

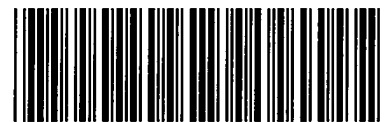
Registered number: 7202563

## **Tough Mudder Limited**

**Directors' report and financial statements**

**for the year ended 31 December 2014**

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**Tough Mudder Limited**

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**Company Information**

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<b>Director</b>	William T Dean
<b>Company secretary</b>	William T Dean
<b>Registered number</b>	7202563
<b>Registered office</b>	125 Wood Street London EC2V 7AW
<b>Independent auditors</b>	Ernst & Young LLP Barony House Stoneyfield Business Park Inverness IV2 7PA

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**Tough Mudder Limited**

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**Tough Mudder Limited**

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**Director's report  
for the year ended 31 December 2014**

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The director presents his report and the financial statements for the year ended 31 December 2014.

**Principal activities**

The principal activity of the entity during the year was the organising and hosting of 10 - 12 mile obstacle course mud runs around the United Kingdom and the Republic of Ireland.

**Directors**

The director who served during the year was:

William T Dean

**Provision of Information to auditors**

Each of the persons who are directors at the time when this Director's report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

**Auditors**

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the director has taken advantage of the small companies exemption provided by Section 415A of the Companies Act 2006

The director has taken advantage of the small companies exemption provided by Section 414B of the Companies Act 2006 not to provide a Strategic Report.

This report was approved by the board on 29 September, 2015 and signed on its behalf.

William T Dean  
Director



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**Tough Mudder Limited**

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**Directors' responsibilities statement  
for the year ended 31 December 2014**

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The directors are responsible for preparing 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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**Tough Mudder Limited**

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We have audited the financial statements of Tough Mudder Limited for the year ended 31 December 2014, which comprise the Profit and loss account, the Balance sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 Auditors' 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 auditors**

As explained more fully in the Directors' responsibilities statement set out on page 2, 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 Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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**Tough Mudder Limited**

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**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Director's 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Director's Report.

*Ernst & Young LLP*

Donald Forsyth (Senior statutory auditor)  
for and on behalf of  
**Ernst & Young LLP**  
Statutory Auditor  
Inverness

Date: *29 September 2015*

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**Tough Mudder Limited**

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**Profit and loss account  
for the year ended 31 December 2014**

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	Note	2014 £	2013 £
Turnover	1,2	7,023,603	7,071,579
Cost of sales		<u>(3,764,351)</u>	<u>(3,138,066)</u>
<b>Gross profit</b>		<b>3,259,252</b>	<b>3,933,513</b>
Administrative expenses		<u>(3,800,983)</u>	<u>(4,288,121)</u>
Other operating income	3	<u>-</u>	<u>78,660</u>
<b>Loss on ordinary activities before taxation</b>		<b>(541,731)</b>	<b>(275,948)</b>
Tax on loss on ordinary activities		<u>-</u>	<u>-</u>
<b>Loss for the financial year</b>	9	<u><b>(541,731)</b></u>	<u><b>(275,948)</b></u>

The notes on pages 7 to 12 form part of these financial statements.



**Tough Mudder Limited**  
**Registered number: 7202563**

**Balance sheet**  
**as at 31 December 2014**

	Note	£	2014 £	£	2013 £
<b>Fixed assets</b>					
Tangible assets	5		48,192		56,553
<b>Current assets</b>					
Debtors	6	7,325,890		5,802,444	
Cash at bank		<u>820,537</u>		<u>546,636</u>	
		8,146,227		6,349,080	
<b>Creditors: amounts falling due within one year</b>	7	<u>(9,321,477)</u>		<u>(6,990,960)</u>	
<b>Net current liabilities</b>			<u>(1,175,250)</u>		<u>(641,880)</u>
<b>Net liabilities</b>			<u>(1,127,058)</u>		<u>(585,327)</u>
<b>Capital and reserves</b>					
Called up share capital	8		100		100
Profit and loss account	9		<u>(1,127,158)</u>		<u>(585,427)</u>
<b>Shareholders' deficit</b>			<u>(1,127,058)</u>		<u>(585,327)</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September, 2015.



**William T Dean**  
**Director**

The notes on pages 7 to 12 form part of these financial statements.

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**Tough Mudder Limited**

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**Notes to the financial statements  
for the year ended 31 December 2014**

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

**1.2 Fundamental accounting concept**

The company has no external funding but receives all its financing from Tough Mudder Inc, its immediate parent undertaking. Without the support of its parent undertaking the company would not be a going concern.

The director has prepared the financial statements on the going concern basis because the parent undertaking has agreed to continue providing sufficient support to enable the company to meet all its liabilities. Amounts advanced are interest free and have no fixed terms of repayment except that Tough Mudder Inc has confirmed to the directors of Tough Mudder Limited that it will not recall any funding until such a time as the company is able to repay these amounts without prejudicing its ability to pay its other liabilities as they fall due.

**1.3 Cash flow**

The financial statements do not include a Cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

**1.4 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

The company also provides sales and marketing support to the group and receives turnover in accordance with the terms of the agreement with the parent undertaking.

**1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Computers and office equipment	- 3 - 8 years straight line
Construction equipment	- 3 years straight line
Office Furniture	- 8 years straight line

**1.6 Operating leases**

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

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**Tough Mudder Limited**

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**Notes to the financial statements  
for the year ended 31 December 2014**

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**1. Accounting policies (continued)**

**1.7 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**1.8 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

**1.9 Share options**

The parent company has issued share options to certain employees. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities which does not require equity-settled share based payment arrangements to be recognised as an expense.

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**Tough Mudder Limited**

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**Notes to the financial statements  
for the year ended 31 December 2014**

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**2. Turnover**

26% of the company's turnover (2013 – 6%) is attributable to geographical markets outside the United Kingdom.

**3. Other operating income**

	2014 £	2013 £
Other operating income	-	78,660

**4. Loss**

The loss is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	14,456	9,612
Auditors' remuneration	11,000	11,000

During the year, no director received any emoluments (2013 - £NIL).

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**Tough Mudder Limited**

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**Notes to the financial statements  
for the year ended 31 December 2014**

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**5. Tangible fixed assets**

	Office Furniture £	Construction Equipment £	Computers & Office Equipment £	Total £
<b>Cost</b>				
At 1 January 2014	<u>11,567</u>	<u>20,250</u>	<u>34,656</u>	<u>66,473</u>
Additions	-	-	6,095	6,095
At 31 December 2014	<u>11,567</u>	<u>20,250</u>	<u>40,751</u>	<u>72,568</u>
<b>Depreciation</b>				
At 1 January 2014	<u>1,555</u>	<u>2,700</u>	<u>5,665</u>	<u>9,920</u>
Charge in year	1,446	4,050	8,960	14,456
At 31 December 2014	<u>3,001</u>	<u>6,750</u>	<u>14,625</u>	<u>24,376</u>
<b>Net book value</b>				
At 31 December 2014	<u>8,565</u>	<u>13,500</u>	<u>26,127</u>	<u>48,192</u>
At 31 December 2013	10,012	17,550	28,991	56,553

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**Tough Mudder Limited**

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**Notes to the financial statements  
for the year ended 31 December 2014**

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**6. Debtors**

	2014 £	2013 £
Trade debtors	805,608	599,536
Amounts owed by group undertakings	6,358,646	5,132,274
Other debtors	161,436	70,634
	<u>7,325,690</u>	<u>5,802,444</u>

**7. Creditors:  
Amounts falling due within one year**

	2014 £	2013 £
Trade creditors	375,783	442,394
Amounts owed to group undertakings	5,384,912	4,387,317
Social security and other taxes	3,157	964
Other creditors	3,557,625	2,160,285
	<u>9,321,477</u>	<u>6,990,960</u>

**8. Share capital**

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
100- Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**9. Reserves**

	Profit and loss account £
At 1 January 2014	(585,427)
Loss for the year	(541,731)
At 31 December 2014	<u>(1,127,158)</u>

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**Tough Mudder Limited**

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**Notes to the financial statements  
for the year ended 31 December 2014**

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**10. Operating lease commitments**

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
<b>Expiry date:</b>		
Between 2 and 5 years	<u>75,596</u>	<u>75,596</u>

**11. Related party transactions**

Included in amounts owed from group undertakings at the year end is £5,638,583 (2013 - £4,486,512) due from the parent undertaking, Tough Mudder Inc. The balance due from other group companies is £720,063 (2013 - £645,762).

Included in amounts owed to group undertakings at the year end is £4,789,371 (2013 - £4,384,320) due to the parent undertaking, Tough Mudder LLC. The balance due to other group companies is £595,541 (2013 - £2,997).

**12. Ultimate parent undertaking and controlling party**

The company is a wholly owned subsidiary of Tough Mudder Inc. The immediate and ultimate parent undertaking and controlling party is Tough Mudder Inc, a company incorporated in the USA.

It has included Tough Mudder Inc in its group financial statements, copies of which are available from its registered office 15 Metrotech Center, 7<sup>th</sup> Floor, Brooklyn, NY 11201.

**13. Share Options**

During the year ended 31 December 2014, the company operated an equity settled share option plan for which employees were granted share option rights in the parent company, Tough Mudder, Inc. As of 31 December 2014, 61,000 options remain outstanding to 10 employees at an exercise price of \$0.67. The options were all granted during the current year. The options vest over 3 years and can be exercised at any time from the date of vesting to 10 years from the date of grant, if still performing services for the company. During the year ended 31 December 2014, no options were exercised.