

Attheraces Holdings Limited

Report and Financial Statements

Period Ended

30 June 2017

Company Number 04153457

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Attheraces Holdings Limited

Company Information

Directors	S Nahum J Hutchinson R Verow M Winterbottom M Cruddace J Conyers K S Robertson D Thompson (appointed 7 September 2017)
Company secretary	T A Walsh
Registered number	04153457
Registered office	Millbank Tower 21-24 Millbank London SW1P 4QP
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

Attheraces Holdings Limited

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Attheraces Holdings Limited

Strategic Report For the Period Ended 30 June 2017

The directors present their annual report and the audited financial statements for the period ended 30 June 2017.

Principal activity

The principal activity of the company is that of an investment holding company. The company is the parent company of Attheraces Limited. The principal activities of Attheraces Limited 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 7 and the statement of financial position on page 8. The net assets of the company were £154,000 as at 30 June 2017, in line with the net assets of £159,000 as at 31 December 2015. Details of the dividends paid in the period are shown in the directors' report on page 3.

As an investment holding company, the review of the company's business is intrinsically linked to the performance of its subsidiary and as such the following is noted in respect of the performance of Attheraces Limited:

The company's revenues for the 18 month period ended 30th June 2017 were £57.7m compared to £31.7m for the year ended 31st December 2015. Returns to racecourses by way of media rights payments were £26.9m for the same 18 month period. Profit before tax for the period increased from £2.4m in the year ended 31 December 2015 to £6.7m for the 18 months ended 31 June 2017. The company's net assets increased from £9.5m as at 31 December 2015 to £14.8m as at 31 December 2017.

Advertising impacts in the UK and Ireland totalled 2.7 billion. Importantly, the company positioned itself to accept and handle TV spot advertising business from betting operators for the first time. This will add significant new revenues to the business.

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

The number of live online video streams delivered to bookmaker customers continued to grow across the period. Outside of the company's core UK horse racing product, BAGS greyhound races and the newly launched US racing service both contributed strongly to a total average delivery of 11m streams per month.

International rights exploitation through the GBI Racing joint venture saw the benefits of a weaker pound towards the end of H1 2017. Added to outperformance in the US and Australia, this forex impact helped the business realise record international revenues outside of Europe of £10.9m for the 18 month period ended 30 June 2017.

The GBI Racing joint venture with Racing UK expires on December 31st, 2018. The shareholders have agreed not to extend the venture beyond this time. The directors will implement new plans for the exploitation of international rights commencing in January 2019.

Attheraces Holdings Limited

Strategic Report For the Period Ended 30 June 2017

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.

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 26 March 2018 and signed on its behalf.



T A Walsh
Secretary

Attheraces Holdings Limited

Directors' Report For the Period Ended 30 June 2017

The directors present their report and the financial statements for the period ended 30 June 2017. On 27 April 2017, the accounting reference date changed to 30 June 2017 to be coterminous with the group's year end.

Results and dividends

The results of the company for the period ended 30 June 2017 are shown on page 6. Further details on the review of the business can be found within the strategic report.

Interim dividends paid during the year amounting to £1.5m (2015 - £1.5m).

The directors have not recommended the payout of a final dividend (2015 - £Nil).

Directors

The directors who served during the Period were:

S Nahum
J Hutchinson
R Verow
M Winterbottom
M Cruddace
R Bowes (appointed 27 April 2016, resigned 31 August 2017)
J Conyers (appointed 7 March 2017)
K S Robertson (appointed 14 February 2017)
K Hills (resigned 8 March 2016)

D Thompson was appointed to the board of directors on 7 September 2017.

No director had any interests in the share capital of the company or any group company throughout the year.

Insurance

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

Attheraces Holdings Limited

Directors' Report (continued) For the Period Ended 30 June 2017

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

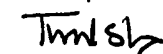
Post balance sheet events

There have been no significant events affecting the company since the year end.

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 26 March 2018 and signed on its behalf.


T A Walsh
Secretary

Attheraces Holdings Limited

Independent Auditor's Report to the Members of Attheraces Holdings Limited

We have audited the financial statements of Attheraces Holdings Limited for the period ended 30 June 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its results 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.

Opinion 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.

Attheraces Holdings Limited

Independent Auditor's Report to the Members of Attheraces Holdings Limited (continued)

Matters on which we are required to report by exception

In 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 or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

Dominic Stammers (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

27 March 2018

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

Attheraces Holdings Limited

Statement of Comprehensive Income For the Period Ended 30 June 2017

		18 months ended 30 June 2017 £000	Year ended 31 December 2015 £000
	Note		
Income from fixed asset investments	6	1,500	500
Administrative expenses		(5)	-
Profit and total comprehensive income before and after taxation for the financial period		1,495	500

There was no other comprehensive income for 2017 (2015 - £Nil).

The notes on pages 10 to 18 form part of these financial statements.

Attheraces Holdings Limited

Registered number: 04153457

Statement of Financial Position As at 30 June 2017

	Note	30 June 2017 £000	30 June 2017 £000	31 December 2015 £000	31 December 2015 £000
Fixed assets					
Investments	9		1,614		1,614
Current assets					
Debtors	10	12		12	
Cash at bank and in hand		3		8	
		<u>15</u>		<u>20</u>	
Current liabilities					
Creditors: amounts falling due within one year	11	(1,475)		(1,475)	
Net current liabilities			<u>(1,460)</u>		<u>(1,455)</u>
Net assets			<u>154</u>		<u>159</u>
Capital and reserves					
Called up share capital	13		3		3
Profit and loss account	12		151		156
Shareholders' funds			<u>154</u>		<u>159</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 March 2018

K S Robertson
Director



The notes on pages 10 to 18 form part of these financial statements.

Attheraces Holdings Limited

Statement of Changes in Equity For the Period Ended 30 June 2017

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2016	3	156	159
Comprehensive income for the period			
Profit for the period	-	1,495	1,495
Total comprehensive income for the period	-	1,495	1,495
Contributions by and distributions to owners			
Dividends paid	-	(1,500)	(1,500)
Total transactions with owners	-	(1,500)	(1,500)
At 30 June 2017	3	151	154

Statement of Changes in Equity For the Year Ended 31 December 2015

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2015	3	1,156	1,159
Comprehensive income for the year			
Profit for the year	-	500	500
Total comprehensive income for the year	-	500	500
Contributions by and distributions to owners			
Dividends paid	-	(1,500)	(1,500)
Total transactions with owners	-	(1,500)	(1,500)
At 31 December 2015	3	156	159

The notes on pages 10 to 18 form part of these financial statements.

Attheraces Holdings Limited

Notes to the Financial Statements For the Period Ended 30 June 2017

1. General information

Attheraces Holdings 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.

2. Accounting policies

2.1 Basis of preparation of financial statements

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 3).

The following principal accounting policies have been applied:

2.2 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 plc as at 30 June 2017 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Attheraces Holdings Limited

Notes to the Financial Statements For the Period Ended 30 June 2017

2. Accounting policies (continued)

2.3 Going concern

The company achieved a profit of £1,495,000 for the period ended 30 June 2017 (2015 - £500,000) and had net assets of £154,000 (2015 - net assets of £159,000) as at 30 June 2017.

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. The agreements and arrangement between the licensors and licensees have been concluded and agreed in the period ended 30 June 2017.

The group has adequate 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 company, 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 group 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.

2.4 Consolidated financial statements

The financial statements contain information about Attheraces Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in EEA group accounts of a larger group.

2.5 Investment

Investments held as fixed assets are stated at cost less provision for impairment.

2.6 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.

Attheraces Holdings Limited

Notes to the Financial Statements For the Period Ended 30 June 2017

2. Accounting policies (continued)

2.7 Financial instruments

Financial assets including cash at bank and trade and other debtors are measured initially at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities including trade and other creditors as well as bank overdrafts are measured initially at transaction price (including transactions costs) and subsequently held at amortised cost.

Debt instruments that are payable or receivable within one year are measured at the undiscounted amount of cash or other consideration expected to be paid or received.

2.8 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

2.9 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determining whether there are indicators of impairment of the company's investments in subsidiaries. Factors taken into consideration into reaching such a decision include the expected future performance of the subsidiaries.

4. Auditors' remuneration

The auditors of the company are remunerated through a fellow subsidiary.

5. Employees

The company has no employees. The directors do not receive any remuneration in respect of their services as directors to the company.

Attheraces Holdings Limited

Notes to the Financial Statements For the Period Ended 30 June 2017

6. Income from investments

	18 months ended 30 June 2017 £000	Year ended 31 December 2015 £000
Income from fixed asset investments	1,500	500

7. Taxation

	18 months ended 30 June 2017 £000	Year ended 31 December 2015 £000
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

Attheraces Holdings Limited

Notes to the Financial Statements For the Period Ended 30 June 2017

7. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 19.83% (2015 - 20.25%). The differences are explained below:

	18 months ended 30 June 2017 £000	Year ended 31 December 2015 £000
Profit on ordinary activities before tax	1,495	500
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.83% (2015 - 20.25%)	296	101
Effects of:		
Non-taxable income	(297)	(101)
Adjustment to opening and closing deferred tax to the average rate	18	35
Group relief	1	-
Deferred tax not recognised	(18)	(35)
Total tax charge for the period	-	-

8. Dividends

	18 months ended 30 June 2017 £000	Year ended 31 December 2015 £000
D Shares		
Interim dividend of £1,456 (2015 - £1,456) per share	150	150
Recoupment Shares		
Interim dividend of £24,774 (2015 - £24,774) per share	1,335	1,335
New Recoupment Shares		
Interim dividend of £24 (2015 - £24) per share	15	15
	1,500	1,500

Attheraces Holdings Limited

Notes to the Financial Statements For the Period Ended 30 June 2017

9. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2016	1,614
At 30 June 2017	<u>1,614</u>
Net book value	
At 30 June 2017	<u>1,614</u>
At 31 December 2015	<u>1,614</u>

Attheraces Holdings Limited

Notes to the Financial Statements For the Period Ended 30 June 2017

9. Fixed asset investments (continued)

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

Name	Class of shares	Holding	Principal activity
Subsidiary undertakings			
Attheraces Limited	Ordinary	100 %	Exploration of worldwide broadcasting, media and information rights
Attheraces (UK) Limited	Ordinary	100 %	Dormant company
Go Racing Limited	Ordinary	100 %	Dormant company

The registered office of all the above companies is Millbank Tower 14th Floor, 21-24 Millbank, London, SW1P 4QP.

The above companies are all incorporated in Great Britain.

The aggregate of the share capital and reserves as at 30 June 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves 30 June 2017 £000	Profit 30 June 2017 £000
Attheraces Limited	14,794	6,749
Attheraces (UK) Limited	2	-
Go Racing Limited	1	-
	14,797	6,749

Attheraces Holdings Limited

Notes to the Financial Statements For the Period Ended 30 June 2017

9. Fixed asset investment (continued)

	Joint Venture £	Total £
Cost at 1 January 2016 and 30 June 2017	50	50

Joint venture

The joint venture held by the company at the year end is as follows:

Name	Country of incorporation	Holding	Nature of business
GBI Racing Limited	UK	50%	Exploitation of certain worldwide broadcasting, media and information rights to horseraces held at its affiliated racecourses.

10. Debtors

	30 June 2017 £000	31 December 2015 £000
Other debtors	12	12

11. Creditors: Amounts falling due within one year

	30 June 2017 £000	31 December 2015 £000
Amounts owed to group undertakings	1,475	1,475

12. 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.

Attheraces Holdings Limited

Notes to the Financial Statements For the Period Ended 30 June 2017

13. Share capital

	30 June 2017 £000	31 December 2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
103 (2015 - 103) D Shares of £1 each	-	-
616 (2015 - 616) New Recoupment Shares of £0.00001 each	-	-
3,168 (2015 - 3,168) Ordinary Shares of £1 each	3	3
55 (2015 - 55) Recoupment Shares of £0.01 each	-	-
	<u>3</u>	<u>3</u>

Holders of Recoupment Shares are entitled to receive an amount per Recoupment Share equal to £1,150,000 plus the nominal value paid up on such Recoupment Share, less the aggregate of any dividends paid on such Recoupment Shares on or before the date of such distribution.

Holders of New Recoupment Shares are entitled to receive an amount per New Recoupment Share equal to £500 plus the nominal value paid up on such New Recoupment Share, less the aggregate of any dividends paid on such New Recoupment Shares on or before the date of such distribution.

The Ordinary shares and D shares have full voting rights and full rights to participate on any distribution (including on a dividend and on winding up subject to recoupment shares and new recoupment shares).

14. Ultimate 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. The ultimate controlling party is 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 plc, incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from Companies House.