

# **Racecourse Media Group Limited**

**Directors' report and consolidated financial statements**

**Year ended 31 December 2015**

**Registered no. 06544004**



## **Racecourse Media Group Limited**

### **Strategic report of the Directors for the year ended 31 December 2015**

The directors present their report with the financial statements of Racecourse Media Group Limited ("the Group") for the year ended 31 December 2015.

#### **Principal activities, review of business and future developments**

The Group'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 Group 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 Racecourse Media Group Limited, Ascot Racecourse Limited and Timeweave Gaming Limited, a subsidiary of Timeweave plc.

The Group continued to improve its performance with turnover growing by 17% in the year. The directors' confidence in the business and the level of financial stability achieved by the business has enabled the business to continue to implement a policy of paying near 100% of profits to licensors reflecting the commercial substance of the position that Racecourse Media Group is a media rights vehicle which channels earnings from the exploitation of such rights to its licensors. These payments are detailed in note 18 to the accounts. The media rights licences currently granted to the Group expire in February 2019.

The Group's joint venture (GBI Racing Limited) with Attheraces Holdings Limited (the broadcaster for non Racecourse Media Group affiliated racecourses) to provide a joint international service to broadcast British and Irish racing to international wagering outlets traded well in its fifth year and continues to exceed original expectations. The media rights licences for GBI Racing Limited expire on 31 December 2016 and it is the expectation of the directors that these rights will be renewed for a further term.

In early 2014 the Group launched a joint venture (Racecourse Data Company Limited) to license exclusively pre-raceday data for onward provision to a range of media and bookmaker clients. Whilst the business reported start-up losses in 2014, it reported a profit after taxation in 2015 of £124,000.

The Group's balance sheet discloses shareholders' funds amounting to £1,760,000, as shown on page 7. This is in line with the directors' expectations. The directors' ability to vary the level of licence fees and timing of payments together with the level of cash balances provide sufficient working capital for the business to finance its activities.

#### **Going Concern**

The board has prepared further financial forecasts for the current and subsequent trading periods, which indicate that the Group 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 Group'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.

#### **Strategy**

The Group'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.

## **Racecourse Media Group Limited**

### **Strategic report of the Directors for the year ended 31 December 2015**

This is achieved through exploiting the content via direct broadcasting and onward licence arrangements with broadcasters and distributors.

#### **Principal risks and uncertainties**

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

##### *Media rights licences.*

The business relies on media rights licences granted by its licensor racecourses. The extension in 2011 of these licences to 2019 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 has reduced significantly 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 Group'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 Group's financial risk management objectives and policies are set out in note 22 to the financial statements.

#### **Key Performance Indicators ("KPIs")**

The Group has made good progress during the year. The Group uses underlying turnover and licence fees as performance indicators. Underlying turnover was £52,163,000 (2014: £48,313,000). Licence fees are shown within note 3.

##### *Financial risk management objectives and policies*

Details of the Group's financial risk management objectives and policies are set out in note 22 to the financial statements

## **Racecourse Media Group Limited**

### **Report of the Directors for the year ended 31 December 2015**

The directors present their report with the financial statements of Racecourse Media Group Limited ("the Group") for the year ended 31 December 2015. 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 S414C (11) of the Companies Act 2006.

### **Results and dividends**

The detailed results for the year and transfer to reserves of the retained profit of £160,000 are set out in the consolidated statement of income on page 6. The directors do not recommend the payment of a dividend (2014: £nil).

### **Directors**

The directors shown below held office during the period from 1 January 2015 to the date of this report.

S L Bazalgette  
W J P Derby  
S T Ellen  
W G Farnsworth (resigned 30 March 2016)  
P R Fisher (alternate for S L Bazalgette)  
R J N FitzGerald  
R C Lewis  
J F Sanderson  
J H Sanderson (alternate for J F Sanderson and W G Farnsworth and J Garratt)  
M J Stevenson  
J M Thick (alternate for W J P Derby)  
C H Barnett (resigned 1 February 2015 and reappointed 15 August 2016)  
G Henderson (resigned 1 October 2015)  
A J M Warwick (appointed 1 February 2015 as alternate for G Henderson and J M Slot 1 October 2015, resigned 24 June 2016)  
J M Slot (appointed 1 October 2015 and resigned 24 June 2016)  
J Garratt (appointed 30 March 2016)

### **Charitable and political donations**

During the financial year the Group made donations to charitable organisations amounting to £4,302 (2014:£5,097). 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 group.

## **Racecourse Media Group Limited**

### **Report of the Directors for the year ended 31 December 2015 (cont'd)**

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).

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 Group and the company and of the profit or loss of the Group for that period.

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 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 Group and the company will continue in business;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and 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 (formerly Baker Tilly 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: 22 September 2016.

**Racecourse Media Group Limited**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RACECOURSE MEDIA GROUP LIMITED**

We have audited the group and parent company financial statements (the "financial statements") on pages 6 to 26. 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".

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.

**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.

**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 financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2015 and of the group's 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.


**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.

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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



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 27.9.16

# Racecourse Media Group Limited

Registered no. 06544004

## Group Statement of Comprehensive Income and Retained Earnings for the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
<b>Group Turnover</b>			
Group turnover		52,163	45,028
Group other Income		611	-
Share of turnover of joint ventures		3,782	3,285
<b>Group and share of joint ventures' turnover</b>	<b>2</b>	<b>56,556</b>	<b>48,313</b>
<b>Operating expenses</b>			
Group operating expenses		(52,595)	(44,850)
Share of operating expenses of joint ventures		(3,521)	(3,386)
<b>Group and share of joint ventures operating expenses</b>		<b>(56,116)</b>	<b>(48,236)</b>
<b>Group Operating profit</b>			
Group operating profit		179	178
Share of operating profit of joint ventures		261	(101)
<b>Group and share of joint ventures total operating profit</b>	<b>3</b>	<b>440</b>	<b>77</b>
Group net interest payable	6	4	(66)
<b>Profit on ordinary activities before taxation</b>		<b>444</b>	<b>11</b>
Taxation	7	(284)	(286)
<b>Profit/(loss) on ordinary activities after taxation and profit for the financial year attributable to the owners of the parent</b>	<b>20</b>	<b>160</b>	<b>(275)</b>
<b>Retained Earnings at beginning of year</b>		<b>463</b>	<b>738</b>
Dividends Paid		-	-
<b>Retained Earnings at end of year</b>		<b>623</b>	<b>463</b>

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

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

The Group has taken advantage of section 408 of the Companies Act 2006 not to publish its own statement of comprehensive income.

# Racecourse Media Group Limited

Registered no. 06544004

## Group Statement of financial position at 31 December 2015

	Notes	2015 £'000	2015 £'000	2014 £'000	2014 £'000
<b>Fixed assets</b>					
Tangible assets	8		454		585
Goodwill	9		233		322
Investment in joint venture:	5				
Share of gross assets		3,972		3,851	
Share of gross liabilities		(4,191)		(4,137)	
Loan to joint venture		330		330	
			112		44
<b>Total fixed assets</b>			<b>799</b>		<b>951</b>
<b>Current assets</b>					
Debtors					
- due within one year	11		11,824		11,605
- due after one year	11		1,617		1,243
Cash at bank	21		17,449		9,979
			<b>30,890</b>		<b>22,827</b>
<b>Creditors: Amounts falling due within one year</b>	12		(29,846)		(22,178)
<b>Net current assets</b>			<b>1,044</b>		<b>649</b>
<b>Total assets less current liabilities</b>			<b>1,842</b>		<b>1,600</b>
<b>Creditors: Amounts falling due after one year</b>	13		(83)		-
<b>Net assets</b>			<b>1,760</b>		<b>1,600</b>
<b>Capital and reserves</b>					
Called up share capital	16		1,137		1,137
Profit and loss account			623		463
<b>Shareholders' funds</b>			<b>1,760</b>		<b>1,600</b>

The financial statements on pages 6 to 26 were approved and authorised for issue by the board of directors on 22 September 2016 and signed on its behalf by:

R J M FitzGerald  
Director



# Racecourse Media Group Limited

Registered no. 06544004

## Company Statement of financial position as at 31 December 2015

	Notes	2015 £'000	2014 £'000
<b>Fixed assets</b>			
Investments	10	1,135	1,135
		<u>1,135</u>	<u>1,135</u>
<b>Current assets</b>			
Debtors	11	2	2
Cash at bank		-	-
		<u>2</u>	<u>2</u>
<b>Creditors: amounts falling due within one year</b>	12	-	-
<b>Net current assets</b>		<u>2</u>	<u>2</u>
<b>Net assets</b>		<u>1,137</u>	<u>1,137</u>
<b>Capital and reserves</b>			
Called up share capital	16	1,137	1,137
Profit and loss account		-	-
<b>Shareholders' funds</b>		<u>1,137</u>	<u>1,137</u>

The financial statements on pages 6 to 26 were approved and authorised for issue by the board of directors on 22 September 2016 and signed on its behalf by:

  
R. J. A. FitzGerald  
Director

# Racecourse Media Group Limited

## Group Statement of Changes in Equity at 31 December 2015

		Share Capital £'000	Profit and Loss account £'000	Total £'000
	Notes			
Balance at 1 January 2014	16	1,137	738	1,875
Profit for the year			(275)	(275)
Balance at 31 December 2014		1,137	463	1,600
Profit for the year			160	160
Balance at 31 December 2015		1,137	623	1,760

## Company Statement of Changes in Equity at 31 December 2015

		Share Capital £'000	Profit and Loss account £'000	Total £'000
	Notes			
Balance at 1 January 2014	16	1,137	-	1,137
Profit for the year		-	-	-
Balance at 31 December 2014		1,137	-	1,137
Profit for the year		-	-	-
Balance at 31 December 2015		1,137	-	1,137

# Racecourse Media Group Limited

## Group cash flow statement for the year ended 31 December 2015

		2015 £'000	2014 £'000
<b>Operating activities</b>			
Cash generated from operations	20	7,774	556
Taxation - Corporation tax paid	20	(111)	(51)
<b>Net cash from operating activities</b>		<b>7,663</b>	<b>505</b>
<b>Investing activities</b>			
Purchase of tangible fixed assets	8	(220)	(256)
Proceeds on disposal of fixed assets	8	3	-
Interest received	6	47	22
<b>Net cash from investing activities</b>		<b>(170)</b>	<b>(234)</b>
<b>Financing activities</b>			
Loans from other participating interests repaid	18	-	(330)
Interest paid	6	(23)	(89)
<b>Net cash from financing activities</b>		<b>(23)</b>	<b>(419)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	21	<b>7,470</b>	<b>(148)</b>
Cash and cash equivalents at 1 January		9,979	10,127
<b>Cash and cash equivalents at end of the year</b>	21	<b>17,449</b>	<b>9,979</b>

## **Racecourse Media Group Limited**

### **Notes to the financial statements for the year ended 31 December 2015**

Racecourse Media Group ("the Group") 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 3<sup>rd</sup> Floor, Gillingham House, 38 -44 Gillingham Street, London, SW1V 1HU.

The Group'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 licensed to Channel Four
- International terrestrial rights

In addition to this the Group 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 Racecourse Media Group Limited, Ascot Racecourse Limited and Timeweave Gaming Limited, a subsidiary of Timeweave plc.

#### **1. Accounting policies**

##### **a) Basis of preparation**

These financial statements are the first financial statements of Racecourse Media Group 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

##### **b) Transition to FRS 102**

The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

Some of the FRS 102 recognition, measurement and disclosure requirements and accounting policy choices differ from the previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102.

##### **c) Basis of consolidation**

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings together with the Group's share of the results of its joint ventures. Sales and associated costs between the Group and the joint ventures are eliminated against the joint venture. The acquisition method of accounting has been adopted for subsidiary undertakings. Under this method the results of the subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Undertakings in which the Group has a long term interest and shares control under a contractual

## **Racecourse Media Group Limited**

### **Notes to the financial statements for the year ended 31 December 2015**

#### **d) Basis of consolidation (cont'd)**

arrangement are defined as joint ventures. Joint ventures are accounted for using the gross equity method.

As permitted by S408 Companies Act 2006, the company has not presented its own statement of comprehensive income. The Company's profit for the year was £181,000 (2014: £100,000).

All intercompany transactions and balances between group companies are eliminated on consolidation.

The group financial statements consolidate the financial statements of Racing UK Limited and joint ventures of GBI Racing Limited and Racecourse Data Company Limited drawn up to 31 December each year.

#### **e) Turnover**

Turnover, which excludes value added tax, represents the income 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 Group.

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 incurred and costs to complete can be measured reliably.

#### **f) Other Income**

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

#### **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

#### **h) Intangible fixed assets**

Goodwill arising on consolidation is initially recognised as an asset at cost and then subject to amortisation on a straightline basis over 10 years representing in the directors' view the minimum period over which the benefits of the goodwill will be realised. Goodwill is reviewed for impairment and any impairment is recognised immediately in the consolidated profit and loss statement.

#### **i) Operating leases**

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

## **Racecourse Media Group Limited**

### **Notes to the financial statements for the year ended 31 December 2015**

#### **j) Pension scheme arrangements**

The Group 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.

#### **k) Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the end of the financial year. Transactions in denominated currencies are translated into sterling at the exchange rate ruling on the date payment takes place or contractually specified as applicable. Any resultant foreign exchange differences are taken to the income statement in the period in which they arise.

#### **l) 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.

Deferred tax is calculated at the rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

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.

#### **m) Going concern**

The Group made profits before tax and licence fees of £29,525,000 in the year ended 31 December 2015 and as shown on page 6, the statement of financial position discloses shareholders' funds amounting to £1,760,000. This is line with directors' expectations. The board has prepared financial forecasts for the current and subsequent trading periods which indicate that the Group 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 Group'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.

#### **n) 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 invoices amounts less provisions for any doubtful debts. Bad debts are written off when identified.

## Racecourse Media Group Limited

### Notes to the financial statements for the year ended 31 December 2015

#### *Cash and cash equivalents*

Cash and cash equivalents are included in the balance sheet at cost. 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 cost.

#### **o) Critical accounting estimates and areas of judgement.**

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 Group and is derived from the following geographical locations:

	2015 £'000	2014 £'000
UK and Ireland	39,932	34,936
Rest of World	16,013	13,377
	<b>55,945</b>	<b>48,313</b>

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

## **3. Operating profit**

	2015 £'000	2014 £'000
<b>Operating profit is stated after charging:</b>		
Depreciation of tangible fixed assets	345	425
Amortisation of Goodwill	89	89
Operating lease rentals - Land and buildings	234	234
Operating lease rentals - Other	1,160	1,160
Services provided by the company's auditor:		
Statutory audit of parent and consolidated accounts	7	7
Audit of subsidiaries	35	35
Other services relating to taxation and compliance services	8	8
Fees for other services	2	2
Foreign currency exchange losses	45	29
Licence fees	29,257	24,745

## Racecourse Media Group Limited

### Notes to the financial statements for the year ended 31 December 2015

#### 4. Employees and directors (cont'd)

The average number of employees and casual staff of the Group, including executive directors, during the year was 86, including 33 for administration and 53 for production (2014: 29 for administration and 52 for production)

Employment costs were:	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	5,099	4,814
Social security costs	681	731
Pension costs	455	365
	<b>6,235</b>	<b>5,910</b>
Directors' emoluments (excluding pension contributions)	953	1,200
Emoluments (excluding pension fund contributions) of the highest paid	500	452

The Group made contributions to a defined contribution pension scheme for two directors (2014: two) during the year. The Group made contributions to a defined contribution pension scheme totalling £46,010 (2014: £44,998) for the highest paid director. Included in directors' emoluments are fees totalling £72,000 (2014: £90,000) paid during the year to relevant shareholders and management companies for the services of four of the directors.

The Group made a compensation payment in respect of loss of office in the year of £45,000 (2014: £nil).

#### 5. Joint Ventures

Included in the results of the Group for 2015 and 2014 is a share of the net profit of GBI Racing Limited and Racecourse Data Company Limited.

##### GBI Racing Limited

GBI Racing Limited is a joint venture established with Attheraces Holdings Limited (the broadcaster for non Racecourse Media Group Limited affiliated racecourses) to create a joint international service to broadcast British and Irish racing to international wagering outlets and began operations on 1 March 2010.

Sales and associated costs of £7,768,000 (2014: £7,573,000) have been eliminated against the Group's share of turnover and cost of sales shown in the consolidated group statement of income.

At 31 December 2015 amounts owed by GBI Racing Limited to the Group were £2,352,000 (2014: £2,510,000).



## Racecourse Media Group Limited

### Notes to the financial statements for the year ended 31 December 2015

#### 5. Joint Ventures (cont'd)

##### GBI Racing Limited

	2015 £'000	2014 £'000
Share of:		
Turnover	10,463	10,094
Profit before tax	186	192
Tax	(177)	(186)
Profit after tax	9	6
Fixed assets	7	12
Current assets	3,466	3,292
Share of gross assets	3,473	3,304
Liabilities due within one year	(3,458)	(3,298)
Share of gross liabilities	(3,458)	(3,298)
Share of net assets	15	6

##### Racecourse Data Company Limited

On 1 January 2014 the Group launched a new joint venture with other UK racecourses to license exclusively pre-raceday data for onward provision to a range of media and bookmaker clients.

During the year ended 31 December 2015, Racing UK Limited provided services to Racecourse Data Company Limited of £50,000 (2014: £50,000) of which £25,000 was owed at year end, and provided an interest bearing loan to Racecourse Data Company Limited of £330,000. The balance of the interest bearing loan remains outstanding at the year end.

	2015 £'000	2014 £'000
Share of:		
Turnover	1,007	764
Profit before tax	76	(293)
Tax	-	-
Profit after tax	76	(293)
Current assets	499	546
Share of gross assets	499	546
Liabilities due within one year	(733)	(838)
Share of gross liabilities	(733)	(838)
Share of net liabilities	(234)	(292)

## Racecourse Media Group Limited

### Notes to the financial statements for the year ended 31 December 2015

#### 6. Interest

	2015 £'000	2014 £'000
Bank interest receivable	47	22
Interest payable and similar charges arising on bank loans	(43)	(88)
<b>Net interest receivable / (payable)</b>	<b>4</b>	<b>(66)</b>

#### 7. Taxation

<b>Analysis of the tax charge:</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
Current Tax:		
UK corporation tax	109	112
Share of joint venture	177	186
	<b>286</b>	<b>298</b>
Deferred tax:		
Origination and reversal of timing differences	(2)	(12)
<b>Tax on profit on ordinary activities</b>	<b>284</b>	<b>286</b>

	2015 £'000	2014 £'000
--	---------------	---------------

#### The Group's effective tax rate reconciliation is as follows:

Profit on ordinary activities before tax	444	11
Profit on ordinary activities multiplied by the statutory rate of corporation tax in the UK of 20.25% (2014: 21.49%)	82	48
Effects of:		
Expenses not deductible for tax purposes	71	45
Depreciation for period in excess of capital allowances	2	10
Other timing differences	(3)	8
Marginal rate relief	2	-
Joint venture tax	177	186
<b>Current tax charge for period</b>	<b>332</b>	<b>298</b>

#### Factors affecting future tax charge

The rate of 18% is used for the calculation of the deferred tax provision as at 31 December 2015 (2014: 20%). Corporation tax reductions announced result in a change to 19% from 1 April 2017 and then to 18% from 1 April 2020.

# Racecourse Media Group Limited

## Notes to the financial statements for the year ended 31 December 2015

### 8. Tangible fixed assets – Group

	Computer equipment £'000	Office equipment £'000	Motor Vehicles £'000	Totals £'000
<b>Cost</b>				
At 1 January 2015	2,092	284	20	2,396
Additions	198	2	20	220
Disposals	-	-	(20)	(20)
At 31 December 2015	2,290	286	20	2,596
<b>Depreciation</b>				
At 1 January 2015	1,613	184	14	1,811
Charge for year	313	27	5	345
Disposals	-	-	(14)	(14)
At 31 December 2015	1,926	211	5	2,142
<b>Net book value</b>				
At 31 December 2015	364	75	15	454
At 31 December 2014	479	100	6	585

### 9. Intangible fixed assets – Goodwill

	Positive goodwill £'000
<b>Cost</b>	
At 1 January 2015	885
Additions	-
At 31 December 2015	885
<b>Amortisation</b>	
At 1 January 2015	563
Charge for year	89
At 31 December 2015	652
<b>Net book value</b>	
At 31 December 2015	233
At 31 December 2014	322

## Racecourse Media Group Limited

### Notes to the financial statements for the year ended 31 December 2015

#### 10. Investment in subsidiaries, joint ventures and associates

Name	Type of Business	Country of Incorporation	Class of Shares	2015 Ownership	2015 £'000	2014 Ownership	2014 £'000
Racing UK Online Limited (1) (2)	Media	UK	'A' Ordinary	100%	-	100%	-
Racing UK Online Limited (1) (2)	Media	"	'B' Ordinary	100%	-	100%	-
The Racing Corporation Limited (1) (2)	Dormant	UK	Ordinary	100%	-	100%	-
Racing UK Limited	Media	UK	Ordinary	100%	1,135	100%	1,135
Racing UK Limited	Media	"	'B' Ordinary	100%	-	100%	-
					1,135		1,135
GBI Racing Limited (2)	Media	UK	'B' Ordinary	50%	-	50%	-
Racecourse Data Company Limited (2)	Media	"	'A' Ordinary	55%	-	50%	-
Racecourse Studio Company Limited (1) (2)	Dormant	UK	Ordinary	50%	-	-	-
Racecourse Production Company Limited (1) (2)	Dormant	UK	Ordinary	50%	-	-	-
<b>Total cost of investment</b>					<b>1,135</b>		<b>1,135</b>

(1) Dormant

(2) Held through Racing UK Limited.

All subsidiaries with exception of those listed below were acquired on 28 August 2008 from the previous parent company, Racing UK Limited Holdings Limited, as part of a restructuring of the Group.

The interest in GBI Racing Limited was acquired on 1 March 2010.

The interest in Racecourse Data Company Limited was acquired on 23 December 2013. Ownership floats in accordance with the structural provisions set out in the shareholder agreement.

The 50% interest in Racecourse Studio Company Limited was acquired on 22 July 2015.

The 50% interest in Racecourse Production Company Limited was acquired on 8 July 2015.

Investments in group undertakings are stated at cost. As permitted under section 615 of the Companies Act 2006, where relief afforded under section 612 of the Companies Act 2006 applies cost is the nominal value of the relevant number of the Company's shares given to acquire the share capital of the subsidiary undertakings. The shares held in Racing UK Limited are equity shares under section 548 and section 616(1) of the Companies Act 2006.

#### 11. Debtors

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Trade debtors	5,466	-	5,515	-
Amounts owed by joint venture	2,510	-	2,510	-
Other taxation and social security	-	-	-	-
Other debtors	203	2	281	2
Prepayments and accrued income	3,625	-	3,281	-
Deferred tax asset (notes 14 & 15)	20	-	18	-
	<b>11,824</b>	<b>2</b>	<b>11,605</b>	<b>2</b>

Amounts falling due after more than one year:

Prepayments and accrued income	562	-	822	-
Other debtors	1,055	-	421	-
	<b>1,617</b>	<b>-</b>	<b>1,243</b>	<b>-</b>
<b>Aggregate amounts</b>	<b>13,441</b>	<b>2</b>	<b>12,848</b>	<b>2</b>

# Racecourse Media Group Limited

## Notes to the financial statements for the year ended 31 December 2015

### 12. Creditors

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Amounts falling due in less than one year:				
Trade creditors	531	-	977	-
Other creditors	5	-	6	-
UK corporation tax	59	-	61	-
Other taxation and social security	1,043	-	649	-
Accruals and deferred income	28,208	-	20,485	-
	<b>29,846</b>	<b>-</b>	<b>22,178</b>	<b>-</b>

The Group had granted first mortgage debentures over the assets of Racing UK Limited to HSBC plc in respect of a revolving credit facility which expired in the year.

### 13. Creditors falling due after one year

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Accruals and deferred income	83	-	-	-
	<b>83</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 14. Provisions for liabilities and charges

	Group 2015 £'000	Group 2014 £'000
Deferred tax provision at start of period	(18)	(6)
Deferred tax charged to profit and loss account	(2)	(12)
<b>Deferred tax (asset) at end of period</b>	<b>(20)</b>	<b>(18)</b>

The deferred tax asset is shown in note 11.

# Racecourse Media Group Limited

## Notes to the financial statements for the year ended 31 December 2015

### 15. Deferred tax

	Group 2015 £'000	Group 2014 £'000
The balance of the deferred tax account consists of the tax effect of timing differences in respect of:		
Accelerated capital allowances	(13)	(5)
Other timing differences	(7)	(13)
<b>(Asset) for deferred tax</b>	<b>(20)</b>	<b>(18)</b>

The deferred tax asset is shown in note 11.

### 16. Share capital

	Alloted, called up and fully paid	
	Number of shares	£
As at 1 January 2015:		
Ordinary 'A' shares of £100	21	2,100
Ordinary 'B' shares of £100	11,350	1,135,000
As at 31 December 2015:		
Ordinary 'A' shares of £100	21	2,100
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 of 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.

### 17. Financial commitments

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

	2015	2015	2014	2014
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	234	748	234	1,524
Within 2 to 5 years	119	1,491	353	2,239

## **Racecourse Media Group Limited**

### **Notes to the financial statements for the year ended 31 December 2015**

#### **18. Related party transactions**

##### **Member racecourses / racecourse groups**

The racecourse operators below are members of the company 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  
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 racecourses (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 payments**

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 £29,257,000 (2014: £24,986,000) and which included £14,535,000 (2014: £13,403,000) to Jockey Club Racecourses Limited. As at 31 December 2015 the balance outstanding was £22,162,000 (2014: £16,287,000) including £8,195,000 (2014: £8,433,000) 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 Racecourse Media Group Limited, and Ascot Racecourse Limited. During the year ended 31 December 2015, Racing UK Limited provided services to Amalgamated Racing Limited of £4,921,000 (2014: £4,824,000) and the balance outstanding at the Year End was £694,000 (2014: £420,000).

## **Racecourse Media Group Limited**

### **Notes to the financial statements for the year ended 31 December 2015**

#### **18. Related party transactions (cont'd)**

##### **GBI Racing Limited**

See note 5 for details of the joint venture undertaking, GBI Racing Limited, as well as amounts outstanding with the Group as at 31 December 2015.

##### **Racecourse Betting Company Limited**

Racecourse Betting Company Limited is a company controlled substantially by the same shareholders as Racecourse Media Group 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 2015, Racing UK Limited provided services to Racecourse Betting Company Limited of £38,000 (2014: £56,000) and the balance outstanding at the year end was £178,000 (2014: £231,000).

##### **Racecourse Data Company Limited**

See note 5 for details of the joint venture undertaking, Racecourse Data Limited, as well as amounts outstanding with the Group as at 31 December 2015. During the year ended 31 December 2015, Racing UK Limited provided services to Racecourse Data Company Limited of £50,000 (2014: £50,000) of which £25,000 was owed at year end. The interest bearing loan provided to Racecourse Data Company Limited of £330,000 in 2014 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 2015, Racing UK Limited incurred expenditure on behalf of Racecourse Retail Business Limited of £610,000 (2014: £nil) which included services of key management.

#### **19. Remuneration of key management personnel**

The total remuneration of the directors who are considered to be the key management of the group was £953,000 (2014: £1,200,000).



## Racecourse Media Group Limited

### Notes to the financial statements for the year ended 31 December 2015

#### 20. Reconciliation of operating profit to net cash inflow from operating activities

	2015 £'000	2014 £'000
Group profit / (loss) after tax	160	(275)
Adjustments for :		
Depreciation	345	425
(Gain)/ loss on disposal of fixed asset	3	-
Share of Joint venture (profit ) / loss	(261)	101
Interest net	(4)	67
Amortisation of goodwill	89	89
(Increase) in debtors	(595)	(4,530)
Increase in creditors	7,753	4,393
Corporation Tax	284	286
<b>Net cash inflow /(outflow) from operating activities</b>	<b>7,774</b>	<b>556</b>

#### 21. Reconciliation of movement in net funds

	1 January 2015 £'000	Cash flow £'000	31 December 2015 £'000
Net cash			
Cash at bank	9,979	7,470	17,449
<b>Total</b>	<b>9,979</b>	<b>7,470</b>	<b>17,449</b>

#### 22. 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*

	2015 £'000	2014 £'000
<b>Cash at bank and in hand</b>	<b>17,449</b>	<b>9,979</b>
<b>Loans and receivables</b>		
Trade receivables	5,466	5,515
Amounts owed by joint venture	2,510	2,510
Other debtors	1,258	703
	<b>9,234</b>	<b>8,728</b>

## Racecourse Media Group Limited

### Notes to the financial statements for the year ended 31 December 2015

#### 22. Financial Instruments (cont'd)

##### *Financial liabilities*

	2015 £'000	2014 £'000
Trade payables	531	977
Other creditors	5	6
Accruals	28,208	20,485

#### **(b) Financial risk management objectives**

The Group'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 Group'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 Group modifies and enhances its risk management policies and systems to reflect changes in markets and products.

#### **c) Foreign currency risk**

Whilst the Group's trading activities are predominantly sterling based, a significant proportion of its revenue originates in other currencies mainly Euro from the Group'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 Group's GBI Racing Limited joint venture undertakes hedges to limit exposure to exchange rate volatility.

#### **(d) Finance and interest rate risk**

The Company finances its operations through its cash balances. It held a revolving credit facility but this was allowed to expire during 2015.

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

The Group 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 Group has dedicated standards, policies and procedures to control and monitor all such risks.

## **Racecourse Media Group Limited**

### **Notes to the financial statements for the year ended 31 December 2015**

#### **22. Financial Instruments (cont'd)**

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

The Group manages liquidity risk by maintaining adequate short term borrowing facilities and by continuously monitoring forecast and actual cash flows. Included in note 24(d) is a description of the additional facilities that the Group has at its disposal.

#### **(g) Fair values**

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

#### **23. Control**

The directors administer the Group in accordance with the articles of association. There is no single controlling party.

#### **24. Contingent liabilities**

The Group is guarantor for certain asset finance arrangements entered into between TTR Racing Limited, a company in which Racing UK Limited owns a 1p special share, and Lombard plc to the value of £2,860,000 in respect of the provision of studio facilities to the Company.

#### **25. Post balance sheet events**

There have been no post balance sheet events.

#### **26. First time adoption of FRS 102**

There is no effect on the Group statement of comprehensive income or the Statement of financial position relating to first time adoption of FRS 102 for either the Company or the Group.