Racecourse Media Group Limited

Directors' report and consolidated financial statements

Year ended 31 December 2013

Registered no. 06544004

Racecourse Media Group Limited

Strategic report of the Directors for the year ended 31 December 2013

The directors present their report with the financial statements of Racecourse Media Group Limited ("the Group") for the year ended 31 December 2013.

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 33 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.

The Group continued to improve its performance with turnover growing by 8% 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 20 to the accounts. The term of these media rights licences was extended in 2011 for the period through to February 2019. Following the addition of three new racecourses in 2012, the Company continues to expand its portfolio of racecourses with the addition of Ascot from June 2014.

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 third year and continues to exceed original expectations.

The Group continues to invest and develop its business. November 2013 saw the launch of Racing UK Anywhere, an important development which enables subscribers to watch Racing UK on multiple platforms including online, mobile and tablet. In the commercial premises market, Racing UK entered a marketing agreement with BSkyB whilst in the terrestrial sphere, 2013 marked the commencement of a new terrestrial contract with Channel Four becoming the exclusive broadcaster.

The Group's balance sheet discloses shareholders' funds amounting to £1,785,000, 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.

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.

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

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.

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 a significant 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 as a result of the prevailing economic environment. However, with the success of the relaunch of the Racing UK channel following the administration of Setanta Sports in 2009, the directors have a clear indication that the quality of content and the strength of the home entertainment sector in the recent years provides significant mitigation to this risk.

Reliance on key distributors.

The businesses exposure to key distributors has reduced significantly with move to a standalone residential channel following the administration of Setanta Sports together with the move to distribute 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 24 to the financial statements.

Key Performance Indicators ("KPI's")

The Group has made good progress during the year. The Group uses underlying turnover and licence fees as performance indicators. Underlying turnover was £42,193,000 (2012: £39,102,000). Licence fees are shown within note 3.

Racecourse Media Group Limited

Report of the Directors for the year ended 31 December 2013

The directors present their report with the financial statements of Racecourse Media Group Limited "the Group" for the year ended 31 December 2013. 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 s414(11) of the Companies Act 2006.

Results and dividends

The detailed results for the year and transfer to reserves of the retained profit of £101,000 are set out in the consolidated profit and loss account on page 6. The directors do not recommend the payment of a dividend (2012: £nil).

Directors

The directors shown below held office during the period from 1 January 2013 to the date of this report.

S L Bazalgette
W JP Derby
S T Ellen
W G Farnsworth
P Fisher (alternate for S L Bazalgette)
R J N FitzGerald
S Hordern (alternate for W JP Derby, resigned 24 March 2014)
R C Lewis
J F Sanderson
J H Sanderson (alternate for J F Sanderson and W G Farnsworth)
M J Stevenson
J M Thick (alternate for W JP Derby, appointed 24 March 2014)

Charitable and political donations

During the financial year the Group made donations to charitable organisations amounting to £3,539 (2012: £4,717). 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).

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

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:

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R J N FitzGerald
Director

Date: 18 September 2014

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 24. 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).

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 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 2013 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.

Baker Tilly UK Audit LLP

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

Date: 26 September 2014

Racecourse Media Group Limited

Group profit and loss account for the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Turnover			
Group turnover		40,051	36,957
Share of turnover of joint venture		2,142	2,145
Group and share of joint venture's turnover	2	**42,193**	**39,102**
Operating expenses			
Group operating expenses		(39,778)	(36,536)
Share of operating expenses of joint venture		(2,029)	(1,945)
Amounts written off associates		-	(138)
Group and share of joint venture's operating expenses		**(41,807)**	**(38,619)**
Operating profit			
Group operating profit		273	283
Share of operating profit of joint venture		113	200
Share of operating losses of associate		-	(121)
Group and share of joint venture's and associates total operating profit	3	**386**	**362**
Group net interest payable	7	(60)	-
Profit on ordinary activities before taxation		**326**	**362**
Tax on profit on ordinary activities	8	(225)	(370)
Profit /(loss) transferred to reserves	18	**101**	**(8)**

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

As permitted under Section 408 of the Companies Act 2006, the profit and loss account of the company is not published as part of these financial statements. The result for the year of the company is shown in note 21 to the financial statements.

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

Racecourse Media Group Limited

Company Registration No. 06544004

Group balance sheet as at 31 December 2013

	Notes	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Fixed assets					
Tangible assets	9		754		723
Goodwill	10		411		500
Investment in joint venture:	6				
Share of gross assets		3,038		3,610	
Share of gross liabilities		(3,038)		(3,610)	
Loan to joint venture		450		450	
			450		450
Investment in associate	12		-		-
Total fixed assets			**1,615**		**1,673**
Current assets					
Debtors					
- due within one year	13		6,422		8,177
- due after one year	13		1,459		1,671
Cash at bank	23		10,127		4,734
			18,008		**14,582**
Creditors: Amounts falling due within one year	14		(17,838)		(14,614)
Net current assets /(liabilities)			**170**		**(32)**
Total assets less current liabilities			**1,785**		**1,641**
Provisions for liabilities	15		-		**(2)**
Net assets			**1,785**		**1,639**
Capital and reserves					
Called up share capital	17		1,047		1,002
Profit and loss account	18		738		637
Shareholders' funds	**21**		**1,785**		**1,639**

The financial statements on pages 6 to 24 were approved and authorised for issue by the board of directors on 18 September 2014 and signed on its behalf by:

R J W FitzGerald
Director

Racecourse Media Group Limited

Company balance sheet as at 31 December 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Investments	11	1,045	1,000
		1,045	**1,000**
Current assets			
Debtors	13	2	2
Cash at bank		-	-
		2	**2**
Creditors: amounts falling due within one year	14	-	-
Net current assets		**2**	**2**
Net assets		**1,047**	**1,002**
Capital and reserves			
Called up share capital	17	1,047	1,002
Profit and loss account	18	-	-
Shareholders' funds	**21**	**1,047**	**1,002**

The financial statements on pages 6 to 24 were approved and authorised for issue by the board of directors on 18 September 2014 and signed on its behalf by:

R J N FitzGerald
Director

Racecourse Media Group Limited

Group cash flow statement for the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Net cash inflows / (outflows) from operating activities	22	6,088	(1,408)
Returns on investments and and servicing of finance	22	(63)	(12)
Taxation	22	(201)	(74)
Capital expenditure	22	(431)	(482)
Acquisitions and disposals	22	-	(80)
Increase / (decrease) in cash in the period		**5,393**	**(2,056)**

	Notes	2013 £'000	2012 £'000
Net funds at 1 January		4,734	6,790
Increase / (decrease) in cash in the period		5,393	(2,056)
Net funds at 31 December	23	**10,127**	**4,734**

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

b) 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 venture. Sales and associated costs between the Group and the joint venture 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 arrangement are defined as joint ventures. Joint ventures are accounted for using the gross equity method. Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

c) 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 33 racecourses that have licensed their rights to the Group.

d) Tangible fixed assets

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

e) 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.

g) Operating leases

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

h) 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.

1. Accounting policies (cont)

i) 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 profit and loss account in the period in which they arise.

j) Deferred tax

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.

k) Going concern

The Group a made profit before tax and licence fees of £20,187,000 in the year ended 31 December 2013 and as shown on page 7, the balance sheet discloses shareholders' funds amounting to £1,785,000. This is line with directors' expectations.

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.

After having made appropriate enquiries of the Group's joint venture and reviewed in detail the current trading position, forecasts and prospects of the business, the funding position from its shareholders, and the terms of trade in operation with customers and suppliers, the directors have a reasonable expectation that the GBI Racing joint venture has adequate resources to continue in operational existence for the foreseeable future. Furthermore, the GBI Racing joint venture continues to look at expanding new overseas territories and exploiting new commercial opportunities to grow revenues. Accordingly, the directors of GBI Racing continue to adopt the going concern basis in preparing the annual report and accounts.

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.

l) 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.

1. Accounting policies (cont)

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.

2. Geographical analysis

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

	2013 £'000	2012 £'000
UK and Ireland	30,996	27,818
Rest of World	11,197	11,284
	42,193	**39,102**

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

Operating profit is stated after charging:	2013 £'000	2012 £'000
Depreciation of tangible fixed assets	400	370
Amortisation of Goodwill	89	99
Operating lease rentals in respect of land & buildings	226	225
Amounts written off associates	-	138
Services provided by the company's auditor:		
Statutory audit of parent and consolidated accounts	7	7
Audit of subsidiaries	25	25
Other services relating to taxation and compliance services	8	8
Fees for other services	2	6
Foreign currency exchange losses	20	55
Licence fees	19,861	14,492

4. Employees and directors

The average number of employees and casual staff of the Group, including executive directors, during the year was 83, including 31 for administration and 52 for production (2012: 27 for administration and 46 for production)

Employment costs were:	2013 £'000	2012 £'000
Wages and salaries	4,615	4,010
Social security costs	557	506
Pension costs	319	322
	5,491	**4,838**
Directors' emoluments (excluding pension contributions)	710	663
Emoluments (excluding pension fund contributions) of the highest paid director	400	389

The Group made contributions to a defined contribution pension scheme for two directors (2012: two) during the year. The Group made contributions to a defined contribution pension scheme totalling £42,714 (2012: £39,629) for the highest paid director. Included in directors' emoluments are fees totalling £90,000 (2012: £90,000) paid during the year to relevant shareholders for the services of four of the directors.

The Group made a compensation payment in respect of loss of office in the year of £174,000 (2012: £nil).

5. Share of associate's operating profit

The Group acquired a 49% interest in Racing Ahead Weekend Limited on 9 November 2011, publisher of Racing Plus newspaper. The Group disposed of this investment on 25 February 2013, as set out below:

	2013 £'000	2012 £'000
Loss for the period	-	(226)
Group's share of results for the period	-	(110)
Amortisation of goodwill	-	(10)
	-	**(121)**

6. Joint Ventures

Included in the results of the Group for 2013 and 2012 is a share of the net profit of 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 £6,235,000 (2012: £6,458,000) have been eliminated against the Group's share of turnover and cost of sales shown in the consolidated profit and loss account.

At 31 December 2013 amounts owed by GBI Racing Limited to the Group were £450,000 (2012: £450,000).

6. Joint Ventures (cont)

	2013 £'000	2012 £'000
Share of:		
Turnover	8,376	8,603
Profit before tax	116	211
Tax	(116)	(211)
Profit after tax	-	-
Fixed assets	41	84
Current assets	2,997	3,526
Share of gross assets	**3,038**	**3,610**
Liabilities due within one year	(2,588)	(3,160)
Liabilities due after more than one year	(450)	(450)
Share of gross liabilities	**(3,038)**	**(3,610)**
Share of net assets	-	-

7. Interest

	2013 £'000	2012 £'000
Bank interest receivable	26	44
Interest payable and similar charges	(86)	(44)
Net interest payable	**(60)**	-

8. Taxation

Analysis of the tax charge:	2013 £'000	2012 £'000
Current Tax:		
UK corporation tax	116	200
Share of joint venture	116	211
	232	**411**
Deferred tax:		
Origination and reversal of timing differences	(7)	(40)
Effect of decreased tax rate on opening liability	-	(1)
Tax on profit on ordinary activities	**225**	**370**

8. Taxation (cont)

	2013 £'000	2012 £'000
The Group's effective tax rate reconciliation is as follows:		
Profit on ordinary activities before tax	326	362
Profit on ordinary activities multiplied by the statutory rate of corporation tax in the UK of 23.25% (2012: 24.00%)	76	87
Effects of:		
Fixed asset timing differences	(12)	(1)
Expenses not deductable for tax purposes	42	132
Depreciation for period in excess of capital allowances	10	43
Bfwd tax losses utilised	-	(1)
Other timing differences	-	(1)
Withholding tax expensed	116	152
Current tax charge for period	**232**	**411**

Factors affecting future tax charge

In the 2013 Budget the Government announced that the main rate of corporation tax would be reduced from 23% to 21% with effect from 1 April 2014 and from 21% to 20% from 1 April 2015. The 2013 Finance Act was substantially enacted on 2 July 2013. As such in accordance with UK GAAP the rate of 20% is used for the calculation of the deferred tax provision as at 31 December 2013 (2012: 23%).

9. Tangible fixed assets – Group

	Computer equipment £'000	*Office equipment* £'000	*Motor Vehicles* £'000	*Totals* £'000
Cost				
At 1 January 2013	1,421	268	20	1,709
Additions	427	4	-	431
At 31 December 2013	1,848	272	20	2,140
Depreciation				
At 1 January 2013	849	128	9	986
Charge for year	368	29	3	400
Amounts written off	-	-	-	-
At 31 December 2013	1,217	157	12	1,386
Net book value				
At 31 December 2013	631	115	8	754
At 31 December 2012	572	140	11	723

10. Intangible fixed assets – Goodwill

	Positive goodwill £'000
Cost	
At 1 January 2013	885
Additions	-
At 31 December 2013	885
Amortisation	
At 1 January 2013	385
Charge for year	89
At 31 December 2013	474
Net book value	
At 31 December 2013	411
At 31 December 2012	500

11. Investment in subsidiaries, joint ventures and associates

Name	Country of Incorporation	2013 Ownership	2013 £'000	2012 Ownership	2012 £'000
Racing UK Online Limited (1)(2)	UK	100%	-	100%	-
The Racing Corporation Limited (1)(2)	UK	100%	-	100%	-
Racing UK Limited	UK	100%	1,045	100%	1,000
			1,045		1,000
GBI Racing Limited (2)	UK	50%	-	50%	-
Racing Ahead Weekend Ltd (2)	UK	0%	-	49%	-
Racecourse Data Company Limited (2)	UK	50%	-	0%	-
Total cost of investment			**1,045**		**1,000**

(1) Dormant
(2) Held through Racing UK Limited.

With the exception of GBI Racing Limited, Racing Ahead Weekend Limited and Racecourse Data Company Limited, all other subsidiaries 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 Racing Ahead Weekend Limited was acquired on 9 November 2011, and disposed of on 25 February 2013.

The interest in Racecourse Data Company Limited was acquired on 23 December 2013.

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.

12. Investment in associates

The Group acquired a 49% interest in Racing Ahead Weekend Limited on 9 November 2011, publisher of Racing Plus newspaper. The Group disposed of this investment on 25 February 2013, as set out below:

	2013 £'000	2012 £'000
Share of net liabilities	-	(120)
Loans to associate	-	80
Goodwill arising on acquisition less amortisation	-	93
Impairment	-	(53)
	-	-
Net liabilities	-	(245)
Group's share of net liabilities	-	(120)
Loss for the period	-	(226)
Group's share of results for the period	-	(110)

13. Debtors

	Group 2013 £'000	Company 2013 £'000	Group 2012 £'000	Company 2012 £'000
Trade debtors	2,127	-	3,030	-
Amounts owed by joint venture	1,753	-	2,807	-
Other taxation and social security	-	-	-	-
Other debtors	298	2	265	2
Prepayments and accrued income	2,239	-	2,075	-
Deferred tax asset (notes 15 & 16)	5	-	-	-
	6,422	**2**	**8,177**	**2**
Amounts falling due after more than one year:				
Prepayments and accrued income	1,038	-	1,250	-
Other debtors	421	-	421	-
	1,459	**-**	**1,671**	**-**
Aggregate amounts	**7,881**	**2**	**9,848**	**2**

14. Creditors

	Group 2013 £'000	Company 2013 £'000	Group 2012 £'000	Company 2012 £'000
Amounts falling due in less than one year:				
Trade creditors	1,077	-	1,153	-
Other creditors	6	-	6	-
UK corporation tax	115	-	200	-
Other taxation and social security	633	-	410	-
Accruals and deferred income	16,007	-	12,845	-
	17,838	**-**	**14,614**	**-**

14. Creditors (cont)

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

15. Provisions for liabilities

	Group 2013 £'000	Group 2012 £'000
Deferred tax provision at start of period	2	43
Deferred tax charged to profit and loss account	(7)	(41)
Deferred tax (asset) / provision at end of period	**(5)**	**2**

The deferred tax asset is shown in note 13.

16. Deferred tax

The balance of the deferred tax account consists of the tax effect of timing differences in respect of:	Group 2013 £'000	Group 2012 £'000
Accelerated capital allowances	2	7
Other timing differences	(7)	(5)
(Asset) / provision for deferred tax	**(5)**	**2**

The deferred tax asset is shown in note 13.

17. Share capital

	Allloted, called up and fully paid	
	Number of shares	£
As at 1 January 2013:		
Ordinary 'A' shares of £100	20	2,000
Ordinary 'B' shares of £100	10,000	1,000,000
As at 31 December 2013:		
Ordinary 'A' shares of £100	20	2,000
Ordinary 'B' shares of £100	10,450	1,045,000

On 26 September 2013, Racing UK Limited issued 450 £100 Ordinary B shares at a price of £150 each to Jockey Club Racecourses Limited, The Perth Hunt and Kelso Races Limited, in equal proportion. On 26 September 2013, the new shares issued in Racing UK Limited were exchanged by the racecourses for shares with the same rights in Racecourse Media Group Limited. The shares are fully paid up, with consideration made by an advance in licence fees from the Group at the time of issue.

17. Share capital (cont)

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% in 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.

18. Reserves

	Group Profit and loss account £'000	Company Profit and loss account £'000
As at 1 January 2013	637	-
Retained profit for the year	101	-
As at 31 December 2013	**738**	**-**

19. Financial commitments

The Group has annual commitments under non-cancellable operating leases expiring as follows:

	2013		2012	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within 2 to 5 years	274	-	259	-
After five years	-	1,160	-	1,160

20. Related party transactions

In accordance with the provisions of Financial Reporting Standard number 8, "Related Party Disclosures", the following transactions, being material to either party are required to be disclosed.

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

20. Related party transactions (cont)

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

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

Licence fee payments and loans

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 £19,861,000 (2012: £14,492,000) and which included £11,439,000 (2012: £9,299,000) to Jockey Club Racecourses Limited. As at 31 December 2013 the balance outstanding was £12,080,000 (2012: £9,246,000) including £5,377,000 (2012: £5,377,000) 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 2013, Racing UK Limited provided services to Amalgamated Racing Limited of £4,645,000 (2012: £4,447,000) and the balance outstanding at the year end was £327,000 (2012: £661,000).

Racecourse Media Services Limited

Racecourse Media Services Limited is a company controlled by the same shareholders as Racecourse Media Group Limited. On 21 February 2013 Racecourse Media Services Limited ended its short term 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. This service is now provided by Racecourse Betting Company Limited. During the year ended 31 December 2013, Racing UK Limited provided services to Racecourse Media Services Limited of £nil (2012: £220,000) and the balance outstanding at the year end was £nil (2012: £225,000).

GBI Racing Limited

See note 6 for details of the joint venture undertaking, GBI Racing Limited, as well as amounts outstanding with the Group as at 31 December 2013.

Racecourse Betting Company Limited

Racecourse Betting Company Limited is a company controlled substantially by the same shareholders as Racecourse Media Group Limited. On 21 February 2013 Racecourse Betting Company Limited entered into 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, previously provided by Racecourse Media Services Limited. During the year ended 31 December 2013, Racing UK Limited provided services to Racecourse Betting Company Limited of £253,000 (2012: £nil) and the balance outstanding at the year end was £253,000 (2012: £nil).

21. Reconciliation of movement in shareholders' funds

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Opening shareholders' funds	1,639	1,647	1,002	1,002
Share issue	45	-	45	-
Retained profit /(loss) for the year	101	(8)	-	-
Closing shareholders' funds	**1,785**	**1,639**	**1,047**	**1,002**

22. Reconciliation of operating profit to net cash inflow from operating activities

	2013 £'000	2012 £'000
Group operating profit	273	283
Depreciation	400	370
Amortisation of goodwill	89	89
Amounts written off associates	-	138
Decrease /(increase) in debtors	2,017	(2,010)
Increase /(decrease) in creditors	3,308	(278)
Net cash inflow /(outflow) from operating activities	**6,088**	**(1,408)**

Analysis of cash flows for headings netted in the cash flow statement

	2013 £'000	2012 £'000
Return on investments and servicing of finance		
Interest received	23	32
Interest paid	(86)	(44)
Net cash outflow for returns on investments and servicing of finance	**(63)**	**(12)**
Taxation		
UK Corporation tax paid	(201)	(74)
Net cash outflow for taxation	**(201)**	**(74)**
Capital expenditure		
Purchase of tangible fixed assets	(431)	(482)
Net cash outflow for capital expenditure	**(431)**	**(482)**
Acquisitions and disposals		
Loan to Associate	-	(80)
Net cash outflow for acquisitions and disposals	**-**	**(80)**

23. Reconciliation of movement in net funds

	1 January 2013 £'000	Cash flow £'000	31 December 2013 £'000
Net cash			
Cash at bank	4,734	5,393	10,127
Total	**4,734**	**5,393**	**10,127**

24. 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

	2013 £'000	2012 £'000
Cash at bank and in hand	10,127	4,734
Loans and receivables		
Trade receivables	2,127	3,030
Amounts owed by joint venture	2,203	3,257
Other debtors	720	686
	5,050	6,973
Non financial assets		
Prepayments and accrued income	3,276	3,325
Other non financial assets	1,165	1,223
	4,441	4,548
Total	**19,618**	**16,255**

Financial liabilities

	2013 £'000	2012 £'000
Trade payables	1,077	1,153
Other creditors	6	6
Corporation tax payable	115	200
Accruals	13,630	11,426
Other taxation and social security	633	410
Total	**15,461**	**13,195**
Non financial liabilities		
Other non financial liabilities	2,371	1,421
Total	**17,832**	**14,616**

(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.

24. *Financial Instruments (cont)*

(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 Group finances its operations through its cash balances, short term loans from the controlling parties and a revolving credit facility. Interest on short term loans from controlling parties was set at 2% above base. The interest on the revolving credit facility is LIBOR plus 3%.

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.

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.

25. Control

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

26. 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.

27. Post balance sheet events

There have been no post balance sheet events.