing Post betting platforms.

Political and charitable donations

During the year ended 31 December 2022 contributions for charitable purposes totalled £3,570 (2021: £6,120), principally to horse racing and sport-related charities. No political donations were made during either year.

Events after the balance sheet date

The directors are not aware of any matter or circumstance occurring since 31 December 2022 that has significantly or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

Spotlight Sports Group Limited

Directors' report (continued)

Employee related matters

Disabled persons

The company's policy is to give fair and equal consideration to the recruitment, employment and career development of disabled persons where suitable opportunities arise, and to provide such training and other assistance as may be necessary and practicable. Employees who become disabled and are unable to continue in their existing jobs are given the opportunity to be retrained for suitable alternative employment.

Employee engagement

Communication and participation of employees is achieved through both formal and informal channels. The means of communication range from formal union procedures to staff briefings and formal and informal management briefings where appropriate. Communication is by personal letter, e-mail or circular to employees individually. In addition, the Chief Executive presents a quarterly update to the staff (also refer to s172(1) statement).

Existence of branches outside the UK

The company has branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK as follows: Spotlight Sports Group Limited (Ireland Office).

Streamlined Energy and Carbon Regulations

The UK energy use of the company and the associated GHG emissions are disclosed within the Directors' report of Fence Topco Limited and are not managed separately.

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.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved and signed by the directors

M Renshaw

Director

26 April 2023

Spotlight Sports Group 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Spotlight Sports Group Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Spotlight Sports Group Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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 which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

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).

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 Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements these included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax and valuations regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- We identified a significant risk of revenue misstatement associated with the valuation of accrued betting revenue due to management judgement involved in assessing its recognition at year end.

    We obtained an understanding of controls management have in place in order to reconcile revenue received from bookmaker's reports to accrued revenue, specifically evaluating the design, implementation and operating effectiveness of this control.

Independent auditor's report to the members of Spotlight Sports Group Limited (continued)

We performed substantive audit procedures for the betting revenue recognised, with specific focus on the accuracy of accrued revenue. For each sample selected, we obtained the underlying contract and purchase order to verify the revenue entitled to be recognised. Where available, we obtained sales invoices that were raised post year end and traced amounts being received through to bank to verify the accuracy and recoverability of the accrued income balance.

For instances where subsequent invoicing and cash collection had not taken place, we obtained email communications with customers to gain assurance over the existence of the balance, as well as agreeing this to third party affiliate reporting and assessing the payment history of the customer to conclude on the recoverability of the selected balances.

- We identified a significant risk around the existence and accuracy of the capitalisation of internal staff costs on development projects.

We considered the controls management have in place in order to review the monthly actuals vs budget to challenge capitalised staff costs, specifically performing design and implementation work around this control.

We assessed management's process which defines the five key research and development milestones. This included the recognition criteria used during the engineering phase and review of a final product. Project teams' time was allocated to the relevant milestones based on the project timeline as well as project manager judgement in respect of the time spent on each particular task.

We held meetings with project managers across the business to gain an understanding of developer's roles on projects and obtained evidence of the enhancements made to websites and applications during the financial year.

- We identify a significant risk around the classification of shareholder loan notes. Management disclose a critical accounting judgement in respect of the allocation between current and non-current of their shareholder loan notes in note 2 to the financial statements.

We obtained an understanding of relevant controls related to the company's EBITDA forecasts, specifically performing design and implementation work around this control.

We challenged the directors' judgements regarding the appropriateness of classifying loans based on our review of the contractual terms of the loan note, banking and investor agreements.

We challenged the reasonableness of key inputs to management's forecast future leverage ratio calculations by reference to historical budgeting accuracy and most recent financial performance.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent auditor's report to the members of Spotlight Sports Group Limited (continued)

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

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 any material misstatements in the strategic report or 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, 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.

We have nothing to report in respect of these matters.

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.

Kim Burge

Kim Burge FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

26 April 2023

Spotlight Sports Group Limited

Profit and loss account
For the year ended 31 December 2022

	Notes	Year ended 31 December 2022 Total £'000	Year ended 31 December 2021 Total £'000
Turnover	3	59,727	55,343
Cost of sales		(18,351)	(14,200)
Gross profit		41,376	41,143
Administrative expenses			
- Depreciation of tangible fixed assets	10	(504)	(382)
- Amortisation of capitalised development costs	9	(8,848)	(7,618)
- Amortisation of goodwill and other intangible assets	9	(5,634)	(5,634)
- Other administrative expenses		(26,250)	(22,807)
Distribution costs		(1,440)	(1,296)
Operating (loss)/profit		(1,300)	3,406
Profit/(loss) before finance income/(costs)		(1,300)	3,406
Foreign exchange loss on foreign currency holdings		(1)	(6)
Net finance income	4	321	280
(Loss)/profit before taxation	5	(980)	3,680
Tax on (loss)/profit	8	(600)	(1,737)
(Loss)/profit for the financial year		(1,580)	1,943

All the above results are derived from continuing operations.

Spotlight Sports Group Limited

Statement of comprehensive income
Year ended 31 December 2022

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
(Loss)/profit for the financial year		(1,580)	1,943
Currency translation on foreign currency investments	9	267	(505)
Total comprehensive (expense)/income		(1,313)	1,438

Spotlight Sports Group Limited

Balance sheet
As at 31 December 2022

	Notes	31 December 2022 £000	31 December 2021 £000
Fixed assets			
Goodwill	9	21,295	26,662
Intangible assets	9	14,984	14,073
Tangible assets	10	723	839
Investments	11	23,637	23,090
Debtors: amounts falling due after one year	12	191,210	-
		251,849	64,664
Current assets			
Debtors: amounts falling due within one year	13	14,394	194,747
Cash at bank and in hand		1,021	2,277
		15,415	197,024
Creditors: amounts falling due within one year	14	(43,147)	(36,531)
Net current assets		(27,732)	160,493
Total assets less current liabilities		224,117	225,157
Provisions for liabilities	15	(900)	(627)
Net assets		223,217	224,530
Capital and reserves			
Called up share capital	16	190,000	190,000
Profit and loss account		38,259	39,839
Foreign exchange reserve		(5,042)	(5,309)
Total shareholders' funds		223,217	224,530

These financial statements of Spotlight Sports Group Limited, registered number 03387163, were approved by the directors and authorised for issue on 26 April 2023.

Signed on behalf of the directors

M Renshaw

Director

Spotlight Sports Group Limited

Statement of changes in equity
For the year ended 31 December 2022

	Notes	Called-up share capital £'000	Foreign exchange reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2021		190,000	(4,804)	37,896	223,863
Profit for the financial year		-	-	1,943	1,943
Currency translation on foreign currency investments	9	-	(505)	-	(505)
Total comprehensive income		-	(505)	1,943	1,438
At 31 December 2021		190,000	(5,309)	39,839	224,530
At 1 January 2022		190,000	(5,309)	39,839	224,530
Loss for the financial year		-	-	(1,580)	(1,580)
Currency translation on foreign currency investments	9	-	267	-	267
Total comprehensive income		-	267	(1,580)	(1,313)
At 31 December 2022		190,000	(5,042)	38,259	223,217

Notes to the financial statements
For the year ended 31 December 2022

1. Accounting policies

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

a. General information and basis of accounting

Spotlight Sports Group Limited is a company incorporated in the United Kingdom under the Companies Act. The company is a private company limited by shares and is registered in England and Wales and its registration number is 03387163. The address of the registered office is The Old Rectory, Church Street, Weybridge, Surrey, England, KT13 8DE. The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 5.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Spotlight Sports Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. The financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Spotlight Sports Group Limited meets the definition of a qualifying entity under FRS 102, being a subsidiary entity in the group headed by Fence Topco Limited, and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

b. Basis of consolidation

Spotlight Sports Group Limited is a subsidiary in the group headed by Fence Topco Limited which prepares consolidated accounts. The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

The company is exempt under Section 400 of the Companies Act 2006 from preparing group financial statements for the company and its subsidiaries, as the company is a wholly owned subsidiary of a company incorporated in the United Kingdom. Therefore, these financial statements represent those of the company and not the group.

c. 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.

The current economic conditions create uncertainty particularly over (a) the level of demand for the company's products and (b) increasing print costs.

The company generates horseracing and sports betting content for a range of platforms. It also provides digital marketing and translation services to a range of customers across multiple industries.

1. Accounting policies (continued)

c. Going concern (continued)

Although the company generated a retained loss for the financial year of £1.3m (2021: £1.4m profit), and at the year end held liabilities of £43.1m (2021: £36.5m) and cash of £1.0m (2021: £2.2m), this is largely to the structuring of intercompany transactions and the amortisation of goodwill and other intangible assets. The company's operating activities are cash generative and has access to an additional £5m via a revolving credit facility.

The directors have a reasonable expectation that the company and the group, which the company is dependent upon for liquidity purposes given the debt structuring, have adequate resources to continue in operational existence for a period of at least 12 months after the date of signing the financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

d. Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

e. Intangible assets – research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the group is expected to benefit. This period is three years. Provision is made for any impairment.

f. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Computers	33.3% per annum
Office furniture	33.3% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

1. Accounting policies (continued)

g. 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.

(i) 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.

(i) Financial assets and liabilities (continued)

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 are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the 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.

1. Accounting policies (continued)

g. Financial instruments (continued)

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, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

In the company balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

(iii) Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iv) Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to interest rate movements. The company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(v) 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 since the transaction took place. 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.

h. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

1. Accounting policies (continued)

h. Impairment of assets (continued)

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.
For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

i. Taxation

Current tax, including UK corporation tax and foreign 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 tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

1. Accounting policies (continued)

i. Taxation (continued)

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

j. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

k. Employee benefits

The company contributes to the Racing Post Group Stakeholder Pension Scheme, a defined contribution scheme. For this scheme the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

l. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas investments are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity.

Other exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

Spotlight Sports Group Limited

Notes to the financial statements
For the year ended 31 December 2022

1. Accounting policies (continued)

m. Leases

The company as lessee

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

n. Borrowing costs

Borrowing costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

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. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Capitalisation of internally generated development costs

In the year ended 31 December 2022 the group, headed by Fence Topco Limited, continued the policy of capitalising eligible internally generated intangible assets. The group carries out a review of costs to assess those costs that meet the criteria for capitalisation under FRS 102. In 2022 £4.9m of internally generated development costs were capitalised (2021: £4.6m). The useful economic life is determined to be 3 years and is in line with the other development costs.

Key source of estimation uncertainty - valuation of investments

In determining whether the valuation of investments require impairment, management considers whether there are indicators of impairment in relation to the cash generating unit to which the investment has been allocated. If relevant, management measures the recoverable amount at the higher of fair value less costs to sell and value in use. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Notes to the financial statements
For the year ended 31 December 2022

3. Turnover

The company's revenues and costs are primarily derived from and incurred in the UK and Ireland.

The company's revenues are split between print and digital offerings.

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Print	29,291	27,783
Digital	30,436	27,560
	59,727	55,343

4. Net finance income/(costs)

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Loan note interest receivable	311	280
Interest payable	(5)	-
Interest receivable	15	-
	321	280

Notes to the financial statements
For the year ended 31 December 2022

5. (Loss)/profit before taxation

(Loss)/profit before taxation is stated after charging / (crediting):

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Amortisation of goodwill (note 9)	5,634	5,634
Amortisation of non-goodwill intangibles (note 9)	8,848	7,618
Depreciation of tangible fixed assets (note 10)	504	382
R&D expense which did not meet capitalisation criteria	3,460	2,738
Operating lease rentals	846	846
Foreign exchange loss	53	282

The auditor's remuneration for the audit of the company's annual accounts for the year ended 31 December 2022 was £100,000 (2021: £71,487). Fees payable to the auditor for other assurance services pursuant to legislation were £nil (2021: £6,500).

Spotlight Sports Group Limited

Notes to the financial statements
For the year ended 31 December 2022

6. Staff costs

Staff costs are as follows:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Wages and salaries	17,921	18,209
Social security costs	2,109	2,007
Pension costs of defined contribution and money purchase schemes	861	983
	20,891	21,199

Additionally, qualifying staff costs of £4.9m (2021: £4.6m) have been capitalised as development costs– refer to note 9.

The average monthly number of employees (including executive directors) was:

	No.	No.
Sales and administration	203	175
Content	187	172
	390	347

Pensions

The company contributes to the Spotlight Sports Group Stakeholder Pension Scheme, a defined contribution scheme.

For the Spotlight Sports Group Stakeholder Pension Scheme, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

7. Directors' remuneration and transactions

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Directors' remuneration		
Emoluments	214	278
Company contributions to money purchase pension schemes	15	15
	229	293
The number of directors who:		
Are members of a money purchase scheme	1	1

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Remuneration of the highest paid director:		
Emoluments	214	278
Company contributions to money purchase pension schemes	15	15
	229	293

Notes to the financial statements
For the year ended 31 December 2022

8. Tax on (loss)/profit

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Current tax:		
UK Corporation tax		
Current tax on income for the year	342	910
Adjustments for prior years	(107)	167
Foreign tax	38	140
Total current tax	273	1,217
Deferred tax:		
Origination and reversal of timing differences	213	521
Adjustment in respect of previous years	43	(128)
Effect of decreased tax rates	71	127
Total deferred tax	327	520
Tax charge in year	600	1,737

Reconciliation of tax charge

The standard rate of current tax based on the UK standard rate of corporation tax is 19% (2021: 19%). The actual rate of current tax is more than 19% (2021: more than 19%) for the reasons set out in the following reconciliation:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Company profit/(loss) before tax	(980)	3,680
Tax on profit at standard UK corporation tax rate of 19 % (2021: 19%)	(186)	699
Expenses not deducted for tax purposes	1,709	1,165
Income not taxable	(240)	(314)
Transfer pricing adjustments	1,619	1,528
Foreign tax charge	23	(73)
Group relief	(2,331)	(1,434)
Adjustment in respect of prior years	(65)	39
Changes in tax rates	71	127
Total tax charge	600	1,737

8. Tax on profit on ordinary activities (continued)

Following enactment of Finance Act 2015, the main corporation tax rate is currently 19%. It was announced in March 2017 that the rate would be reduced to 17% from 1 April 2020. However, at Budget 2020, the government announced that the corporation tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%. Taxes and deferred taxes at the balance sheet date have been measured using these tax rates and reflected in these financial statements.

There is no expiry date on timing differences, unused tax losses or tax credits.

9. Intangible fixed assets

	Development costs £'000	Goodwill £'000	Total £'000
Cost			
At beginning of year	57,209	187,941	245,150
Additions	9,759	-	9,759
At end of year	66,968	187,941	254,909
Accumulated amortisation and impairment			
At beginning of year	43,136	161,279	204,415
Charge for the year	8,848	5,634	14,482
Foreign exchange adjustment	-	(267)	(267)
At end of year	51,984	166,646	218,630
Net book value			
At 31 December 2022	14,984	21,295	36,279
At 31 December 2021	14,073	26,662	40,735

Development costs have been capitalised in accordance with the requirements of FRS 102 and are therefore not treated, for dividend purposes, as a realised loss. Development costs are being amortised over an estimated useful life of three years.

During the year ended 31 December 2022, the company carried out periodic reviews of costs to assess those that meet the criteria for capitalisation under FRS 102. The internally generated amounts that were capitalised were £4.9 million (2021: £4.6 million). Development costs have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss.

Goodwill is being written off on a straight line basis over a year of 20 years to 1 September 2026. At 31 December 2022 the remaining amortisation period is 3 years and 8 months.

Notes to the financial statements
For the year ended 31 December 2022

10. Tangible fixed assets

	Computers £'000	Office furniture £'000	Total £'000
Cost			
At beginning of year	3,301	1,714	5,015
Additions	388	-	388
At end of year	3,689	1,714	5,403
Accumulated depreciation			
At beginning of year	2,472	1,704	4,176
Charge for the year	497	7	504
At end of year	2,969	1,711	4,680
Net book value			
At 31 December 2022	720	3	723
At 31 December 2021	829	10	839

11. Investments

Spotlight Sports Group Limited holds £1,940,315 of loan notes issued by a parent company, Fence Midco Limited. These notes attract interest at 10% per annum. The three subsidiaries listed below are all wholly owned and their registered office address is The Old Rectory, Church Street, Weybridge, Surrey, England, KT13 8DE.

	31 December 2022 £'000	31 December 2021 £'000
Loan notes	1,940	1,854
Rolled up interest on loan notes – Fence Midco	1,600	1,220
Subsidiary undertaking - Bloodstock Media Limited	1,198	1,198
Subsidiary undertaking - Apsley International Limited	5,961	5,961
Subsidiary undertaking - Independent Content Services Ltd	12,429	12,429
Investment in joint venture	509	428
	23,637	23,090

11. **Investments (continued)**

Share of Joint Venture assets	31 December 2022 £'000	31 December 2021 £'000
At beginning of year	428	374
Withdrawals	(119)	-
Share of profit	200	-
Additions	-	54
At end of year	509	428

The Company has the following investments in subsidiary undertakings, associates and other significant investments.

Subsidiary undertakings	Country of incorporation	Principal activity	Holding %
Raceform Limited	United Kingdom	Publication of racing newspapers, periodicals and annuals	100
Bloodstock Media Limited	United Kingdom	Bloodstock industry marketing	100
Apsley Group International Ltd	United Kingdom	Digital sports tipping platforms	100
90 Ltd	United Kingdom	Online reputation management	100
ICS-Digital Limited Liability Partnership	United Kingdom	Production and management of audio, text and image content	100
Guess What Limited	United Kingdom	Holding company	100
Independent Content Services Limited	United Kingdom	Production and management of audio, text and image content	100
Before The Off Ltd	United Kingdom	Production and management of audio, text and image content	100
Intellr Inc	United States of America	Digital sports tipping platform	100
FA Media LLC	United States of America	Fantasy sports technology and media company	100
Bloodstock Media Pty Ltd	Australia	Bloodstock industry marketing	100
AS Spotlight Digital S.L.	Spain	Digital sports betting platform	50

The subsidiary undertakings incorporated in the United Kingdom are registered at the address The Old Rectory, Church Street, Weybridge, Surrey, England, KT13 8DE. Intellr, Inc. is registered at Corporation Trust Center, 1209 North Orange Street, Wilmington, New Castle, Delaware 19801. FA Media LLC is registered at 419 Main Street, Suite 130, Huntington Beach, CA 92648. The Australian entity Bloodstock Media Pty Ltd is registered at Level 23, 480 Queen Street, Brisbane, QLD, 4000. The joint venture entity, AS Spotlight Digital S.L., is registered at Calle Valentin Beato 55, Madrid, 28037. All shareholdings relate to classes of ordinary share capital, the holding in AS Spotlight Digital S.L. equates to 50% control and voting rights of the entity. On the 31st of March 2023 100% of the share capital of FA Media LLC, a subsidiary undertaking, was disposed of to a third party.

Spotlight Sports Group Limited

Notes to the financial statements
For the year ended 31 December 2022

12. Debtors: amounts falling due after one year

	31 December 2022 £'000	31 December 2021 £'000
Amount owed by fellow subsidiaries	191,210	-
	191,210	-

The amounts owed by fellow subsidiaries and amounts owed by immediate parent undertaking are repayable on demand. No interest is charged on intercompany balances unless otherwise stated. The recoverability of such balances has been reviewed by the directors using expected future cash flow data and valuation tools. Following this review, the directors deem all balances owed by subsidiaries to be recoverable.

On review and consideration of business strategy, leverage ratio and cashflow forecasts, management no longer intends to repay such debts within the next 12 months, consequently they have been deemed to fall due after more than one year. In the prior year the view was that such debts would be repaid within 12 months and were therefore classified as falling due within one year (see note 13).

13. Debtors: amounts falling due within one year

	31 December 2022 £'000	31 December 2021 £'000
Trade debtors	4,174	5,906
Amount owed by immediate parent undertaking	2,100	2,100
Amount owed by fellow subsidiaries	-	176,876
Other debtors	400	424
Prepayments and accrued income	7,611	8,422
Deferred tax	65	119
Corporation tax	44	900
	14,394	194,747

The deferred tax asset included in the accounts comprises:

	31 December 2022 £'000	31 December 2021 £'000
Depreciation in excess of capital allowances	-	-
Short term timing differences	65	119
	65	119

The movement in the deferred tax asset was as follows:

	31 December 2022 £'000	31 December 2021 £'000
At beginning of the year	119	11
Current year credit	(96)	(20)
Adjustment in respect of previous years	42	128
At end of the year	65	119

Notes to the financial statements
For the year ended 31 December 2022

14. Creditors: amounts falling due within one year

	31 December 2022 £'000	31 December 2021 £'000
Trade creditors	1,881	1,907
Amount owed to fellow subsidiaries	28,567	21,924
Other taxation and social security	559	1,469
Other creditors	165	1,197
Accruals and deferred income	11,975	10,034
	43,147	36,531

The amounts owed to fellow subsidiaries are non-interest bearing and repayable on demand.

15. Provisions for liabilities

	Deferred tax liability	Total year ended 31 December 2022	Deferred tax liability	Total year ended 31 December 2021
	£'000	£'000	£'000	£'000
At beginning of year	627	627	-	-
Additions in the year	273	273	627	627
Paid in the year	-	-	-	-
Unused amounts reversed	-	-	-	-
At end of year	900	900	627	627

16. Called up share capital and reserves

	31 December 2022 £'000	31 December 2021 £'000
Authorised:		
2,000,000,000 ordinary shares of £1 each (31 December 2021: 200,000,000 ordinary shares of £1 each)	200,000	200,000
Called up, allotted and fully paid:		
190,000,002 ordinary shares of £1 each (31 December 2021: 190,000,002 ordinary shares of £1 each)	190,000	190,000

The company has one class of Ordinary shares, which carry no right to fixed income. The Ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption. The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses. The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

Spotlight Sports Group Limited

Notes to the financial statements
For the year ended 31 December 2022

17. Guarantees and other financial commitments

The company is a guarantor in respect of the bank borrowings of Fence Bidco Limited, a fellow subsidiary undertaking in the Fence Topco Group. There is a fixed and floating charge over the property and intellectual property owned by the company.

18. Financial commitments

The company has future minimum lease payments payable under non-cancellable operating leases totalling:

	31 December 2022 £'000	31 December 2021 £'000
Within one year	1,058	1,065
Between two and five years	3,704	4,243
After five years	-	529
	4,762	5,837

19. Employee benefits

Defined contribution schemes

The company contributes to the Spotlight Sports Group Stakeholder Pension Scheme, a defined contribution scheme.

For the Spotlight Sports Group Stakeholder Pension Scheme, the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The total expense charged to profit or loss in the year ended 31 December 2022 was £1,063,000 (2021: £1,206,000). At the reporting date there were outstanding contributions of £190,183 (2021: £203,082).

20. Related party transactions

The company holds an investment in a joint venture with C&N Sporting Risk Ltd (note 11) of which the company's share is valued at £0.33m (2021: £0.33m).

The company holds an investment in a joint venture with Anglo Printers Limited in Racecard Publishing Ireland Limited (note 11) of which the company's share is valued at £0.18m (2021: £0.10m)

The company is a wholly owned subsidiary within a group, and utilises the exemption contained in FRS 102, "Related Party Disclosures", not to disclose any transactions with entities that are part of the group.

21. Controlling party

The company's immediate parent undertaking is Stradbrook Holdings Limited, a company registered in England and Wales whose registered office is The Old Rectory, Church Street, Weybridge, Surrey, England, KT13 8DE.

In the opinion of the directors, the company's ultimate controlling party at 31 December 2022 was Exponent Private Equity Partners III LP, a limited partnership incorporated in United Kingdom and registered in England and Wales at 30 Broadwick Street, London, W1F 8JB. The smallest and largest group in which the company is consolidated is Fence Topco Limited, the accounts for which can be obtained from Companies House. The registered office address for Fence Topco Limited is The Old Rectory, Church Street, Weybridge, Surrey, England, KT13 8DE. The consolidated financial statements are available from Companies House https://find-and-update.company-information.service.gov.uk/.