Racecourse Media Group Limited

Directors' report and consolidated financial statements

Year ended 31 December 2018

Registered no. 06544004

Strategic report for the year ended 31 December 2018

The directors present their strategic report with the financial statements of Racecourse Media Group Limited ("the Group") for the year ended 31 December 2018.

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 37 British racecourse licensors. These rights are primarily exploited via the following channels:

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

In addition to this the Group provides a range of production and related services including to Racecourse Retail Business Limited, a business formed by the shareholders of the Group to license media rights for Licensed Betting Offices to Sports Information Services Limited (SIS) and until 31 March 2018 to Amalgamated Racing Limited, operators of Turf TV. The business also provides programme production for the prestigious Meydan racecourse in Dubai.

The Group continues to perform strongly with turnover of £67.6m in the year. In 2017 the Group extended the media rights granted to it for a further term through to December 2023 and which provides the directors with significant confidence in the future of the Group. Licence fees are paid to licensors in accordance with the terms of the licences. The variable nature of licence fees means that payments flex in accordance with the performance of the Group and accordingly the directors have confidence in the financial stability of the business. Licence fee payments are detailed in note 17 to the accounts.

With effect from 1 January 2019 the Group began a long term contract with SIS that sees the Group add horseracing from Ireland and Chelmsford City to its Pay TV and streaming propositions. To reflect the breadth of this new content, the Group rebranded its PayTV channel to become "RacingTV" with its principal subsidiary Racing UK Limited changing its name to RMG Operations Limited. The Group announced in January 2018 that it would not renew its joint venture in GBI Racing Limited on expiry of the current term in December 2018 and would instead partner with SIS to produce a new channel, RacingTVi, to address international betting markets.

ITV is the domestic terrestrial TV partner for the business. ITV has been lauded for their BAFTA winning coverage and has successfully grown the audience of ITV Racing.

Racecourse Data Company Limited (RDC), the Group's joint venture which holds the exclusive rights to license pre-raceday data for onward provision to a range of media and bookmaker clients extended its rights in 2018 for a further 12 month term. The joint venture performs an important role for the horseracing industry and continues to perform in line with expectation. In 2018 RDC paid its first dividend and reported a profit after taxation of £549,000 (2017: £610,000).

The Group's balance sheet discloses shareholders' funds amounting to £4.4m as shown on page 11. 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 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.

Strategic report for the year ended 31 December 2018 (continued)

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 broadcast and onward licence arrangements with broadcasters and distributors. There has been no change in the strategy of the business going forward.

Principal risks and uncertainties

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

Media rights licences.

The business relies on media rights licences granted by its licensor racecourses. During 2017 substantially all racecourse licence agreements were extended through to 31 December 2023. This provides an appropriate level of confidence that the business will be able to continue to operate for the foreseeable future.

Economic environment

As a discretionary purchase, Pay TV subscriptions could potentially be exposed to a reduction in consumer demand should the economic environment worsen. However, the trading history of the Racing TV (formerly 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 have not undertaken a detailed review of this but it is believed that the business has sufficient headroom to deal with all reasonable scenarios.

Reliance on key distributors

The business' exposure to key distributors is limited as a result of directly retailing the residential channel and distributing content internationally via a joint venture (GBI Racing Limited) with Attheraces Holdings Limited. The Group has not renewed its joint venture with GBI Racing Limited and would instead contract directly with international clients.

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 utilises forward contracts and options in the key currencies it is exposed to for this purpose.

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

Strategic report for the year ended 31 December 2018 (continued)

Financial risk management objectives and policies.

Details of the Groups' financial risk management objectives and policies are set out in note 21 to the financial statements.

Key Performance Indicators ("KPIs")

The Group has made good progress during the year. The Group uses turnover and licence fees as performance indicators. Group turnover was £67,623,000 (2017: £66,345,000). Licence fees are shown within note 3.

M J Stevenson
Director

Date: 27 March 2019

Directors Report

The directors present their report with the financial statements of Racecourse Media Group Limited ("the Group") for the year ended 31 December 2018. 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 £1,693,000, (2017: £1,332,000) are set out in the Group Statement of Comprehensive Income and Retained Earnings on page 10.

The directors do not recommend the payment of a dividend. During 2018 the Group paid a dividend of £873,000 (2017: £693,000).

Directors

The directors shown below held office during the period from 1 January 2018 to the date of this report.

A E Anson	
C H Barnett	(resigned 30 April 2018)
I D Barnett	(appointed 2 February 2018 as alternate for J Garratt)
S L Bazalgette	
W J P Derby	(appointed 22 January 2018, resigned 1 February 2018)
A J Eade	(appointed 1 February 2018 as alternate for J M Thick)
S T Ellen	(resigned 31 December 2018)
P R Fisher	(alternate for S L Bazalgette)
R J N FitzGerald	
J Garratt	
R C Lewis	
J H Sanderson	
J J A Sanderson	(appointed 2 February 2018 as alternate for J H Sanderson)
M J Stevenson	
J M Thick	
A J M Warwick	(resigned 30 April 2018)

Charitable and political donations

During the financial year the Group made donations to charitable organisations amounting to £3,415 (2017: £2,950). 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.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the directors 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 the company's auditor is aware of that information.

The directors are responsible for preparing the annual report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the Group's performance, business model and strategy and is fair, balanced and understandable.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of my knowledge:

- the Group financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and

Directors' responsibilities statement (continued)

- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

M J Stevenson
Director

Date: 27 March 2019

Independent auditor's report to the members of Racecourse Media Group Limited

Opinion

We have audited the financial statements of Racecourse Media Group Limited (the 'Parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2018 which comprise the Group Statement of Comprehensive Income and Retained Earnings and the Group Statement of Financial Position, Company Statement of Financial Position, Group Statement of Changes in Equity, Company Statement of Changes in Equity and Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent company's affairs as at 31 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditor's report to the members of Racecourse Media Group Limited (cont'd)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 5-6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Racecourse Media Group Limited (cont'd)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Henshaw
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
30 Finsbury Square, London, EC2A 1AG

Date: 28 March 2019

Group Statement of Comprehensive Income for the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Group Turnover			
Group turnover	2	67,623	66,345
Share of turnover of joint ventures		4,317	6,050
Group and share of joint ventures' turnover		**71,940**	**72,395**
Group other Income		3,412	3,095
Operating expenses			
Group operating expenses		(69,115)	(68,013)
Share of operating expenses of joint ventures		(3,701)	(5,041)
Group and share of joint ventures' operating expenses		**(72,816)**	**(73,054)**
Group Operating profit			
Group operating profit		1,920	1,427
Share of operating profit of joint ventures		616	1,009
Share of operating loss of associate		(26)	-
Group and share of joint ventures' and associate's total operating profit	3	**2,510**	**2,436**
Group net interest payable	6	(81)	(132)
Profit on ordinary activities before taxation		**2,429**	**2,304**
Taxation	7	(736)	(972)
Profit for the financial year attributable to the owners of the parent		**1,693**	**1,332**
Movement in cash flow hedge		129	-
Total comprehensive income for the year	19	**1,822**	**1,332**

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 notes on page 16 to 33 form part of the financial statements.

Consolidated Balance Sheet as at 31 December 2018

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Intangible fixed assets	8		449		603
Tangible fixed assets	9		585		550
Goodwill	10		-		55
Investment in joint ventures:	5				
Share of gross assets		3,521		7,813	
Share of gross liabilities		(3,127)		(7,436)	
			394		377
Other fixed asset investment			874		308
Total fixed assets			**2,302**		**1,893**
Current assets					
Debtors					
- due within one year	12		11,450		15,091
- due after one year	12		558		1,278
Cash at bank	20		32,384		21,692
			44,392		**38,061**
Creditors: Amounts falling due within one year	13		(42,335)		(36,544)
Net current assets			**2,057**		**1,517**
Total assets less current liabilities			**4,359**		**3,410**
Net assets			**4,359**		**3,410**
Capital and reserves					
Called up share capital	15		1,182		1,182
Profit and loss account			3,048		2,228
Cashflow hedge reserve			129		-
Shareholders' funds			**4,359**		**3,410**

The financial statements on pages 10 to 33 were approved and authorised for issue by the board of directors on 27 March 2019 and signed on its behalf by:

M J Stevenson
Director

Company Statement of Comprehensive Income for the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Turnover		-	-
Operating expenses		-	-
Operating profit		-	-
Investment income		873	693
Profit on ordinary activities before taxation		873	693
Tax on profit on ordinary activities		-	-
Profit for the year on ordinary activites after taxation and profit for the financial year		**873**	**693**
Retained earnings at beginning of year		-	-
Dividends		(873)	(693)
Retained earnings at end of year		-	-

Company Balance Sheet as at 31 December 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Investments	11	1,180	1,180
		1,180	**1,180**
Current assets			
Debtors	12	2	2
Cash at bank		-	-
		2	**2**
Creditors: amounts falling due within one year	13	-	-
Net current assets		**2**	**2**
Net assets		**1,182**	**1,182**
Capital and reserves			
Called up share capital	15	1,182	1,182
Profit and loss account		-	-
Shareholders' funds		**1,182**	**1,182**

The financial statements on pages 10 to 33 were approved and authorised for issue by the board of directors on 27 March 2019 and signed on its behalf by:

M J Stevenson
Director

Group Statement of Changes in Equity as at 31 December 2018

	Share Capital £'000	Profit and loss account £'000	Cash flow hedge reserve £'000	Total £'000
Balance at 1 January 2017	**1,137**	**1,589**	**-**	**2,726**
Profit for the year	-	1,332	-	1,332
Dividend Paid	-	(693)	-	(693)
Share issue	45		-	45
Balance at 31 December 2017	**1,182**	**2,228**	**-**	**3,410**
Profit for the year	-	1,693	-	1,693
Dividend Paid	-	(873)	-	(873)
Cash flow hedge	-	-	129	129
Balance at 31 December 2018	**1,182**	**3,048**	**129**	**4,359**

Company Statement of Changes in Equity at 31 December 2018

	Share Capital £'000	Profit and Loss account £'000	Total £'000
Balance at 1 January 2017	**1,137**	**-**	**1,137**
Profit for the year	-	693	693
Dividend	-	(693)	(693)
Share issue	45	0	45
Balance at 31 December 2017	**1,182**	**-**	**1,182**
Profit for the year	-	873	873
Dividend	-	(873)	(873)
Balance at 31 December 2018	**1,182**	**-**	**1,182**

The notes on page 16 to 33 form part of the financial statements.

Group cash flow statement for the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Operating Activities			
Cash generated from operations	19	12,410	3,624
Net Interest		(46)	(99)
Taxation - Corporation tax paid		(319)	(263)
Net cash from operating activities		**12,045**	**3,262**
Investing Activities			
Purchase of tangible fixed assets	9	(286)	(460)
Purchase of intangible fixed assets	8	(77)	(512)
Purchase of investment		(592)	-
Dividend received		265	-
Proceeds on sale of fixed assets		-	7
Purchase of options		-	(308)
Proceeds on repayment of a loan		-	330
Net cash from investing activities		**(690)**	**(943)**
Financing Activities			
Dividend paid		(873)	(693)
Cash flow hedge		129	-
Net cash from investing activities		**(744)**	**(693)**
Net increase in cash and cash equivalents		**10,611**	**1,626**
Effects of foreign exchange gains		81	38
Cash and cash equivalents at 1 January	20	21,692	20,028
Cash and cash equivalents at end of the year		**32,384**	**21,692**

Notes to the financial statements for the year ended 31 December 2018

Racecourse Media Group Limited 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 the principal place of business is 3rd Floor, Gillingham House, 38 - 44 Gillingham Street, London, SW1V 1HU.

1. Accounting policies

a) Basis of preparation

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

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

The Group's principal activities are disclosed in the strategic report.

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

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

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

The company has taken advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102:

- Section 7 'statement of cash flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.

The Financial Statements of the company are consolidated in these financial statements.

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 37 racecourses that have licensed their rights to the Group.

Notes to the financial statements for the year ended 31 December 2018 (continued)

1. Accounting policies (continued)

c) Turnover (continued)

Turnover, which excludes value added tax, represents the income in respect of the principal activities of marketing and managing the media rights for the 37 racecourses that have licensed their rights to the Group. Amounts received for terrestrial rights and subscriptions are recognised over the life of the contracts. Amounts received for streaming are recognised as the services are provided.

d) Other Income

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

e) Employee benefits

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

f) 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

g) Intangible fixed assets – Other than Goodwill

Intangible fixed assets comprise computer software which is being amortised over its useful economic life as follows:

Software – 3 years straight line.
Other intangible assets – 10 years straight line

h) Intangible fixed assets - Goodwill

Goodwill arising on consolidation is initially recognised as an asset at cost and then subject to amortisation on a straight line 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.

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.

Notes to the financial statements for the year ended 31 December 2018 (continued)

1. Accounting policies (continued)

k) Foreign currencies

The presentational and functional currency of the company is Sterling. 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 interest, tax and licence fees of £38,758,000 in the year ended 31 December 2018. As shown on page 11, the statement of financial position discloses shareholders' funds amounting to £4,359,000. 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.

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.

Notes to the financial statements for the year ended 31 December 2018 (continued)

1. Accounting policies (continued)

n) Financial instruments (continued)

Trade and other creditors

Trade and other creditors are recognised at cost.

Derivatives

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

o) Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

2. Geographical analysis

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

	2018 £'000	2017 £'000
UK and Ireland	49,008	44,764
Rest of World	18,615	21,581
	67,623	**66,345**

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 horse racing content.

Notes to the financial statements for the year ended 31 December 2018 (continued)

3. Operating profit

Operating profit is stated after charging:	2018 £'000	2017 £'000
Depreciation on fixed assets	482	319
Amortisation of Goodwill	55	89
Operating lease rentals - Land and buildings	240	239
Operating lease rentals - Other	830	1,160
Services provided by the company's auditor:		
Audit of consolidated and subsidiary accounts	40	44
Other services relating to taxation and compliance services	7	15
Fees for other services	3	-
Foreign currency exchange (gains) / losses	(81)	(38)
Licence fees	36,249	37,083

4. Employees and directors

The average number of employees and casual staff of the Group, including executive directors, during the year was 84, including 34 for administration and 50 for production (2017: 34 for administration and 58 for production).

Employment costs were:	2018 £'000	2017 £'000
Wages and salaries	6,133	6,164
Social security costs	779	759
Pension costs	415	411
	7,327	**7,334**
Directors' emoluments (excluding pension contributions)	1,513	1,308
Directors' pension contributions	20	29
Emoluments (excluding pension fund contributions) of the highest paid director	770	683

The Group made contributions to a defined contribution pension scheme for one director (2017: two) during the year. The Group made no contributions to a defined contribution pension scheme (2017: £8,700) for the highest paid director. Included in directors' emoluments are fees totalling £72,000 (2017: £72,000) paid during the year to relevant shareholders and management companies for the services of five of the directors.

The Company made no compensation payments in respect of loss of office in the year (2017: nil). No share options have been granted to or exercised by any of the directors (2017: nil). During the year no director had an interest in the shares of the Company (2017: nil)

Notes to the financial statements for the year ended 31 December 2018 (continued)

5. Joint Ventures

Included in the results of the Group for 2018 and 2017 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, and ceased operations on 31 December 2018.

Sales and associated costs of £9,937,000 (2017: £12,422,000) 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 2018 amounts owed by GBI Racing Limited to the Group were £1,798,000 (2017: £4,805,000). The registered address is Millbank Tower, 21-24 Millbank, London, SW1P 4QP.

	2018 £'000	2017 £'000
Share of:		
Turnover	12,546	17,118
Profit before tax	263	587
Tax	(263)	(577)
Profit after tax	**-**	**10**
Fixed assets	2	32
Current assets	2,835	7,050
Share of gross assets	**2,837**	**7,082**
Liabilities due within one year	(2,803)	(7,049)
Share of gross liabilities	**(2,803)**	**(7,049)**
Share of net assets	**34**	**33**

Notes to the financial statements for the year ended 31 December 2018 (continued)

5. Joint Ventures (continued)

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 2017, RMG Operations Limited provided services to Racecourse Data Company Limited of £55,000 (2017: £50,000) of which £18,000 was owed at year end. During the year ended 31 December 2018 Racecourse Data Company Limited provided services to RMG Operations Limited of £249,000 (2017: £224,000) of which £249,000 remains outstanding at the year end. The registered address is 10th Floor The Met Building, 22 Percy Street, London, W1T 2BU.

	2018	2017
	£'000	£'000
Share of:		
Turnover	1,445	1,495
Profit before tax	352	418
Tax	(70)	(79)
Profit after tax	**282**	**339**
Current assets	685	731
Share of gross assets	**685**	**731**
Liabilities due within one year	(325)	(387)
Share of gross liabilities	**(325)**	**(387)**
Share of net assets	**360**	**344**

6. Interest

	2018	2017
	£'000	£'000
Bank interest	75	28
Interest payable and similar charges arising on bank loans	(156)	(160)
Net interest (payable)	**(81)**	**(132)**

Notes to the financial statements for the year ended 31 December 2018 (continued)

7. Taxation

Analysis of the tax charge:	**2018**	**2017**
	£'000	**£'000**
Current Tax:		
UK corporation tax	376	318
Share of joint ventures	332	656
	708	**974**
Deferred tax:		
Origination and reversal of timing differences	28	(2)
Tax on profit on ordinary activities	**736**	**972**

	2018	**2017**
	£'000	**£'000**
The Group's effective tax rate reconciliation is as follows:		
Profit on ordinary activities before tax	2,429	2,304
Profit on ordinary activities multiplied by the statutory rate of corporation tax in the UK of 19% (2017: 19.25%)	461	444
Effects of:		
Expenses not deductable for tax purposes	64	86
Other timing differences	-	(20)
Adjustments to tax charge in respect of previous periods	214	(18)
Adjusting deferred tax to average rate	(3)	(2)
Withholding Tax	-	462
Current tax charge for period	**736**	**972**

Factors affecting future tax charge

The rate of 17% is used for the calculation of the deferred tax provision as at 31 December 2018 (2017: 17%). Corporation tax reductions announced result in a change to 19% from 1 April 2016 and then to 17% from 1 April 2020.

Notes to the financial statements for the year ended 31 December 2018 (continued)

8. Intangible fixed assets

	Software Costs £'000	Other Intangibles £'000	Total £'000
Cost			
At 1 January 2018	596	102	698
Additions	-	77	77
At 31 December 2018	596	179	775
Amortisation			
At 1 January 2018	95	-	95
Charge for year	217	14	231
At 31 December 2018	312	14	326
Carrying Amount			
At 31 December 2018	284	165	449
At 31 December 2017	501	102	603

9. Tangible fixed assets

	Computer equipment £'000	Office equipment £'000	Motor Vehicles £'000	Totals £'000
Cost				
At 1 January 2018	2,786	270	20	3,076
Additions	174	112	-	286
At 31 December 2018	2,960	382	20	3,362
Depreciation				
At 1 January 2018	2,293	222	11	2,526
Charge for year	231	17	3	251
At 31 December 2018	2,524	239	14	2,777
Net book value				
At 31 December 2018	**435**	**143**	**6**	**585**
At 31 December 2017	493	48	9	550

Notes to the financial statements for the year ended 31 December 2018 (continued)

10. Goodwill

	Goodwill £'000
Cost	
At 1 January 2018	885
Additions	-
At 31 December 2018	885
Amortisation	
At 1 January 2018	830
Charge for year	55
At 31 December 2018	885
Net book value	
At 31 December 2018	-
At 31 December 2017	55

11. Investment in subsidiaries, joint ventures and associates

	Type of Business	Country of Incorporation	Class of Shares	2018 Ownership	2018 £'000	2017 Ownership	2017 £'000
RMG Operations Limited (1)	Media	UK	'B' Ordinary	100%	1,180	100%	1,180
					1,180		1,180
Boscabet DAC (2)	Media	Ireland	Ordinary	25%	900	-	308
GBI Racing Limited (2)	Media	UK	'B' Ordinary	50%	-	50%	-
Racecourse Data Company Limited (2)	Media	UK	'A' Ordinary	53.45%	-	55%	-
Total cost of investment					**2,080**		**1,488**

(1) Previously called Racing UK Limited, name changed 14 December 2018
(2) Held through RMG Operations Ltd

All subsidiaries with exception of those listed below were acquired on 28 August 2008 from the previous parent company, Racing UK 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 Group exercised an option to acquire 25.1% of Boscabet DAC in January 2018.

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 RMG Operations Limited are equity shares under section 548 and section 616(1) of the Companies Act 2006.

The address of the RMG Operations Limited is 10th Floor, The Met Building, 22 Percy Street, London, W1T 2BU and principal place of business is 3rd Floor, Gillingham House, 38 - 44 Gillingham Street, London, SW1V 1HU. The detailed results for the year and transfer to reserves of the retained profit of £1,757,000 (2017: £1,073,000) and shareholder's funds amounting to £3,989,000 (2017: £2,976,000).

Notes to the financial statements for the year ended 31 December 2018 (continued)

12. Debtors

Amounts falling due within one year:	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
Trade debtors	7,070	-	8,618	-
Amounts owed by joint venture	1,818	-	4,401	-
Other taxation and social security	-	-	-	-
Other debtors	40	2	50	2
Prepayments and accrued income	2,525	-	1,998	-
Deferred tax asset	(3)	-	24	-
	11,450	**2**	**15,091**	**2**
Amounts falling due after more than one year:				
Prepayments and accrued income	55	-	503	-
Other debtors	503	-	775	-
	558	**-**	**1,278**	**-**
	12,008	**2**	**16,369**	**2**

13. Creditors

	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
Amounts falling due in less than one year:				
Trade creditors	709	-	198	-
Amounts owed to joint venture	69	-	13	-
UK corporation tax	379	-	323	-
Other taxation and social security	1,020	-	589	-
Accruals and deferred income	40,158	-	35,421	-
	42,335	**-**	**36,544**	**-**

In 2016 the Group granted first mortgage debentures over the assets of RMG Operations Limited to HSBC plc in respect of a revolving credit facility.

14. Deferred tax

The balance of the deferred tax account consists of the tax effect of timing differences in respect of:	Group 2018 £'000	Group 2017 £'000
Accelerated capital allowances	(25)	8
Other timing differences	28	(32)
Liability/(Asset) for deferred tax	**3**	**(24)**

The deferred tax asset is shown in note 12.

Notes to the financial statements for the year ended 31 December 2018 (continued)

15. Share capital

	Allotted, called up and fully paid	
	Number of shares	£
As at 1 January 2018:		
Ordinary 'A' shares of £100	24	2,400
Ordinary 'B' shares of £100	11,800	1,180,000
As at 31 December 2018:		
Ordinary 'A' shares of £100	24	2,400
Ordinary 'B' shares of £100	11,800	1,180,000

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.

16. Financial commitments

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

	2018 Land and buildings £'000	2018 Other £'000	2017 Land and buildings £'000	2017 Other £'000
Within one year	242	113	239	684
Within 2 to 5 years	662	-	902	113
Total	904	113	1,141	797

Notes to the financial statements for the year ended 31 December 2018 (continued)

17. Related party transactions

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
- Leicester Racecourse Holdings Limited (Joined 1 May 2017)
- Stratford-on-Avon Racecourse Company Limited (Joined 1 July 2017)
- Taunton Racecourse Company Limited (Joined 1 May 2017)

* 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 RMG Operations 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 £36,921,000 (2017: £37,696,000) and which included £17,354,000 (2017: £17,787,000) to Jockey Club Racecourses Limited. As at 31 December 2018 the balance outstanding was £29,587,000 (2017: £26,998,000) including £12,883,000 (2017: £12,190,000) to Jockey Club Racecourses Limited.

RMG Operations Limited also made sales to member racecourses in relation to broadcast services. The total value of these sales in the year was £3,301,000 (2017: £3,029,000); of this £1,467,000 (2017: £1,427,000); related to Jockey Club Racecourses Limited. As at 31 December 2018 the balance outstanding was £263,000 (2017: £412,000) including £146,000 (2017: £275,000) from Jockey Club Racecourses Limited.

Notes to the financial statements for the year ended 31 December 2018 (continued)

17. Related party transactions (continued)

Amalgamated Racing Limited

Amalgamated Racing Limited operated Turf TV and is a joint venture between Racecourse Media Services Limited and Timeweave 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. During the year ended 31 December 2018, RMG Operations Limited provided services to Amalgamated Racing Limited of £1,403,000 (2017: £4,743,000) and the balance outstanding at the year end was nil (2017: £397,000).

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 2018. During the year ended 31 December 2018, RMG Operations Limited provided services to GBI Racing Limited of £9,950,000 (2017: £13,028,000) and incurred costs on their behalf of £591,000 (2017: £553,000). The balance outstanding at the year-end was £1,798,000 (2017: £4,805,000).

Racecourse Betting Company Limited

Racecourse Betting Company Limited is a company controlled by substantially the same shareholders as Racecourse Media Group Limited, the parent company of RMG Operations Limited. Racecourse Betting Company Limited operated 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 2018, RMG Operations Limited provided services to Racecourse Betting Company Limited of £67,000 (2017: £38,000) and the balance outstanding at the year-end was nil (2017: £157,000).

Racecourse Data Company Limited

See note 5 for details of the joint venture undertaking. During the year ended 31 December 2018, RMG Operations Limited provided services to Racecourse Data Company Limited of £55,000 (2017: £54,000) of which £18,000 was owed at year end (2017: £13,000). The interest bearing loan provided to Racecourse Data Company Limited of £330,000 in 2014 has been paid in full and is no longer outstanding.

During the year ended 31 December 2018 Racecourse Data Company Limited provided services to RMG Operations Limited of £249,000 (2017: £224,000) where £249,000 remains outstanding at the year end (2017: nil).

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 RMG Operations Limited. During the year ended 31 December 2018, RMG Operations Limited provided services to Racecourse Retail Business Limited of £5,041,000 (2017: nil) and the outstanding balance at the year end was £1,341,000 (2017: £643,000).

Notes to the financial statements for the year ended 31 December 2018 (continued)

17. Related party transactions (continued)

Racecourse Media Services Limited

Racecourse Media Services Limited is a company controlled by the same shareholders as Racecourse Media Group Limited, the parent company of RMG Operations Limited. It is the legal entity that holds shares in Amalgamated Racing Limited and receives and distributes dividends on behalf of the member racecourses. During the year ended 31 December 2018, RMG Operations Limited provided services to Racecourse Media Services Limited of £16,000 (2017: £5,000). The balance outstanding at the year end was £1,000 (2017: £5,000).

18. Remuneration of key management personnel

The total remuneration of the directors who are considered to be the key management of the group was £2,087,000 (2017: £2,061,000).

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

	2018 £'000	2017 £'000
Total comprehensive income	1,822	1,332
Adjustments for :		
Depreciation	482	319
BHA Grant moved to Fixed Assets	-	(55)
Loss on disposal of fixed asset	-	12
Increase in cash flow hedge	(129)	-
Share of joint ventures (profit)	(282)	(349)
Share of associate loss	26	
Interest net	46	132
Amortisation of goodwill	55	89
Decrease / (Increase) in debtors	4,361	(1,673)
Increase in creditors	5,791	3,539
Taxation	319	316
Foreign exchange gain	(81)	(38)
Net cash inflow from operating activities	**12,410**	**3,624**

20. Reconciliation of movement in net funds

	1 January 2018 £'000	Cash flow £'000	31 December 2018 £'000
Net cash			
Cash at bank	21,692	10,692	32,384
Total	**21,692**	**10,692**	**32,384**

Notes to the financial statements for the year ended 31 December 2018 (continued)

21. 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

Loans and receivables measured at amortised cost	2018 £'000	2017 £'000
Trade receivables	7,070	8,618
Amounts owed by joint venture	1,818	4,401
Accrued Income	932	923
Other debtors	543	825
Total	**10,363**	**14,767**

The Group's financial assets comprised other debtors as shown in note 12.

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost	2018 £'000	2017 £'000
Trade payables	709	198
Amount owed to Joint Venture	69	13
Accruals	40,158	35,421
Total	**40,936**	**35,632**

The Company had no financial liabilities.

(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.

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

Notes to the financial statements for the year ended 31 December 2018 (continued)

21. Financial instruments (continued)

(d) Finance and interest rate risk

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

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

(g) Fair values

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

22. Control

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

23. Post balance sheet events

There are no post balance sheet events affect the Group.

Notes to the financial statements for the year ended 31 December 2018 (continued)

25. Reserves

Share capital

Share capital represents the nominal value of shares issued.

Profit and loss account

Includes all current and prior period retained profits and losses.

Cash flow hedge reserve

Represents the market value of cash flow hedges in place at 31 December 2018

26. Contingent Liabilities

There were no contingent liabilities at 31 December 2018 or 31 December 2017

27. Capital Commitments

The Group had capital commitments at 31 December 2018 of £154,000 (2017: nil)

28. Pension

The Group operates a defined contribution pension scheme. The Group pays fixed contributions into an independently administered entity. The pension cost charge represents contributions payable by the Group to the fund and amounted to £415,000 (2017: £411,000). Contributions totalling £56,000 (2017: £66,000) were payable to the fund at the balance sheet date.

29. Related Party transactions

The Group has taken advantage of the exemption available and has not disclosed transactions with wholly owned group companies headed by Racecourse Media Group Ltd., the ultimate parent undertaking which forms part of the Group.