

Attheraces Limited

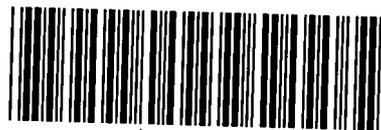
Report and Financial Statements

Period Ended

31 December 2019

Company Number 03896585

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Attheraces Limited

**Report and financial statements
for the period ended 31 December 2019**

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Directors

S A J Nahum
M A Imi
M J Winterbottom

Secretary and registered office

T A Walsh, Millbank Tower, 21-24 Millbank, London, SW1P 4QP

Company number

03896585

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Attheraces Limited

Strategic report for the period ended 31 December 2019

The directors present their annual report and the audited financial statements for the 18 month period ended 31st December 2019.

Principal activity

The principal activities of the company are the exploitation of worldwide broadcast, media and other rights acquired from racecourses throughout the UK and internationally and the provision of content services.

Review of the business including developments future prospects and uncertainties facing the company

The results and position of the company are shown in the statement of comprehensive income on page 10 and the statement of financial position on page 11.

The company's revenues for the 18 month period ended 31 December 2019 were £64.0m compared to £40.6m for the year ended 30 June 2018. Profit before tax for the period was reduced to £4.9m (year ended 2018: £7.2m) as the company paid an increased proportion of revenues back as media rights returns to its racecourse partners. The company's net assets increased from £18.8m as at 30 June 2018 to £21.9m as at 31 December 2019.

The Sky Sports Racing TV channel had a successful launch in January 2019 broadcasting from its purpose-built studio at Sky, Osterley. New presenting talent joined the established team and production innovations were introduced including super-slow-motion cameras and Sky Pad touchscreen technology. Average monthly audience reach grew by +27% 2019 v 2018 (BARB).

This performance was despite the loss of Irish racing rights which led to an expected decline in viewing in Ireland. The period saw the commencement in March 2019 of new media rights agreements with Ascot Racecourse and Chester Race Company. Coinciding with the launch of Sky Sports Racing, the company also acquired exclusive, new broadcast rights for French racing and Hong Kong racing in the UK as well as North American racing from NYRA, Woodbine and Keeneland.

The company continued to grow its core distribution business, increasing revenues from the licensing and delivery of streaming content to UK online bookmaker customers. US racing, French racing and greyhound racing all contributed to growth.

Affiliate betting revenues suffered during the period, largely due to the impact on bookmakers of new GDPR and KYC regulations alongside Equine Flu and Cheltenham Festival trading performance. Underlying key metrics continued to perform well with the attheraces.com website and app generating 10m+ user sessions per month on average (+8% - Google Analytics) and numbers of active affiliate players and new affiliate customer acquisitions also increased, as reported by the company's multiple bookmaker customers.

In the first year of operating an independent international licensing function outside of the previous GBI Racing joint venture, the business outperformed budget with strong growth in US, France, Japan and Turkey mitigating shortfall in Italy. All former GBI Racing customers moved over to direct deals with the company. New picture signal delivery processes were implemented in collaboration with Phumelela in South Africa which enabled costs of distribution to be managed and in some areas reduced. The company licensed and delivered the first ever UK racing simulcasts in Japan through its agreement with the Japan Racing Association. A tax refund was received from the Israeli Tax Authority in respect of the company's share of GBI Racing's revenues from Israel during the period 2013 to 2018.

Attheraces Limited

Strategic report for the period ended 31 December 2019 *(continued)*

The company was positioned well for growth in 2020 before the impact of the COVID-19 pandemic. From March 18th 2020 all UK horse racing was suspended. The loss of all domestic horse racing product for a period of 10 weeks until June 1st 2020 had a severe impact on core business revenues with domestic and international revenues from UK horse racing immediately reduced to zero.

Some of the company's international content remained operational through April and May 2020, however, the resilient and diversified nature of the business helped deliver an exceptional net break-even performance in June 2020. All cost bases were thoroughly reviewed through the period. The company was able to retain all its staff without furloughing. Despite the lack of live UK horse racing content during the period 18 March 2020 – 31 May 2020, audiences for the channel held up well [1.8 million average UK monthly reach, March-May – BARB] as Sky Sports Racing continued to show live international content from Hong Kong, USA and Australia during this period and French racing when it resumed on 11 May 2020. Once UK racing resumed in June 2020 the company produced increased revenues against UK streaming services versus prior year and was able to support its racecourse partners during the early stages of racing resumption and recovery and the channel audiences grew again [2.2 million monthly reach, June – BARB].

With a strong cash reserve and balance sheet, the business is well positioned to cope with further COVID-19-related interruptions to UK racing. The experience of managing the business through the initial wave of the pandemic, successfully establishing remote working practices and infrastructures and a positive reaction from the bookmaker market and public to what is normally seen as secondary product (compared with domestic racing) from the US, Hong Kong and France has in some ways left the business stronger – early signs indicate that customers are engaged with US and French racing more than they were pre-COVID-19.

Attheraces Limited

Strategic report
for the period ended 31 December 2019 (*continued*)

Financial risk management objectives and policies

Credit Risk

The risk of financial loss due to a counter party's failure to honour its obligations arises principally in relation to transactions where the company provides services to customers. Company policies are aimed at minimising such losses, and require that terms are only granted to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures.

Our credit control processes have ensured that over several years the business has incurred no material bad debts and we aim to maintain the same level of efficiency going forward.

Foreign exchange risk

The company will operate in a number of overseas markets and will invoice in local currencies, giving the company exposure to foreign exchange risk. The Board is responsible for managing foreign exchange risks and the company is exploring the use of derivative financial instruments in the form of forward foreign exchange contracts to mitigate risk and provide more budget certainty.

Liquidity Risk

The company seeks to mitigate liquidity risk by closely managing cash flows.

Despite the COVID-19 pandemic Attheraces Limited continues to generate strong operating profit and is in a position to meet all day to day business expenditure and make dividend payments to shareholders.

Legislation and Regulation risk

U.K. Exit from the European Union

The company's business is subject to risks relating to uncertainties and effects of the implementation of the United Kingdom's referendum to withdraw membership from the EU (referred to as "Brexit"), including financial, legal, tax and trade implications. At this stage we cannot predict the extent of any potential changes to the regulatory framework involving U.K. and EU regulation for media and broadcasting.

This report was approved by the board on *15 December 2020* and signed on its behalf.



T A Walsh
Secretary

Attheraces Limited

Directors' report for the period ended 31 December 2019

The directors present their report and the financial statements for the 18 month period ended 31 December 2019.

Results and dividends

The profit for the period, after taxation, amounted to £5.1 m (30 June 2018 - £7.0m).

During the period the company paid an interim dividend of £2.0 m (30 June 2018 - £3.0m). No final dividend was proposed (30 June 2018 - £Nil).

Directors

The directors who served during the period were:

S A J Nahum
M A Imi
M J Winterbottom

Insurance

The company has directors' and officers' liability insurance and is intended to maintain such cover for the full term of their employment/appointment.

No director had any interests in the share capital of the company throughout the period.

Going concern

The COVID-19 pandemic affected the UK and most of the rest of the world significantly from mid-March 2020 with governments globally introducing restrictive measures to curb the spread of the virus. The company's business was impacted primarily by the suspension of UK horse racing from 18 March 2020 until 1 June 2020 which led to a decline in domestic and international revenues from UK horse racing.

It was envisaged that the company would incur considerable operational losses across Q2 with revenues acutely down during a period of suspended UK racing and cost outlay largely being maintained. However, the diversified nature of the business and a positive recovery on resumption of racing in June meant the company was able to restrict accumulated losses across Q2 and deliver a break-even position for H1. Racing from US, Hong Kong and France was able to sustain certain revenue lines and support TV channel ratings which were higher than had been expected during the period without any live UK racing.

As well as successfully navigating the height of the pandemic period and the suspension of UK racing, the company has also maintained strong cash reserves. This has enabled the business to remain self-sufficient, retain all employees on existing contracts without use of the Government furlough scheme and expedite rights payments to rights holders.

The resumption of UK racing on 1 June saw the business recover well with some revenue lines exceeding budget for that month.

Attheraces Limited

Directors' report for the period ended 31 December 2019 (*continued*)

Whilst the pandemic period has been highly challenging, the company is nonetheless projected to deliver a strong Y/E Operating profit as well as exceed both Revenue and Media Rights budgets.

Depending on the duration of the COVID-19 crisis and any sustained negative impact on general economic activity, the company could still see further challenges. Several stress tests have been performed which examine such issues as potential losses of domestic and/or international racing content coupled with mitigation plans. As part of these scenarios a forecast was prepared on the assumption that UK racing was suspended throughout the period to December 2021. Also assumed was revenue delivery in line with April 2020 when only a limited amount of international racing was operational as well as cuts in certain expenditure. Even under this stress test scenario, which the directors consider to be remote, the forecasts indicate that the company will have sufficient cash resources throughout the forecast period to meet its liabilities as they fall due, supporting the conclusion that the business is able to continue to operate as a going concern.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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; and
- 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.

Matters covered in the strategic report

As permitted by paragraph 1A of Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the directors' report have been included within the strategic report. The relevant matters are: Information on financial risk management objectives and policies; information on exposures to risks and likely future developments in the business of the company.

Attheraces Limited

Directors' report for the period ended 31 December 2019 (continued)

Disclosure of information to auditors

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

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

Post Balance sheet event

On 18 March 2020 all UK horseracing was suspended and the country went into lockdown on 23 March 2020 as a result of the COVID-19 pandemic. Notwithstanding the absence of UK horseracing content, Sky Sports Racing continued to broadcast international live horseracing and other content on a daily basis until UK horseracing resumed on 1 June 2020 'behind closed doors'. The company has performed much better than anticipated during lockdown, tight controls have been kept on costs and, with effective debt recovery processes in place, the company has emerged from lockdown with a strong cash position.

Auditors

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

This report was approved by the board on *15 December 2020* and signed on its behalf.


T A Walsh
Secretary

Attheraces Limited

Independent auditor's report

TO MEMBERS OF ATTHERACES LIMITED

Opinion

We have audited the financial statements of Attheraces Limited ("the Company") for the 18 month period ended 31 December 2019 which comprise Statement of comprehensive income, Statement of financial position, Statement of changes in equity, and the 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 Company's affairs as at 31 December 2019 and of its profit for the period 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 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 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.

Attheraces Limited

Independent auditor's report (*continued*)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Report and Financial Statements, 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.

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 Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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, 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.

Attheraces Limited

Independent auditor's report (*continued*)

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

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: <https://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.



*Dominic Stammers (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

Date 15 December 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Attheraces Limited

Statement of comprehensive income for the period ended 31 December 2019

	Note	18 months ended 31 December 2019 £'000	Year ended 30 June 2018 £'000
Turnover	3	64,010	40,571
Cost of sales		(35,680)	(19,586)
Gross profit		28,330	20,985
Administrative expenses		(23,397)	(13,761)
Operating profit	4	4,933	7,224
Profit and total comprehensive income on ordinary activities before taxation for the financial period		4,933	7,224
Tax on profit on ordinary activities	7	208	(252)
Profit after tax for the financial period		5,141	6,971

There was no other comprehensive income for the period ended 31 December 2019 (30 June 2018 - £Nil).
All amounts relate to continuing activities.

The notes on pages 13 to 26 form part of these financial statements.

Attheraces Limited

Statement of financial position at 31 December 2019

Company number 03896585	Note	31 December 2019 £'000	31 December 2019 £'000	30 June 2018 £'000	30 June 2018 £'000
Fixed assets					
Intangible assets	9		614		521
Tangible assets	10		2,659		952
			<u>3,273</u>		<u>1,473</u>
Current assets					
Debtors: amounts falling due within one year	11	15,787		16,783	
Cash at bank and in hand		11,972		12,420	
			<u>27,759</u>	<u>29,203</u>	
Current liabilities					
Creditors: amounts falling due within one year	12	(9,126)		(11,911)	
Net current assets			<u>18,633</u>		<u>17,292</u>
Total assets less current liabilities			<u>21,906</u>		<u>18,765</u>
Capital and reserves					
Called up share capital	14		50		50
Profit and loss account			21,856		18,715
Shareholders' funds			<u>21,906</u>		<u>18,765</u>

The financial statements were approved by the Board of Directors and authorised for issue on 15 December 2020

M A Imi
Director



The notes on pages 13 to 26 form part of these financial statements.

Attheraces Limited

Statement of changes in equity for the period ended 31 December 2019

	Called up share capital £'000	Profit and loss account £'000	Total Equity £'000
At 1 July 2018	50	18,715	18,765
Comprehensive income for the period			
Profit for the period	-	5,141	5,141
Total comprehensive income for the period	50	23,856	23,906
Contributions by and distributions to owners			
Dividends paid	-	(2,000)	(2,000)
Total transactions with owners	-	(2,000)	(2,000)
At 31 December 2019	50	21,856	21,906

Statement of changes in equity for the year ended 30 June 2018

	Called up share capital £'000	Profit and loss account £'000	Total Equity £'000
At 1 July 2017	50	14,744	14,794
Comprehensive income for the year			
Profit for the year	-	6,971	6,971
Total comprehensive income for the year			
Contributions by and distributions to owners			
Dividends paid	-	(3,000)	(3,000)
Total transactions with owners	-	(3,000)	(3,000)
At 30 June 2018	50	18,715	18,765

The notes on pages 13 to 26 form part of these financial statements.

Attheraces Limited

Notes forming part of the financial statements for the period ended 31 December 2019

1 Accounting policies

Attheraces Limited is a private company limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the strategic report.

On 29 March 2019 the accounting reference date changed to 31 December to be coterminous with the group's year end.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Sky Limited as at 31 December 2019 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Attheraces Limited

Notes forming part of the financial statements
for the period ended 31 December 2019 *(continued)*

1 Accounting policies *(continued)*

Going concern

The COVID-19 pandemic affected the UK and most of the rest of the world significantly from mid-March 2020 with governments globally introducing restrictive measures to curb the spread of the virus. The company's business was impacted primarily by the suspension of UK horse racing from 18 March 2020 until 1 June 2020 which led to a decline in domestic and international revenues from UK horse racing.

It was envisaged that the company would incur considerable operational losses across Q2 with revenues acutely down during a period of suspended UK racing and cost outlay largely being maintained. However, the diversified nature of the business and a positive recovery on resumption of racing in June meant the company was able to restrict accumulated losses across Q2 and deliver a break-even position for H1. Racing from US, Hong Kong and France was able to sustain certain revenue lines and support TV channel ratings which were higher than had been expected during the period without any live UK racing.

As well as successfully navigating the height of the pandemic period and the suspension of UK racing, the company has also maintained strong cash reserves. This has enabled the business to remain self-sufficient, retain all employees on existing contracts without use of the Government furlough scheme and expedite rights payments to rights holders.

The resumption of UK racing on 1 June saw the business recover well with some revenue lines exceeding budget for that month.

Whilst the pandemic period has been highly challenging, the company is nonetheless projected to deliver a strong Y/E Operating profit as well as exceed both Revenue and Media Rights budgets.

Depending on the duration of the COVID-19 crisis and any sustained negative impact on general economic activity, the company could still see further challenges. Several stress tests have been performed which examine such issues as potential losses of domestic and/or international racing content coupled with mitigation plans. As part of these scenarios a forecast was prepared on the assumption that UK racing was suspended throughout the period to December 2021. Also assumed was revenue delivery in line with April 2020 when only a limited amount of international racing was operational as well as cuts in certain expenditure. Even under this stress test scenario, which the directors consider to be remote, the forecasts indicate that the company will have sufficient cash resources throughout the forecast period to meet its liabilities as they fall due, supporting the conclusion that the business is able to continue to operate as a going concern.

Attheraces Limited

Notes forming part of the financial statements for the period ended 31 December 2019 (continued)

2 Accounting policies (continued)

Turnover

Turnover, which excludes value added tax, represents the gross inflow of economic benefit from Attheraces Limited's operating activities. The company's main sources of turnover are as follows:

- The sale of broadcasting rights is recognised in the year in which the fixture occurred.
- Turnover generated from betting commission agreements is recognised in the year in which the stakes were placed.
- Advertising and sponsorship revenue is recognised when the advertising and sponsorship is broadcast. All turnover is shown gross of agency commission.

Other turnover is recognised when the relevant service is provided.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Leasehold property	-	25% per annum
Office equipment	-	14% - 25% per annum
Furniture and equipment	-	20% per annum
Computer equipment and fittings	-	25-50% per annum

Intangible assets

Development costs are charged to the Statement of Comprehensive Income in the year of expenditure, unless individual projects satisfy all of the following criteria:

- The project is clearly defined and related expenditure is separately identifiable;
- The project is technically feasible and commercially viable;
- Current and future costs are expected to be exceeded by future sales; and
- Adequate resources exist for the project to be completed

In such circumstances the costs are carried forward and amortised over the expected useful economic life commencing in the year the group starts to benefit from the expenditure. The rates of amortisation are as follows:

Streaming assets	-	20% per annum
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Leases

Operating lease rentals are charged to the Statement of Comprehensive Income in equal annual amounts over the lease term.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Attheraces Limited

Notes forming part of the financial statements for the period ended 31 December 2019 (continued)

2 Accounting policies (continued)

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Foreign currency translation

Foreign currency transactions are converted to sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling on the Statement of Financial Position date. Exchange differences arising on retranslation of unsettled monetary assets and liabilities are taken to the Statement of Comprehensive Income.

Attheraces Limited

Notes forming part of the financial statements for the period ended 31 December 2019 (*continued*)

2 Accounting policies (*continued*)

Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

Current taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the Statement of Financial Position date.

Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the Statement of Financial Position date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax balances are recognised in respect of brought forward tax losses. The extent to which deferred tax assets are recognised is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the utilisation of the brought forward losses. Deferred tax assets are not discounted.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the group's tangible and intangible assets.
- Determination of whether expenditure on intangible assets meet the criteria for capitalisation.
- Determine the extent to which deferred tax assets are recognised upon taxable profits that are expected to arise in the future.

Other key sources of uncertainty:

- Tangible and intangible fixed assets (see notes 9 and 10)

Tangible and intangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Attheraces Limited

Notes forming part of the financial statements
for the period ended 31 December 2019 (continued)

3 Turnover and segmental reporting

Turnover represents the amount derived from the provision of services which fall within the company's ordinary activities, stated net of value added tax. All material revenues and operating profit arose from activities conducted from within both the United Kingdom and Internationally.

All material assets and liabilities of the company are located within the United Kingdom.

Turnover by activity and geographical location are set out below.

	18 months ended 31 December 2019 £'000	Year ended 30 June 2018 £'000
Turnover by activity		
Exploitation of rights - UK	47,786	27,181
Exploitation of rights - International	10,843	9,430
Other Pari-mutuel markets	1,810	1,195
Other	3,571	2,765
	<u>64,010</u>	<u>40,571</u>

	18 months ended 31 December 2019 £'000	Year ended 30 June 2018 £'000
Turnover by destination		
United Kingdom	50,534	28,850
Rest of Europe	3,281	2,205
Rest of the World	10,195	9,516
	<u>64,010</u>	<u>40,571</u>

4 Operating profit

	18 months ended 31 December 2019 £'000	Year ended 30 June 2018 £'000
The operating profit is stated after charging/(crediting):		
Hire of other assets - operating leases	505	297
Depreciation and amortisation	1,354	837
Auditors' remuneration:		
- audit of the company	54	93
- taxation services	46	44
Exchange differences	13	(19)
	<u> </u>	<u> </u>

Attheraces Limited

Notes forming part of the financial statements
for the period ended 31 December 2019 (continued)

5 Employees

	18 months ended 31 December 2019 £'000	Year ended 30 June 2018 £'000
Staff costs were as follows:		
Wages and salaries	6,003	3,161
Social security costs	742	461
Pension costs	313	180
	7,058	3,802

The average monthly number of employees, including the directors, during the period was as follows:

	Number	Number
Sales and distribution	6	6
Administration	56	38
	62	44

6 Directors remuneration

	18 months ended 31 December 2019 £'000	Year ended 30 June 2018 £'000
Fees	618	374
Pension contributions	16	20
Accrued LTIP award	-	46
	634	440

The above emoluments relate to one director that received emoluments during the period (30 June 2018 - 1).

Pension contributions were made on behalf of one director into a personal money purchase scheme.

At the period end, there were £Nil (30 June 2018 - £Nil) outstanding pension contributions.

Attheraces Limited

Notes forming part of the financial statements
for the period ended 31 December 2019 (*continued*)

7 Taxation

	18 months ended 31 December 2019 £'000	Year ended 30 June 2018 £'000
Total current Tax	-	252
Adjustments in respect of prior periods	2	-
	-	-
Deferred tax losses	(270)	-
	(270)	-
Foreign tax		
Foreign tax on income for the period	60	-
	60	-
Taxation on profit on ordinary activities	(208)	252
	(208)	252

Factors affecting tax charge for the period

The tax assessed for the period is lower (30 June 2018 - lower than) the standard rate of corporation tax in the UK of 19.00% (30 June 2018 - 19.00%). The differences are explained below:

	18 months ended 31 December 2019 £'000	Year ended 30 June 2018 £'000
Profit on ordinary activities before tax	4,933	7,224
	4,933	7,224
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00 % (30 June 2018 – 19.00%)	937	1,372
Effects of:		
Expenses not deductible for tax purposes	50	35
Capital allowances for year in excess of depreciation	122	9
Adjustments to brought forward values	(2)	1
Adjustment to opening and closing deferred tax to the average rate	(117)	(93)
Utilisation of brought forward losses	(1,258)	(1,072)
Foreign tax on income	60	-
	(208)	252
Total tax charge for the period	(208)	252
	(208)	252

Attheraces Limited

Notes forming part of the financial statements
for the period ended 31 December 2019 (*continued*)

8 Dividends

	18 months ended 31 December 2019 £'000	Year ended 30 June 2018 £'000
Interim dividends paid on ordinary shares of £40.00 per share (30 June 2018 - £60.00)	2,000	3,000

9 Intangible assets

	Streaming Assets £'000
<i>Cost</i>	
At 1 July 2018	1,520
Additions	417
At 31 December 2019	1,937
<i>Amortisation</i>	
At 1 July 2018	999
Charge for the period	324
At 31 December 2019	1,323
<i>Net book value</i>	
At 31 December 2019	614
At 30 June 2018	521

Attheraces Limited

Notes forming part of the financial statements
for the period ended 31 December 2019 (*continued*)

10 Tangible fixed assets

	Leasehold property £'000	Office equipment £'000	Furniture and equipment £'000	Computer equipment and fittings £'000	Total £'000
<i>Cost</i>					
At 1 July 2018	931	479	114	2,453	3,977
Additions	2	2,282	-	453	2,737
Disposals	(336)	(125)	(94)	(453)	(1,008)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	597	2,636	20	2,453	5,706
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>					
At 1 July 2018	748	439	105	1,733	3,025
Charge for the period	82	387	4	557	1,030
Disposals	(336)	(125)	(94)	(453)	(1,008)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	494	701	15	1,837	3,047
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 December 2019	103	1,935	5	616	2,659
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2018	183	40	9	720	952
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

11 Debtors

	31 December 2019 £'000	30 June 2018 £'000
Due within one year		
Trade debtors	7,789	4,908
Amounts owed by group undertakings	2,041	3,691
Other debtors	278	271
Prepayments and accrued income	3,198	6,409
Other taxation and social security	832	125
Deferred taxation (note 13)	1,649	1,379
	<hr/>	<hr/>
	15,787	16,783
	<hr/>	<hr/>

All amounts shown under debtors are due within one year with the exception of deferred tax.

Attheraces Limited

Notes forming part of the financial statements
for the period ended 31 December 2019 (*continued*)

12 Creditors: amounts falling due within one year

	31 December 2019 £'000	30 June 2018 £'000
Trade creditors	2,180	2,762
Other taxation and social security	164	310
Other creditors	2	4
Accruals and deferred income	6,780	8,835
	9,126	11,911

13 Deferred taxation

	£'000
At 30 June 2018	1,379
Credited to the income statement	270
At 31 December 2019	1,649

Deferred tax assets have been recognised in respect of certain tax losses that are expected to be utilised against future suitable taxable profits.

14 Share capital

	31 December 2019 £'000	30 June 2018 £'000
<i>Authorised</i>		
50,001 (30 June 2018 - 50,001) Ordinary shares of £1 each	50	50
10,000 (30 June 2018 - 10,000) Deferred shares of 1p each	-	-
	50	50
<i>Called up, allotted and fully paid</i>		
3 (30 June 2018 - 3) Ordinary shares of £1 each	-	-
	-	-
<i>Called up, allotted and part paid</i>		
49,998 (30 June 2018 - 49,998) Ordinary shares of £1 each, 25 pence paid	50	50
	50	50

The Ordinary shares have full voting rights, full rights to participate on any distribution (including on a dividend and on winding up). The Ordinary shares are not redeemable.

The rights of the deferred shares in the event of the winding up of the company rank after the ordinary shares of £1. None of the deferred shares have been paid.

Attheraces Limited

Notes forming part of the financial statements
for the period ended 31 December 2019 (continued)

15 Reserves

Profit and loss account

Profit and loss account represents cumulative profits and losses, net of dividends paid and other adjustments.

Called up share capital

Called up share capital represents the nominal value of the shares issued.

16 Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £ 313,387 (30 June 2018 - £179,652). Contributions totalling £27,963 (30 June 2018 - £18,915) were payable to the fund at the reporting date.

17 Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings 31 December 2019 £'000	Land and Buildings 30 June 2018 £'000
Not later than 1 year	250	112
Later than 1 year and not later than 5 years	295	-
Total	<u>545</u>	<u>112</u>

Attheraces Limited

Notes forming part of the financial statements
for the period ended 31 December 2019 (continued)

18 Related party transactions

Transactions with shareholders

The following have been identified as related parties due to the companies having a shareholding in the company's parent company, Attheraces Holdings Limited, during the year.

As at 31 December 2019 the company had the following amounts (owed to)/owed by related parties:

	Amounts owed to/ (owed by)/ the company 31 December 2019 £'000	Amounts owed to/ (owed by) the company 30 June 2018 £'000
Plumpton Racecourse Limited	-	-
Sky Limited	660	2,191
Sky Limited	(161)	(53)
Arena Leisure Limited	(894)	(486)
Arena Leisure Limited	389	-
	-	-

During the period the company made the following purchases from related parties:

Arena Leisure Limited	21,896	9,428
Northern Racing Limited	8,567	3,363
Ripon Racecourse Limited	552	339
Plumpton Racecourse Limited	517	277
Sky Limited	6,933	868
	-	-

During the period the company made the following sales to related parties:

Sky Limited	4,491	8,485
Arena Leisure Limited	1,143	-
	-	-

Transactions with Joint Venture of Attheraces Holdings Limited

During the period, the company received licence fees of £3,765,170 (30 June 2018 - £9,439,663) from its joint venture GBI Racing Limited. The amount owed to the company by GBI Racing Limited at the end of the period was £1 (30 June 2018 - £2,092,400). The joint venture ceased trading on 31st December 2018.

Attheraces Limited

Notes forming part of the financial statements
for the period ended 31 December 2019 (*continued*)

19 Ultimate parent company and controlling party

The directors consider Sky Ventures Limited to be the immediate controlling party by virtue of its combined ownership of 50.41% of the share capital of the company. As at 31 December 2019 the ultimate controlling party was Comcast Corporation ("Comcast"), a company registered in Pennsylvania, United States.

The company is ultimately controlled by Comcast and operates together with Comcast's other subsidiaries, as a part of the Comcast Group. The only group in which the results of the company are consolidated is that headed by Comcast.

The consolidated financial statements of the Group are available to the public and may be obtained from Comcast Investor Relations at Comcast Corporation, One Comcast Center, Philadelphia, PA 19103, USA or at: <https://www.cmcsa.com>.

20. Post Balance sheet event

On 18 March 2020 all UK horseracing was suspended and the country went into lockdown on 23 March 2020 as a result of the COVID-19 pandemic. Notwithstanding the absence of UK horseracing content, Sky Sports Racing continued to broadcast international live horseracing and other content on a daily basis until UK horseracing resumed on 1 June 2020 'behind closed doors'. The company has performed much better than anticipated during lockdown, tight controls have been kept on costs and, with effective debt recovery processes in place, the company has emerged from lockdown with a strong cash position.