

Racing UK Limited

Directors' report and financial statements

Year ended 31 December 2016

Registered no. 04809913



Strategic report for the year ended 31 December 2016

The directors present their strategic report with the financial statements of Racing UK Limited ("the Company") for the year ended 31 December 2016.

Principal activities, review of business and future developments

The Company's principal activity is the management and exploitation of a range of media rights on behalf of its 34 British racecourse licensors. These rights are primarily exploited via the following channels:

- Pay TV for residential and commercial premises
- International channel to wagering outlets
- Video streaming via RacingUK.com and Bet2View licences with leading bookmakers
- Domestic terrestrial rights
- International terrestrial rights

In addition to this the Company provides a range of services to Amalgamated Racing Limited, operators of Turf TV, a channel that broadcasts racing from member racecourses exclusively to Licensed Betting Offices in the UK and Republic of Ireland. Amalgamated Racing Limited is a joint venture formed by the shareholders of the parent company, Racecourse Media Group Limited, and Timeweave Gaming Limited, a subsidiary of Timeweave plc.

The Company continued to improve its performance with turnover growing by 13% in the year. [The extension after the balance sheet date of the media rights licences granted to the Company for a further term through to December 2023 provides the directors with significant confidence in the future of the Company]. Licence fees are paid to licensors in accordance with the terms of the licences. The variable nature of licence fees means that payments flex in accordance with the performance of the Company and accordingly the directors have confidence in the financial stability of the business. Licence fee payments are detailed in note 16 to the accounts.

After the balance sheet date, the Company completed the addition of three new licensor racecourses (Leicester, Stratford and Taunton) with effect from various dates in 2017, taking the total number of member racecourses to 37.

The Company's balance sheet discloses shareholder's funds amounting to £2,551,000, as shown on page 7. This is in line with the directors' expectations. The directors' ability to vary the timing of licence fee payments together with the level of cash balances and the funding facilities available provides sufficient working capital for the business to finance its activities.

The board has prepared financial forecasts for the current and subsequent trading periods, which indicate that the Company will have sufficient resources to continue in operational existence for the foreseeable future and enable it to meet its liabilities as they fall due.

The Company's operational performance in the current financial year is in conformity with these forecasts and, based upon all the evidence available to the board, the directors consider it appropriate to prepare the financial statements on the going concern basis.

The directors believe that the business has good growth prospects and have prepared budgets and plans that reflect this.

Strategic report for the year ended 31 December 2016 (cont'd)**Strategy**

The Company's principal objective is to maximise the value of licence fees payable to its licensor racecourses and to deliver sustainable levels of growth in the value of those licence fees.

This is achieved through exploiting the content via direct broadcast and onward licence arrangements with broadcasters and distributors. There has been no change in the strategy of the business going forward.

Principal risks and uncertainties

The principal risks and uncertainties affecting the Company are as follows:

Media rights licences.

The business relies on media rights licences granted by its licensor racecourses. After the balance sheet date, substantially all racecourse licence agreements were extended through to 31 December 2023. This provides an appropriate level of confidence that the business will be able to continue to operate for the foreseeable future.

Economic environment

As a discretionary purchase, Pay TV subscriptions could potentially be exposed to a reduction in consumer demand should the economic environment worsen. However, the trading history of the Racing UK channel has shown a high level of resilience and consequently the directors believe that the quality of content of the channel and the strength of the home entertainment sector in the recent years provides significant mitigation to this risk.

A consequence of the UK leaving the European Union is the risk of a negative impact on the economy. The directors at this early stage have not undertaken a detailed review of this but it is believed that the business has sufficient headroom to deal with all reasonable scenarios.

Reliance on key distributors

The business' exposure to key distributors is limited as a result of directly retailing the residential channel and distributing content internationally via a joint venture (GBI Racing Limited) with Attheraces Holdings Limited.

Currency fluctuation

The business is exposed to the effects of currency fluctuation through its international activities. The directors consider the level of this exposure adequately manageable within the scale of the overall business. The Company has utilised a USD forward contract for this purpose.

The Company's ability to adjust ongoing licence fee payments to racecourses together with GBI Racing Limited's policy of currency hedging substantially mitigates the impact of these risks and uncertainties.

Financial risk management objectives and policies.

Details of the Company's financial risk management objectives and policies are set out in note 20 to the financial statements.

Strategic report for the year ended 31 December 2016 (cont'd)**Key Performance Indicators ("KPIs")**

The Company has made good progress during the year. The Company uses turnover and licence fees as performance indicators. Turnover was £58,826,000 (2015: £52,163,000). Licence fees are shown within note 3.

Report of the Directors for the year ended 31 December 2016

The directors present their report with the financial statements of Racing UK Limited ("the Company") for the year ended 31 December 2016. Information regarding strategy, principal risks and uncertainties, and key performance indicators is not shown in the Directors' report because it is shown in the Strategic report in accordance with the Companies Act 2006 s414 (11).

Results and dividends

The detailed results for the year and transfer to reserves of the retained profit of £793,000 are set out in the Statement of Comprehensive Income and Retained Earnings on page 6.

The directors do not recommend the payment of a dividend (2015: £nil).

Directors

The directors shown below held office during the period from 1 January 2016 to the date of this report.

A S Binns
R J N FitzGerald
E P Gretton
N J Mills
M J Stevenson

Charitable and political donations

During the financial year the Company made donations to charitable organisations amounting to £7,007 (2015: £4,302). No payments were made for political purposes.

Third party indemnity provision for directors

Qualifying third party indemnity provision is in place for the benefit of the directors of the Company.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report and the 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 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 Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102).

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.

Statement of directors' responsibilities (cont'd)

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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.

Statement as to disclosure of information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

RSM UK Audit LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:

.....
R J N Fitzgerald
Director

Date: 24 May 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RACING UK LIMITED**Opinion on financial statements**

We have audited the financial statements on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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, based on the work undertaken in the course of our audit, the Strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' report.

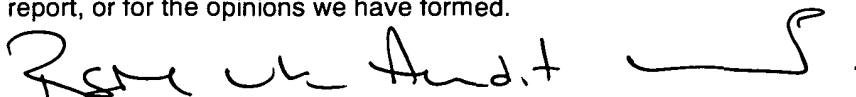
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on pages 3 to 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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.



GEOFF WIGHTWICK (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Portland, 25 High Street
Crawley
West Sussex, RH10 1BG

Date 2 June 2017

Statement of Comprehensive Income and Retained Earnings for the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Turnover	2	58,826	52,163
Other operating income		29	611
Operating expenses		(57,762)	(52,506)
Operating profit	3	1,093	268
Net interest and similar charges payable	5	(33)	20
Profit on ordinary activities before taxation		1,060	288
Tax on profit on ordinary activities	6	(267)	(107)
Profit for the year on ordinary activities after taxation and profit for the financial year		793	181
Retained earnings at beginning of year		623	442
Dividends		-	-
Retained earnings at end of year		1,416	623

Turnover and operating profit are derived from the Company's continuing activities.

There were no recognised gains or losses other than the profit for the financial period.

Statement of Financial Position at 31 December 2016

	Notes	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	7	58	-
Tangible assets	8	460	454
Investments	9	-	-
Total fixed assets		518	454
Current assets			
Debtors			
- due within one year	10	12,395	11,831
- due after one year	10	2,299	1,947
Cash at bank	20	20,028	17,449
		34,722	31,227
Creditors: amounts falling due within one year	11	(32,634)	(29,840)
Net current assets		2,088	1,387
Total assets less current liabilities		2,606	1,841
Creditors: amounts falling due after one year	12	(55)	(83)
Net assets		2,551	1,758
Capital and reserves			
Called up share capital	14	1,135	1,135
Profit and loss account		1,416	623
Shareholder's funds		2,551	1,758

The financial statements on pages 6 to 22 were approved and authorised for issue by the board of directors on 24 May 2017 and signed on its behalf by:


R J N FitzGerald
Director

Statement of Cash Flows for the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Operating Activities			
Cash generated from operations	18	3,093	7,734
Net Interest		(82)	20
Taxation - Corporation tax paid		(63)	(112)
Net cash from operating activities		2,948	7,642
Investing Activities			
Purchase of tangible fixed assets	8	(316)	(220)
Purchase of intangible fixed assets	9	(58)	-
Proceeds on disposal of fixed assets		-	3
Net cash from investing activities		(374)	(217)
Net increase / (decrease) in cash and cash equivalents		2,574	7,425
Effects of foreign exchange gains and losses		5	45
Cash and cash equivalents at 1 January		17,449	9,979
Cash and cash equivalents at end of the year	19,20	20,028	17,449

Statement of Changes in Equity for the year ended 31 December 2016

	Notes	Share Capital £'000	Profit and Loss account £'000	Total £'000
Balance at 1 January 2015	14	1,135	442	1,577
Profit for the year		-	181	181
Balance at 31 December 2015		1,135	623	1,758
Profit for the year		-	793	793
Balance at 31 December 2016		1,135	1,416	2,551

Notes to the financial statements for the year ended 31 December 2016

Racing UK Limited ("the Company") is a limited company domiciled and incorporated in England.

The address of the Company's registered office is 10th Floor, The Met Building, 22 Percy Street, London, W1T 2BU and principal place of business is 3rd Floor, Gillingham House, 38 - 44 Gillingham Street, London, SW1V 1HU.

The Company's principal activity is the management and exploitation of a range of media rights on behalf of its 34 British racecourse licensors. These rights are primarily exploited via the following channels:

- Pay TV for residential and commercial premises
- International channel to wagering outlets
- Videostreaming via RacingUK.com and Bet2View licences with leading bookmakers
- Domestic terrestrial rights
- International terrestrial rights

In addition to this the Company provides a range of services to Amalgamated Racing Limited, operators of Turf TV, a channel that broadcasts racing from member racecourses exclusively to Licensed Betting Offices in the UK and Republic of Ireland. Amalgamated Racing Limited is a joint venture formed by the shareholders of the parent company, Racecourse Media Group Limited, and Timeweave Gaming Limited, a subsidiary of Timeweave plc.

1. Accounting policies**a) Basis of preparation**

These financial statements are prepared in accordance with Financial Reporting Standard 102 "the Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

The Company has not prepared group accounts as permitted by Section 401 of the Companies Act 2006 as the Company is included within the consolidated accounts of Racecourse Media Group Limited. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

b) Turnover

Turnover is recognised at the fair value of the consideration received or receivable in respect of the principal activities of marketing and managing the media rights for the 34 racecourses that have licensed their rights to the Company. Turnover is shown net of value added tax.

c) Interest income

Interest income is accrued on a time apportioned basis, by reference to the principle outstanding at the effective interest rate.

Notes to the financial statements for the year ended 31 December 2016**1. Accounting policies cont'd****d) Employee benefits**

The costs of short term employee benefits are recognised as a liability and an expense unless those costs are required to be recognised as part of the costs of stock or are capitalised as an intangible fixed asset or tangible fixed asset.

e) Intangible fixed assets

Intangible fixed assets comprise computer software which is being amortised over its useful economic life.

Software - 3 years straight Line

f) Fixed asset Investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Interests in subsidiaries, associates and jointly controlled entities are assessed for impairment at each reporting date. Any impairment losses or reversal of impairment losses are recognised immediately in profit or loss.

g) Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment	- 33% straight line
Office equipment	- 10%-33% straight line
Motor vehicles	- 25% reducing balance

Trade investments are classified as financial instruments and accounted for in accordance with the accounting policy at fair value through profit or loss.

Assets under construction are classified within their respective asset class until they are sufficiently material to require separate disclosure. Depreciation is not provided until the asset is brought into use.

h) Operating leases

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

i) Pension scheme arrangements

The Company operates a contributory defined contribution pension scheme. Payments are made to the fund and charged in the financial statements as part of employment costs as incurred.

Notes to the financial statements for the year ended 31 December 2016**1. Accounting policies cont'd****j) Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. All transaction differences are taken to the profit and loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related transaction gain or loss is recognised in other comprehensive income.

k) Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting 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 taxable profits and the 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.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

l) Going concern

The Company made a profit on ordinary activities before tax and licence fees of £32,156,000 in the year ended 31 December 2016. As shown on page 7, the balance sheet discloses shareholder's funds amounting to £2,551,000, which is in line with directors' expectations.

The board has prepared financial forecasts for the current and subsequent trading periods which indicate that the Company will have sufficient resources to continue in operational existence for the foreseeable future and enable it to meet its liabilities as they fall due.

The Company's operational performance in the current financial year is in conformity with the forecasts prepared and, based upon all the evidence available to the board, the directors consider it appropriate to prepare the financial statements on the going concern basis.

m) Financial instruments

Financial instruments 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 entity after deducting all of its financial liabilities.

Trade and other debtors

Trade and other debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Notes to the financial statements for the year ended 31 December 2016

1. Accounting policies cont'd

m) Financial instruments (cont'd)

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at transaction price. Cash and cash equivalents comprise cash at bank and in hand and short terms deposits with an original maturity of three months or less.

Trade and other creditors

Trade and other creditors are recognised at transaction price.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in profit and loss unless hedge accounting is applied and the hedge is a cash flow hedge.

n) Critical accounting estimates and areas of judgement.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

An assumption has been applied regarding the recognition of revenues relating to certain contract revenues. These are recognised and phased in accordance with the stage of completion of the project, where costs are incurred to complete can be measured reliably.

2 Geographical analysis

Turnover is attributable to the principal activities of the Company and is derived from the following geographical locations:

	2016	2015
	£'000	£'000
UK and Ireland	41,727	38,925
Rest of World	17,099	13,238
	58,826	52,163

Turnover derived in the United Kingdom and Republic of Ireland is primarily from the exploitation of horseracing content via contracts with broadcasters, direct subscriptions and internet video-streaming.

Turnover derived from the Rest of the World is from licence agreements for the distribution of horseracing content.

Notes to the financial statements for the year ended 31 December 2016
3 Operating profit

	2016	2015
	£'000	£'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	310	345
Services provided by the Company's auditor:		
Statutory audit	37	35
Other services relating to taxation and compliance services	7	8
Fees for other services	-	2
Foreign currency exchange losses	5	45
Licence fees	32,156	29,257
Operating Lease rentals - Land and buildings	234	234
Operating Lease rentals - Other	1,160	1,160

4 Employees and directors

The average number of employees and casual staff of the Company, including executive directors, during the year was 88, including 33 for administration and 55 for production (2015: 33 for administration and 53 for production).

	2016	2015
	£'000	£'000
Employment costs were:		
Wages and salaries	5,301	5,099
Social security costs	688	681
Pension costs	414	455
	6,403	6,235
Directors' emoluments (excluding pension contributions)	1,550	1,534
Directors pension contributions	91	93
Emoluments (excluding pension fund contributions) of the highest paid director	584	515

The Company made contributions to a defined contribution pension scheme for five directors (2015: five) during the year. The Company made contributions to a defined contribution pension scheme totalling of £32,000 (2015: £29,324) for the highest paid director.

The Company made no compensation payment in respect of loss of office in the year (2015: £45,000).

No share options have been granted to or exercised by any of the directors (2015: nil). During the year no director had an interest in the shares of the Company (2015: nil)

5. Interest

	2016	2015
	£'000	£'000
Bank interest receivable	17	46
Interest payable and similar charges	(50)	(26)
Net interest (payable) /receivable	(33)	20

Notes to the financial statements for the year ended 31 December 2016
6. Taxation

Analysis of the tax charge:	2016 £'000	2015 £'000
Current Tax:		
UK corporation tax	269	109
Deferred tax:		
Accelerated capital allowances	(2)	(2)
Tax on profit on ordinary activities	267	107

	2016 £'000	2015 £'000
The Company's effective tax rate reconciliation is as follows:		
Profit on ordinary activities before tax	1,060	288
Profit on ordinary activities multiplied by the statutory rate of corporation tax in the UK of 20% (2015: 20.25%)	212	58
Effects of:		
Expenses not deductible for tax purposes	48	52
Income not taxable for tax purposes	-	(2)
Capital allowances in excess of depreciation		
Adjustments to tax charge in respect of previous periods	5	(3)
Other timing differences		
Adjust closing deferred tax to average rate of 17%	2	2
Tax charge for period	267	107

Factors affecting future tax charge

The rate of 17% is used for the calculation of the deferred tax provision as at 31 December 2016 (2015: 18%). Corporation tax reductions announced result in a change to 19% from 1 April 2017 and then to 17% from 1 April 2020.

7. Intangible fixed assets

	Software Costs £'000	Total £'000
Cost		
At 1 January 2016	-	-
Additions	58	58
Disposals	-	-
At 31 December 2016	58	58
Amortisation		
At 1 January 2016	-	-
Charge for year	-	-
At 31 December 2016	-	-
Carrying Amount		
At 31 December 2016	58	58

Notes to the financial statements for the year ended 31 December 2016
8. Tangible fixed assets

	Computer equipment £'000	Office equipment £'000	Motor Vehicles £'000	Totals £'000
Cost				
At 1 January 2016	2,290	286	20	2,596
Additions	314	2	-	316
Disposals	-	-	-	-
At 31 December 2016	2,604	288	20	2,912
Depreciation				
At 1 January 2016	1,926	211	5	2,142
Charge for year	279	27	4	310
Depreciation on disposal	-	-	-	-
At 31 December 2016	2,205	238	9	2,452
Net book value				
At 31 December 2016	399	50	11	460
At 31 December 2015	364	75	15	454

9. Investments

Name	Type of Business	Country of Incorporation	Class of Shares	2016 Ownership	2016 £'000	2015 Ownership	2015 £'000
Racing UK Online Limited*	Media	UK	'A' Ordinary	-	-	100%	-
Racing UK Online Limited*	Media	UK	'B' Ordinary	-	-	100%	-
The Racing Corporation Limited*	Dormant	UK	Ordinary	-	-	100%	-
GBI Racing Limited**	Media	UK	'B' Ordinary	50%	-	50%	-
Racecourse Data Company Limited ***	Media	UK	'A' Ordinary	55%	-	55%	-
Racecourse Studio Company Limited *	Dormant	UK	Ordinary	50%	-	50%	-
Racecourse Production Company Limited *	Dormant	UK	Ordinary	50%	-	50%	-
Total cost of investment							

* Dormant.

** The Company acquired a 50% interest in the ordinary share capital of GBI Racing Limited on 1 March 2010.

*** The Company acquired a 55% floating interest in the ordinary share capital of Racecourse Data Company on 23 December 2013. Ownership floats in accordance with the structural provisions set out in the shareholder agreement.

The Company acquired 50% of Racecourse Studio Company Limited on 22 July 2015.

The Company acquired 50% of Racecourse Production Limited on 8 July 2015.

Racing UK Online limited was dissolved 12 April 2016.

The Racing Corporation Limited was dissolved 15 November 2016.

The capital and reserves of GBI Racing Limited at 31 December 2016 were £46,000 (2015: £30,000) and the net profit for the year was £16,000 (2015: £19,000). The joint venture pays licence fees to the joint venture partners in respect of the grant of media rights to it from the partners. Profit before licence fees, interest and tax in the year was £16,337,000 (2015: £13,995,000).

The capital and reserves of Racecourse Data Company Limited at 31 December 2016 were £19,000 (2015: (£423,000)) and the profit before taxation for the year was £442,000 (2015: £124,000).

Notes to the financial statements for the year ended 31 December 2016
10. Debtors

Amounts falling due within one year:	2016 £'000	2015 £'000
Trade debtors	7,273	5,500
Amounts owed by subsidiary	-	11
Other debtors	133	200
Prepayments and accrued income	4,967	6,100
Deferred tax asset	22	20
	12,395	11,831
Amounts falling due after one year:		
Amounts owed by joint venture	330	330
Prepayments and accrued income	914	562
Other debtors	1,055	1,055
	2,299	1,947
	14,694	13,778

11. Creditors: Amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	391	531
UK corporation tax	263	58
Other taxation and social security	429	1,043
Accruals and deferred income	31,551	28,208
	32,634	29,840

The Company granted first mortgage debentures over the assets of Racing UK Limited to HSBC plc in respect of a revolving credit facility.

12. Creditors: Amounts falling due after one year

	2016 £'000	2015 £'000
Other creditors	55	83
	55	83

13. Deferred tax

The balance of the deferred tax account consists of the tax effect of timing differences in respect of:	2016 £'000	2015 £'000
Accelerated capital allowances	(9)	(13)
Other timing differences	(13)	(7)
(Asset) for deferred tax	(22)	(20)
	2016 £'000	2015 £'000
Provision at start of period	(20)	(18)
Deferred tax credit in profit and loss account	(2)	(2)
(Asset) at end of period	(22)	(20)

The deferred tax asset is shown in note 10:

Notes to the financial statements for the year ended 31 December 2016
14. Share Capital

	Alloted, called up and fully paid	
	Number of shares	£
As at 1 January 2016:		
Ordinary 'A' shares of £1	2	2
Ordinary 'B' shares of £100	11,350	1,135,000
As at 31 December 2016:		
Ordinary 'A' shares of £1	2	2
Ordinary 'B' shares of £100	11,350	1,135,000

The Company's 'A' ordinary shares carry all voting rights, dividends and repayment of capital other than where restricted by the rights attaching to the 'B' ordinary shares.

The 'B' ordinary shares carry no voting rights, receive a share in 10% of the dividends of the Company to the extent that they exceed £100,000,000 in any year and have a preferred right to share in 10% of capital returns over £100,000,000.

15. Financial commitments

The Company has future minimum lease payments under non-cancellable operating leases expiring as follows:

	2016 Land and buildings £'000	2016 Other £'000	2015 Land and buildings £'000	2015 Other £'000
Within one year	240	694	234	748
Within 2 to 5 years	308	797	119	1,491
Total	548	1,491	353	2,239

16. Related party transactions
Member racecourses / racecourse groups

The racecourse operators below are members of the Company's parent Racecourse Media Group Limited and have licensed certain of their media rights to the Group:

The Western Meeting Club Limited (Ayr racecourse)
 The Catterick Racecourse Company Limited
 Goodwood Racecourse Limited
 Kelso Races Limited
 Musselburgh Joint Racing Committee
 The Ludlow Race Club Limited
 The Beverley Race Company Limited
 Newbury Racecourse plc
 The Perth Hunt
 The Pontefract Park Race Company Limited
 Redcar Racecourse Limited
 Thirsk Racecourse Limited
 York Racecourse Knavesmire LLP
 The Chester Race Company Limited**
 The Hamilton Park Racecourse Limited

Notes to the financial statements for the year ended 31 December 2016**16. Related party transactions cont'd**

The Bibury Club Limited (Salisbury racecourse)
Cartmel Steeplechases (Holker) Limited
Jockey Club Racecourses Limited*
Wetherby Steeplechase Committee Limited
Ascot Racecourse Limited

* Owner of 14 affiliated courses (Aintree, Carlisle, Cheltenham, Epsom Downs, Exeter, Haydock, Huntingdon, Kempton, Market Rasen, Newmarket, Nottingham, Sandown, Warwick and Wincanton).

** Owner of two affiliated racecourses (Chester and Bangor-On-Dee).

Licence fee

During the year Racing UK Limited incurred licence fees from its member racecourses for a range of rights including terrestrial, pay TV, international, internet and mobile together with other services. The total value of these licence fees and services was £32,733,000 (2015: £29,257,000) and which included £16,273,000 (2015: £14,535,000) to Jockey Club Racecourses Limited. As at 31 December 2016 the balance outstanding was £23,264,000 (2015: £22,162,000) including £10,381,000 (2015: £8,195,000) to Jockey Club Racecourses Limited.

Amalgamated Racing Limited

Amalgamated Racing Limited operates Turf TV and is a joint venture between Racecourse Media Services Limited and Timeweave Gaming Limited, a subsidiary of Timeweave plc. Racecourse Media Services Limited is a joint venture formed by the shareholders of the parent company, Racecourse Media Group Limited, and Ascot Racecourse Limited. During the year ended 31 December 2016, Racing UK Limited provided services to Amalgamated Racing Limited of £5,088,000 (2015: £4,921,000) and the balance outstanding at the year end was £444,000 (2015: £694,000).

GBI Racing Limited

See note 9 for details of the joint venture undertaking, GBI Racing Limited. During the year ended 31 December 2016, Racing UK Limited provided services to GBI Racing Limited of £8,874,000 (2015: £7,768,000) and incurred costs on their behalf of £599,000 (2015: £507,000). The balance outstanding at the year end was £2,919,000 (£2,510,000).

Racecourse Betting Company Limited

Racecourse Betting Company Limited is a company controlled by substantially the same shareholders as Racecourse Media Group Limited, the parent company of Racing UK Limited. Racecourse Betting Company Limited operates under a contract with Tote (Successor Company) Limited and Done Brothers (Cash Betting) Limited to provide on-course Tote betting facilities, sponsorship and on-course betting shops. During the year ended 31 December 2016, Racing UK Limited provided services to Racecourse Betting Company Limited of £29,000 (2015: £38,000) and the balance outstanding at the year end was £207,000 (2015: £178,000).

Racecourse Data Company Limited

See note 9 for details of the joint venture undertaking, Racecourse Data Company Limited, and note 9 for details of amounts outstanding with the Company as at 31 December 2016. During the year ended 31 December 2016, Racing UK Limited provided services to Racecourse Data Company Limited of £50,000 (2015: £50,000) of which £25,000 was owed at year ended. The interest bearing loan provided to Racecourse Data Company Limited of £330,000 in 2014 remains outstanding at the

Notes to the financial statements for the year ended 31 December 2016
16. Related party transactions cont'd

year end. During the year ended 31 December 2016 Racecourse Data Company Limited provided services to Racing UK Limited of £132,000 (2015: £88,000) and £221,000 (2015: £88,000) remains outstanding at the year end.

Racecourse Retail Business Limited

Racecourse Retail Business Limited is a company controlled by the same shareholders as Racecourse Media Group Limited, the parent company of Racing UK Limited. During the year ended 31 December 2016, Racing UK Limited incurred no expenditure on behalf of Racecourse Retail Business Limited (2015: £611,000) and the outstanding balance at the year end is £611,000 (2015: £611,000).

17. Remuneration of key management personnel

The total remuneration of company directors who are considered to be the key management personnel of the company was £1,641,000 (2015: £1,410,000).

18. Reconciliation of profit after tax to net cash generated from operating activities

	2016 £'000	2015 £'000
Profit after tax	793	181
Adjustments for :		
Depreciation	310	345
Loss on disposal of fixed asset	-	3
Interest net	33	(20)
(Increase) in debtors	(866)	(591)
Increase in creditors	2,561	7,754
Corporation Tax	267	107
Foreign exchange (gain) / losses	(5)	(45)
Net cash inflow from operating activities	3,093	7,734

19. Reconciliation of movement in net funds

	1 January 2016	Cash flow	31 December 2016
Cash at bank	17,449	2,579	20,028
Total	17,449	2,579	20,028

Notes to the financial statements for the year ended 31 December 2016
20. Financial Instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in note 1 of these financial statements.

(a) Categories of financial instruments
Financial assets

	2016 £'000	2015 £'000
Loans and receivables measured at amortised cost		
Trade receivables	7,273	5,500
Amounts owed by joint venture	330	341
Accrued Income	3,495	3,298
Other debtors	1,188	1,255
Total	12,286	10,394

Financial liabilities

	2016 £'000	2015 £'000
Financial liabilities measured at amortised cost		
Trade payables	391	531
Accruals	31,551	28,208
Other Creditors	55	83
Total measured at fair value through profit and loss	31,997	28,821

(b) Financial risk management objectives

The Company's activities involve analysis, acceptance and management of some degree of risk or combination of risks. The most important types of financial statement risk are credit risk and liquidity risk.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls and to monitor the risks and limits continually by means of reliable up-to-date systems. The Company modifies and enhances its risk management policies and systems to reflect changes in markets and products.

(c) Foreign currency risk

Whilst the Company's trading activities are predominantly sterling based, a significant proportion of its revenue originates in other currencies mainly Euro from the Company's international distribution. The risk in the carrying value of foreign currency amounts is mitigated by minimising foreign currency balances and converting to sterling at regular intervals whilst the Company's GBI Racing Limited joint venture undertakes hedges to limit exposure to exchange rate volatility.

The Company uses foreign currency forward contracts to manage some of the foreign exchange risk of future transactions and cash flows. The contracts are valued based on available market data.

Notes to the financial statements for the year ended 31 December 2016**20. Financial Instruments cont'd**

The Company does not adopt hedge accounting for forward exchange contracts and, consequently, fair value gains and losses are recognised in profit or loss.

At the year end, the total carrying amount of outstanding foreign exchange forward contracts that the company has committed to are as follows:

Foreign Exchange Forward Contract	2016 £'000	2015 £'000
US Dollars	904	-
	<u>904</u>	<u>-</u>

(d) Finance and interest rate risk

The Company finances its operations through its cash balances. It renewed a revolving credit facility in 2016.

No interest rate hedging agreement is currently in place given the level of cash. The board does not consider fluctuations in interest rates to pose a significant risk to the Company.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(e) Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. The Company has dedicated standards, policies and procedures to control and monitor all such risks.

Although the Company is potentially exposed to credit loss in the event of non-performance by counterparties, such credit risk is controlled through reviews of counterparties and limiting the exposure to any single counterparty.

Customer debtor balances are monitored on an ongoing basis and provision is made for estimated irrecoverable amounts.

(f) Liquidity risk management

The Company has managed its cash in a manner designed to ensure maximum benefit is gained, whilst ensuring security of investment sources. The Company's policy on investment of surplus funds limits the placing of deposits to institutions with strong credit ratings.

The Company manages liquidity risk by maintaining adequate short term borrowing facilities and by continuously monitoring forecast and actual cash flows.

(g) Fair values

There is no material difference between the fair value of the Company's financial assets and liabilities and their book value.

Notes to the financial statements for the year ended 31 December 2016**21. Control**

The immediate parent company is Racecourse Media Group Limited. Racecourse Media Group Limited, a company incorporated in England and Wales, administers the company in accordance with its articles of association. There is no single controlling party. The largest and smallest company preparing consolidated accounts that include the company is Racecourse Media Group Limited.

22. Post balance sheet events

After the balance sheet date the Company entered into a contract for fixed asset expenditure of £400,000.

After the balance sheet date a total of 450 B Ordinary shares 150 each with a nominal value of £100 were issued.

After the balance sheet date substantially all racecourse licence agreements were extended through to 31 December 2023.