

Attheraces Limited

Report and Financial Statements

Year Ended

30 June 2018

Company Number 3896585

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Attheraces Limited

Report and financial statements for the year ended 30 June 2018

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Directors

S A J Nahum
M A Imi
M Winterbottom

Secretary and registered office

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

Company number

3896585

Auditors

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

Attheraces Limited

Strategic report for the year ended 30 June 2018

The directors present their annual report and the audited financial statements for the year ended 30th June 2018.

Principal activity

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

Review of the business including developments and future prospects

The results and position of the company are shown in the statement of comprehensive income on page 8 and the statement of financial position on page 9.

The company's revenues for the year ended 30 June 2018 were £40.6m compared to £57.7m for the 18 months ended 30 June 2017. Profit before tax for the period increased from £6.7m in the 18 months ended 30 June 2017 to £7.0m for the year ended 30 June 2018. The company's net assets increased from £14.8m as at 30 June 2017 to £18.8m as at 30 June 2018.

Advertising impacts in the UK and Ireland totalled 1.6 billion (BARB/Nielsen, 12 months to 30 June 2018). The company launched its own TV spot advertising business targeted at the betting operator market and exceeded its forecast revenues for the period. Further inventory is available under this model giving the business a strong base for future growth.

Revenues from affiliate betting across the website and digital channels improved year on year with new record monthly performances being hit in July and December 2017.

Year on year growth in live online video streams delivered to bookmaker customers was sustained. The company's core UK horse racing product performed well and the nightly service of US racing grew through the period to an average of more than 1.3m streams per month, equating to circa 11% of total live streams served annually.

International rights exploitation through the GBI Racing joint venture suffered in operating terms in the first quarter of 2018 due to the government closure of the Israel Sports Betting Board's horse racing business on January 1st 2018. The impact of reduced liquidity in UK tote pools, arising from the loss of the Israel business, was felt with a 42.8% reduction in tote wagering on UK racing from US customers. A compensation settlement negotiated with the Israeli government, however, in addition to good volumes in France and Turkey saw the international business deliver 14.8% above budget for the year in actual terms. The settlement with the Israeli Ministry of Finance was received and recognised in 2017.

The GBI Racing joint venture with Racing UK ceased operating on 31 December 2018 as the shareholders agreed not to extend the venture beyond this time. The Directors have implemented new plans for the exploitation of international rights managing the business directly through the company. Most former GBI customers are now receiving an international service from the company or its licensees.

The company has made a significant investment in its broadcast business with Sky Sports Racing replacing the At The Races TV channel in January 2019. Investments in the new channel and improving production standards are expected to lead to a reduction in overall profitability of the business short term. Long term prospects and underlying performance look very positive with strong early indicators on both commercial impacts delivery and the appetite of bookmakers to advertise on the new Sky Sports branded service.

Attheraces Limited

Strategic report for the year ended 30 June 2018 (*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.

The company 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.

This report was approved by the board on **28 March 2019** and signed on its behalf.



T A Walsh
Secretary

Attheraces Limited

Directors' report for the year ended 30 June 2018

The directors present their report and the financial statements for the year ended 30 June 2018.

Results and dividends

The profit for the year, after taxation, amounted to £7.0m (2017 - £6.7m).

During the year the company paid an interim dividend of £3.0m (2017 - £1.5m). No final dividend was proposed (2017 - £Nil).

Directors

The directors who served during the year were:

S A J Nahum
M A Imi
M 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 year.

Going concern

The company achieved a profit of £ 7.0m for the year ending 30 June 2018 and had net assets of £18.8m at 30 June 2018.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Developments and Future Prospects review on page 1.

Integral to the future prospects of the business is the long term extension of the Media Rights Agreements. Various agreements and arrangements between UK racecourses and the company have been concluded and agreed in the year ended 30 June 2018. The exploitation of international rights will be managed by the company after GBI Racing ceased trading at the end of December 2018.

The group has adequate financial resources from its shareholders, and together with a number of long term contracts with customers and suppliers the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After having reviewed in detail the current trading position, forecasts and prospects of the group, and the terms of trade in operation with customers and suppliers; the directors are satisfied with adequate resources to continue in operational existence for the foreseeable future. Furthermore the company continues to look at expanding new overseas territories and exploiting new commercial opportunities to grow revenues. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

The At The Races channel was replaced by Sky Sports Racing from January 2019. Sky Sports Racing is Sky's fifth sports channel dedicated to a single sport and is produced at Osterley in new, dedicated Sky studio facility. Sky Sports Racing has the rights to 25 UK racecourses (Ascot, Bangor, and Chester joined the channel in March 2019). Internationally the channel has secured rights to racing from France, Hong Kong, the Melbourne Cup Carnival, US Triple Crown and Breeders' Cup. The channel will broadcast over 700 UK fixtures in full HD to approximately 14 million homes and will be available to all basic satellite and cable subscription packages, with no Sky Sports subscription required.

Attheraces Limited

Directors' report for the year ended 30 June 2018 (continued)

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.

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 9 October 2018 the offer by Comcast Bidco Limited, an indirect wholly-owned subsidiary of Comcast Corporation, to acquire the entire issued and to be issued share capital of Sky Limited became wholly unconditional. As a result, and as of that date, the ultimate controlling party of the company is now Comcast Corporation.

Attheraces Limited

Directors' report for the year ended 30 June 2018 (*continued*)

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 **28 March 2019** 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 year ended 30 June 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity 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 Company's affairs as at 30 June 2018 and of its 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 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 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.

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 year 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 director's 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' report, 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 at 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 *28 March 2019*

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

Attheraces Limited

Statement of comprehensive income for the year ended 30 June 2018

	Note	Year ended 30 June 2018 £'000	18 months ended 30 June 2017 £'000
Turnover	3	40,571	57,700
Cost of sales		(19,586)	(30,962)
Gross profit		20,985	26,738
Administrative expenses		(13,761)	(19,989)
Operating profit	4	7,224	6,749
Profit and total comprehensive income on ordinary activities before taxation for the financial year		7,224	6,749
Tax on profit on ordinary activities	7	(252)	-
Profit after tax for the financial year		<u>6,971</u>	<u>6,749</u>

There was no other comprehensive income for the year ended 30 June 2018 (2017 - £Nil).
All amounts relate to continuing activities.

The notes on pages 11 to 24 form part of these financial statements.

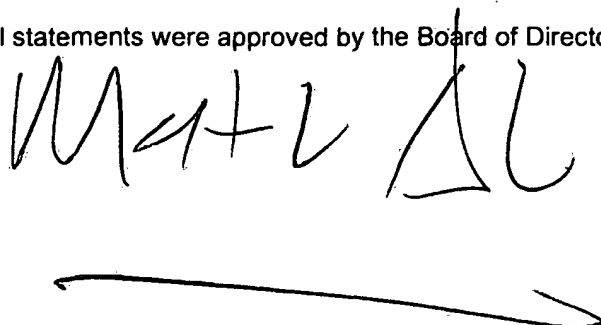
Attheraces Limited

Statement of financial position at 30 June 2018

Company number 3896585	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Intangible assets	9		521		521
Tangible assets	10		952		1,345
			<u>1,473</u>		<u>1,866</u>
Current assets					
Debtors: amounts falling due within one year	11	16,783		17,683	
Cash at bank and in hand		12,420		3,614	
		<u>29,203</u>		<u>21,297</u>	
Current liabilities					
Creditors: amounts falling due within one year	12	(11,911)		(8,369)	
Net current assets			<u>17,292</u>		<u>12,928</u>
Total assets less current liabilities			<u>18,765</u>		<u>14,794</u>
Net assets			<u>18,765</u>		<u>14,794</u>
Capital and reserves					
Called up share capital	14		50		50
Profit and loss account			18,715		14,744
Shareholders' funds			<u>18,765</u>		<u>14,794</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28 March 2019

M A Imi
Director



The notes on pages 11 to 24 form part of these financial statements.

Attheraces Limited

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

Statement of changes in equity for the year ended 30 June 2017

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2016	50	9,495	9,545
Comprehensive income for the 18 month period			
Profit for the 18 month period	-	6,749	6,749
Total comprehensive income for the 18 month period	-	6,749	6,749
Contributions by and distributions to owners			
Dividends paid	-	(1,500)	(1,500)
Total transactions with owners	-	(1,500)	(1,500)
At 30 June 2017	50	14,744	14,794

The notes on pages 11 to 24 form part of these financial statements.

Attheraces Limited

Notes forming part of the financial statements for the year ended 30 June 2018

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.

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 Ltd, formerly Sky plc as at 30 June 2018 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Going concern

The company achieved a profit of £7.0m for the year ended 30 June 2018 and had net assets of £18.8m as at 30 June 2018.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Developments and Future Prospects review on page 1.

Integral to the future prospects of the business is the long term extension of the Media Rights Agreements. Various agreements and arrangements between UK racecourses and the company have been concluded and agreed in the year ended 30 June 2018.

The group has adequate financial resources from its shareholders, and together with a number of long term contracts with customers and suppliers the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After having reviewed in detail the current trading position, forecasts and prospects of the group, and the terms of trade in operation with customers and suppliers; the directors are satisfied with adequate resources to continue in operational existence for the foreseeable future. Furthermore the company continues to look at expanding new overseas territories and exploiting new commercial opportunities to grow revenues. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Attheraces Limited

Notes forming part of the financial statements for the year ended 30 June 2018 (*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 year ended 30 June 2018 (*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 year ended 30 June 2018 *(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 year ended 30 June 2018 (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.

	Year ended 30 June 2018 £'000	18 months ended 30 June 2017 £'000
Turnover by activity		
Exploitation of rights - UK	27,181	42,859
Exploitation of rights - International	9,430	11,176
Other Pari-mutuel markets	1,195	1,541
Other	2,765	2,124
	<u>40,571</u>	<u>57,700</u>

	Year ended 30 June 2018 £'000	18 months ended 30 June 2017 £'000
Turnover by destination		
United Kingdom	28,850	43,570
Rest of Europe	2,205	3,210
Rest of the World	9,516	10,920
	<u>40,571</u>	<u>57,700</u>

4 Operating profit

	Year ended 30 June 2018 £'000	18 months ended 30 June 2017 £'000
The operating profit is stated after charging/(crediting):		
Hire of other assets - operating leases	297	519
Depreciation and amortisation	837	1,194
Auditors' remuneration:		
- audit of the company	93	69
- taxation services	44	6
Exchange differences	(19)	(115)
	<u></u>	<u></u>

Attheraces Limited

Notes forming part of the financial statements for the year ended 30 June 2018 (continued)

5 Employees

	Year ended 30 June 2018 £'000	18 months ended 30 June 2017 £'000
Staff costs were as follows:		
Wages and salaries	2,828	4,368
Social security costs	425	474
Pension costs	161	226
	<u>3,414</u>	<u>5,068</u>
The average monthly number of employees, including the directors, during the year was as follows:	Number	Number
Sales and distribution	6	6
Administration	38	41
	<u>44</u>	<u>47</u>

6 Directors remuneration

	Year ended 30 June 2018 £'000	18 months ended 30 June 2017 £'000
Fees	374	561
Pension contributions	20	30
Accrued LTIP award	46	231
	<u>440</u>	<u>822</u>

The above emoluments relate to one director that received emoluments during the year (2017 - 1).

All emoluments are paid through Attheraces Limited.

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

At the year end, there were £Nil (2017 - £Nil) outstanding pension contributions.

Attheraces Limited

Notes forming part of the financial statements for the year ended 30 June 2018 (continued)

7 Taxation

	Year ended 30 June 2018 £'000	18 months ended 30 June 2017 £'000
Total current tax	252	-
Deferred tax	=	
Total deferred tax	=	-
Taxation on profit on ordinary activities	252	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19.00 % (2017 - 19.83%). The differences are explained below:

	Year ended 30 June 2018 £'000	18 months ended 30 June 2017 £'000
Profit on ordinary activities before tax	7,224	6,749
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00 % (2017 – 19.83%)	1,372	1,339
Effects of:		
Expenses not deductible for tax purposes	35	39
Capital allowances for year in excess of depreciation	9	42
Transfer pricing adjustments	5	
Group relief claimed	(5)	
Adjustments to brought forward values	1	-
Adjustment to opening and closing deferred tax to the average rate	(93)	93
Utilisation of brought forward losses	(1,072)	(1,513)
Total tax charge for the year	252	-

Attheraces Limited

Notes forming part of the financial statements for the year ended 30 June 2018 (*continued*)

8 Dividends

	Year ended 30 June 2018 £'000	18 months ended 30 June 2017 £'000
Interim dividends paid on ordinary shares of £60.00 per share (2017 - £30.00)	3,000	1,500

9 Intangible assets

	Streaming assets companies £'000
<i>Cost</i>	
At 1 January 2017	1,243
Additions	277
	<hr/>
At 30 June 2018	1,520
	<hr/>
<i>Amortisation</i>	
At 1 January 2017	722
Charge for the year	277
	<hr/>
At 30 June 2018	999
	<hr/>
<i>Net book value</i>	
At 30 June 2018	521
	<hr/>
At 30 June 2017	521
	<hr/>

Attheraces Limited

Notes forming part of the financial statements
for the year ended 30 June 2018 (*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 January 2017	931	478	114	2,287	3,810
Additions	-	1	-	166	167
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2018	931	479	114	2,453	3,977
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>					
At 1 January 2017	675	369	101	1,320	2,465
Charge for the year	73	70	4	413	560
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2018	748	439	105	1,733	3,025
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>	183	40	9	720	952
At 30 June 2018	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2017	256	109	13	967	1,345
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

11 Debtors

	2018 £'000	2017 £'000
Due within one year		
Trade debtors	4,908	7,875
Amounts owed by group undertakings	3,691	1,513
Other debtors	271	325
Prepayments and accrued income	6,409	5,934
Other taxation and social security	125	657
Deferred taxation (note 13)	1,379	1,379
	<hr/>	<hr/>
	16,783	17,683
	<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 year ended 30 June 2018 (*continued*)

12 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	2,762	2,177
Other taxation and social security	310	103
Other creditors	4	16
Accruals and deferred income	8,835	6,073
	<u>11,911</u>	<u>8,369</u>

13 Deferred taxation

	Deferred tax £'000
At 30 June 2017 and 30 June 2018	<u>1,379</u>

14 Share capital

	2018 £'000	2017 £'000
<i>Authorised</i>		
50,001 (2017 - 50,001) Ordinary shares of £1 each	50	50
10,000 (2017 - 10,000) Deferred shares of 1p each	-	-
	<u>50</u>	<u>50</u>
<i>Called up, allotted and fully paid</i>		
3 (2017 - 3) Ordinary shares of £1 each	-	-
	<u>-</u>	<u>-</u>
<i>Called up, allotted and part paid</i>		
49,998 (2017 - 49,998) Ordinary shares of £1 each, 25 pence paid	50	50
	<u>50</u>	<u>50</u>

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 issued.

Attheraces Limited

Notes forming part of the financial statements for the year ended 30 June 2018 (*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 £160,785 (2017 - £225,678). Contributions totalling £18,915 (2017 - £17,052) were payable to the fund at the reporting date.

17 Commitments under operating leases

At 30 June 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings 2018 £'000	Land and buildings 2017 £'000
Not later than 1 year	112	225
Later than 1 year and not later than 5 years	-	112
	<hr/>	<hr/>
Total	112	337
	<hr/>	<hr/>

Attheraces Limited

Notes forming part of the financial statements for the year ended 30 June 2018 (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 30 June 2018 the company had the following amounts owed to/(owed by) related parties:

	Amounts owed to/ (owed by) the group 2018 £'000	Amounts owed to/ (owed by) the group 2017 £'000
Plumpton Racecourse Limited	-	22
Sky Limited	(2,191)	(2,371)
Sky Limited	53	130
Arena Leisure Limited	486	52
	<u> </u>	<u> </u>

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

Arena Leisure Limited	9,428	10,749
Northern Racing Limited	3,363	4,328
Ripon Racecourse Limited	339	432
Plumpton Racecourse Limited	277	452
Sky Limited	868	1,416
	<u> </u>	<u> </u>

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

Sky Limited	8,485	12,290
	<u> </u>	<u> </u>

Transactions with Joint Venture of Attheraces Holdings Limited

During the year, the company received licence fees of £9,439,663 (2017 - £10,837,323) from its joint venture GBI Racing Limited. The amount owed to the company by GBI Racing Limited at the year end including accrued income was £2,092,400 (2017 - £2,843,909).

19 Ultimate parent company and controlling party

The directors consider Sky Ventures Limited to be the immediate controlling party of the company's parent company Attheraces Holdings Limited by virtue of its combined ownership of 50.41% of the share capital in Attheraces Holdings Limited. As at 30 June 2018 the ultimate controlling party was Sky Limited (formerly Sky plc), a company registered in the United Kingdom.

The largest and smallest group in which the results of the company are consolidated is that headed by Sky Limited, incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from Companies House.

Attheraces Limited

**Notes forming part of the financial statements
for the year ended 30 June 2018 (*continued*)**

20 Post Balance sheet event

On 9 October 2018 the offer by Comcast Bidco Limited, an indirect wholly-owned subsidiary of Comcast Corporation, to acquire the entire issued and to be issued share capital of Sky Limited became wholly unconditional. As a result, and as of that date, the ultimate controlling party of the company is now Comcast Corporation.