

REGISTERED NUMBER: 05659231 (England and Wales)

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED
GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2020**

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	6
Report of the Independent Auditors	8
Consolidated Income Statement	11
Consolidated Statement of Comprehensive Income	12
Consolidated Balance Sheet	13
Company Balance Sheet	14
Consolidated Statement of Changes in Equity	15
Consolidated Cash Flow Statement	16
Notes to the Consolidated Financial Statements	17

WEATHERBYS THOROUGHbred HOLDINGS LIMITED

COMPANY INFORMATION
for the year ended 31 December 2020

DIRECTORS:	Sir J R Weatherby R N Weatherby
SECRETARY:	S P Cooper
REGISTERED OFFICE:	52-60 Sanders Road Wellingborough Northamptonshire NN8 4BX
REGISTERED NUMBER:	005659231 (England and Wales)
BANKERS:	Weatherbys Bank Limited Sanders Road Wellingborough Northamptonshire NN8 4BX
SOLICITORS:	Pinsent Masons 30 Crown Place London EC2A 4ES
AUDITORS:	Dafferns LLP Chartered Accountants Statutory Auditor One Eastwood Harry Weston Road Binley Business Park Coventry CV3 2UB

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

STRATEGIC REPORT for the year ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the group during the year remained provision of a range of specialist services related to British horseracing and Thoroughbred breeding in Great Britain and Ireland.

This encompassed administration services, horse registration and export services, design and printing, data provision, ticketing, book sales, advertising sales, animal genetics and parentage testing, and pedigree research and sales catalogue production.

The group's pre-tax consolidated profit in 2020, at £1,253,652 was £353,385 higher than the previous year's £900,267. Taking into account a decline in turnover of more than £4M compared to the previous year, from £22,616,450 to £18,295,110, due in most part to the virtual cessation of racecard printing, this was a strong vindication of the group's underlying financial health. A large proportion of the group's higher pre-tax profit was achieved through a reduction of close to £3M in administrative expenses including £1.5M savings in direct employee and director costs.

The deficit in the defined benefit pension scheme was less favourable compared to the previous year – £28.228M in 2020 versus £23.455M in 2019.

The group's diversification strategy, relying less on the home market, saw marked progress in 2020 with only 60% of turnover related to trading in the UK, 37% in the rest of the world and 3% in the rest of Europe. This compares to 70%, 29% and 1% respectively in 2019.

This diversification was not only geographical but also across its product range with development and investment in the next generation, paperless animal registration platform, incorporating animal identity, ownership, movement, vaccinations and medications. The ePassport was fully launched in 2021 with smartcards.

In addition to its equine application, the ePassport is also being targeted at canine industries and other species to provide a single platform for regulatory and legislative identification and management in a safe, secure digital environment.

The 10-year agreement for administration services for the governing body of British horseracing, the British Horseracing Authority (BHA), was renewed in 2021, taking this contract through to 2031. Alongside this, the company also established a 50/50 joint venture company with the BHA, Racing Digital, to oversee the building of the next generation racing administration platform, further strengthening the partnership between the British horseracing industry and Weatherbys.

For the group's laboratory in Ireland, Weatherbys Scientific, 2020 was a turnaround year with a positive £791,528 swing in trading profit year-on-year, despite the global pandemic challenges. A combination of improved margins, a leaner management team and continued year-on-year growth in income saw a profit for the year, after taxation, of €572,193 on the back of a 15% (€734,038) increase in revenue.

This turnaround validated a programme of restructuring and investment in 2019 aimed at ensuring the company was capable of meeting existing customers' future expectations in a fast-changing genetic technology environment and future growth targets in an expanding genetics market in Ireland and overseas. This included moving the company to a modern, purpose-built facility to align with future expansion needs.

New international revenue opportunities were secured in 2020 particularly in Australia and New Zealand, where we are now a recognised supplier, and the company remains in a strong position to support our largest domestic customer with their ambitious and expansive testing programme through to 2022 and beyond.

The company continued to perform all its equine registration-related services in Britain and Ireland through the General Stud Book. However, a decline in live foals in Ireland, combined with turbulent trading conditions, saw profits, after taxation, decline to €235,545 from €388,654 in 2019. The Stud Book in Britain also saw a fall in live foals and a corresponding decline in revenues of £103,985 (£1,392,869 in 2020 versus £1,496,854 in 2019) but ended the year with a slightly increased pre-tax profit of £186,862, versus £175,081 in 2019.

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

STRATEGIC REPORT for the year ended 31 December 2020

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW - continued

At the time of approving the financial statements, the company continues to be exposed to the effects of the pandemic and this has been exacerbated by Brexit which has resulted in a lower-than-expected level of horse movement activity and revenues from export certificates.

Throughout the period from mid-March 2020 to the end of the year, directors took, and continue to take, a range of mitigating actions alongside developing company activities to combat this lower than forecast trading activity.

The directors are not anticipating making significant changes to the business in the short and medium-term future.

The directors continue to focus on the potential longer-term revenues from digital products to complement its core business and deliver an even stronger performance in 2021.

The directors thank all employees for maintaining their commitment and foregoing a portion of their salary for most of this extremely challenging year, to maintain a sound financial foundation for the business.

PRINCIPAL RISKS AND UNCERTAINTIES

With much of the group's revenue coming from UK horseracing and breeding, the financial wellbeing of the sector is important to the success of the business. Restrictions imposed in March 2020, due to the pandemic, coincided with the start of the Thoroughbred breeding season. This had the potential to severely disrupt horse movement and revenue from registrations and export certificates.

The sport remains largely active in the face of Covid, the exception being the demand for racecards at race meetings which saw a virtual cessation in the absence of spectators. This remained a major contributor to lower revenues throughout 2020 and beyond 2020; however, the re-uptake of racecard orders in the second half of 2021 has been more rapid than forecast.

One of the long-term principal risks to the group had been removed at the time of writing with the signing of the 10-year racing administration contract with the BHA in July 2021. This was consolidated with the establishment of a 50/50 joint venture company with the BHA, Racing Digital, to oversee the building of the next generation racing administration platform.

Nevertheless, the pandemic has shone a light on the need for further diversification. A 9% increase in turnover related to trading outside the UK was a very positive move in that direction in 2020.

As part of this diversification, the group has invested in its Irish laboratory, Weatherbys Scientific, specifically in the growing demand across the world for single nucleotide polymorphism (SNPs) genomic analysis. Winning more contracts in this competitive sector is important to the overall profitability of the business. This has shown to be a judicious decision to date with the need to open an office in Australia and contracts being won nationally and internationally.

Further IT investment was made in the year as the business targets markets in other animal species. It is increasingly investing in digital products in the animal care and traceability market. New products were launched in 2020 - two components of the ePassport, the Vaccination App and Movement App - and the ePassport was launched, as planned, in 2021.

As well as investing in new products to diversify and increase future revenue streams, 2020 saw consolidation in internal costs and a large proportion of the group's higher pre-tax profit in 2020, against the previous year, was achieved through a reduction of close to £3M in administrative expenses including £1.5M saving in direct employee and director costs.

In the face of difficult trading conditions in 2020 (and continuing into 2021 and beyond), the group's directors and employees rapidly introduced measures including moving employees to home working, implementing a group-wide pay reduction of 15% for staff above a threshold (ensuring the financial wellbeing of our lower paid employees), termination of temporary contracts and suspending some capital expenditure projects and recruitment.

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

STRATEGIC REPORT for the year ended 31 December 2020

PRINCIPAL RISKS AND UNCERTAINTIES - continued

Detailed financial analysis and forecasting throughout the year, based on short, medium and long-term disruption, effectively running three forecasts based on three potential levels of business disruption, identified where further mitigating measures could be and should be implemented.

The group also worked closely with stakeholders and regulatory bodies, including the Government, to coordinate safeguard measures. This resulted in, for example, horse movement for breeding purposes continuing, albeit with added controls and constraints, and averted most restrictions in this area of activity.

In 2020, the 2018 triennial valuation and a new deficit recovery plan for the Group's defined benefit pension scheme was completed and agreed. This provided a combination of lower annual guaranteed deficit reduction payments in years 2020 and 2021, with increased deficit reduction payments from 2022 until the recovery point of 2035.

At the time of approving the financial statements, the group continues to be exposed to the effects of the pandemic but, because of the directors taking protective financial action, they are not anticipating making significant changes to the business in the short and medium-term future.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash, bank borrowings and various items such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the group's operations.

The existence of these financial instruments exposes the group to a number of financial risks. The main risks arising are liquidity risk, interest rate risk, currency risk and credit risk. The directors, in conjunction with the corporate governance committee, review and agree policies for managing each of these risks and they are summarised below.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved by overdraft facilities and a revolving credit facility with our bankers.

Interest rate risk

The group finances its operations in part through bank borrowings. The group's exposure to interest rate fluctuations on its borrowings is managed by both fixed and variable rate facilities.

Currency risk

The group is not materially exposed to transaction foreign exchange risk, with the majority of business conducted with customers and suppliers based in the United Kingdom. If considered necessary, transaction exposures, including those associated with forecast transactions would be hedged when known, principally using forward currency contracts. Whilst the aim would be to achieve an economic hedge, the group would not adopt an accounting policy of hedge accounting for financial statements.

Credit risk

The group seeks to manage its credit risk by dealing with established customers or otherwise checking the credit worthiness of new customers, establishing clear contractual relationships with those customers, and identifying and addressing any credit issues arising in a timely manner.

KEY PERFORMANCE INDICATORS

	2020	2019
Annual revenue movement	-19.1%	-1.0%
Gross profit movement	-28.1%	-0.8%
Operating profit movement	+15.8%	+71.3%
Operating profit margin	10.3%	7.2%
Headcount	204	234

The key performance indicators monitored by the group are disclosed above and addressed in more detail in the business review.

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

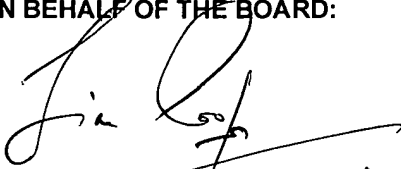
**STRATEGIC REPORT
for the year ended 31 December 2020**

FUTURE DEVELOPMENTS

The group continues to invest in online technology platforms, in order to licence them to third parties nationally, internationally, and in its laboratory, Weatherbys Scientific. It is also diversifying geographically and in its product range with the aim of securing revenues outside its traditional core business areas but related to and within its knowledge base and expertise. This diversification is targeted to increase revenue and profitability and reduce reliance on the equine sector and will drive the longer-term profitability of the group.

These opportunities extend not only to the equine sector, which has been the focus of the group for the past 250 years since its foundation in 1770, but also other animal species. Some of these products, encompassing applications for registration, health and traceability, namely the ePassport, were fully launched in 2021 and are forecast to realise returns in 2022 and beyond.

ON BEHALF OF THE BOARD:



S P Cooper - Secretary

20 December 2021

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

REPORT OF THE DIRECTORS for the year ended 31 December 2020

The directors present their report with the financial statements of the group for the year ended 31 December 2020.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2020.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

Sir J R Weatherby
R N Weatherby

DIRECTORS' QUALIFYING INDEMNITY PROVISIONS

During the year qualifying third party indemnity insurance was held on behalf of the directors.

EMPLOYMENT OF DISABLED PERSONS

During the year full and fair consideration was given to applications for employment from disabled persons and to the training, career development and promotion of disabled persons.

EMPLOYEE PARTICIPATION

It is the group's policy to consult regularly with employees on matters which affect their employment and that their views should be taken into account when decisions are taken which will affect their interest.

GOING CONCERN

The group quickly adapted to the challenges presented by the COVID-19 pandemic and has successfully minimised the impact to the business. The group is well positioned to continue to withstand any further shocks as a result of the pandemic moving forwards. A large part of this positive financial positioning was due to salary reductions and deferral of staff bonuses during the year. The Board is extremely grateful to all staff for sacrificing remuneration to maximise safeguards and the longer-term future sustainability of the group. The Board continue to monitor forecasts and cash flows on a regular basis and believe the group has sufficient working capital for its ongoing trading needs, and therefore the going concern basis continues to be adopted in the preparation of these financial statements.

DISCLOSURE IN THE STRATEGIC REPORT

The company has chosen in accordance with section 414C(11) to set out in the company's strategic report information required by this Schedule to be contained in the director's report in respect of financial risk management and future developments.

STATEMENT OF DIRECTORS'S RESPONSIBILITIES

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

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

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

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

**REPORT OF THE DIRECTORS
for the year ended 31 December 2020**

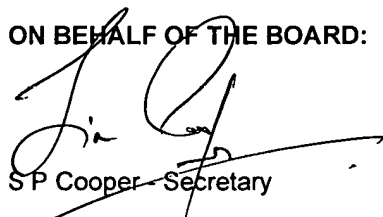
STATEMENT OF DIRECTORS'S RESPONSIBILITIES - continued

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each directors has taken all the steps that he ought to have taken as a directors in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:



S P Cooper Secretary

20 December 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

Opinion

We have audited the financial statements of Weatherbys Thoroughbred Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 December 2020 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2020 and of the group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 a Report of the Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management, those charged with governance around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
WEATHERBYS THOROUGHbred HOLDINGS LIMITED**

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

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 a Report of the Auditors 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.



Andy Bewick FCCA (Senior Statutory Auditor)
for and on behalf of Dafferns LLP
Chartered Accountants
Statutory Auditor
One Eastwood
Harry Weston Road
Binley Business Park
Coventry
CV3 2UB

22 December 2021

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

**CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2020**

	Note	2020 £	2019 £
TURNOVER:			
Group turnover plus share of joint venture		18,295,110	22,616,450
Less: Share of joint venture turnover		(139,974)	(180,456)
TURNOVER	4	18,155,136	22,435,994
Cost of sales		(11,698,614)	(13,452,893)
GROSS PROFIT		6,456,522	8,983,101
Administrative expenses		(6,355,799)	(9,223,306)
Other operating income	5	1,773,649	1,858,218
OPERATING PROFIT	7	1,874,372	1,618,013
Share of joint venture operating profit	15	14,824	4,924
(Deficit) / surplus on revaluation	14	(17,494)	65,770
Interest receivable and similar income	8	768	94
Interest payable and similar charges	9	(136,818)	(182,534)
Other finance charges	10	(482,000)	(606,000)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,253,652	900,267
Taxation	11	(184,107)	(165,655)
PROFIT FOR THE FINANCIAL YEAR		1,069,545	734,612

WEATHERBYS THOROUGHbred HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2020

	Note	2020 £	2019 £
PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP		1,069,545	734,612
OTHER COMPREHENSIVE INCOME			
Gains and losses on defined benefit pension obligations	26	(8,953,000)	(8,675,000)
Gains and losses on defined benefit pension assets	26	3,648,000	6,874,000
Deferred tax rate restatement - pension	11	370,747	-
Income tax relating to components of other comprehensive income	11	1,008,000	306,170
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(2,856,708)</u>	<u>(760,218)</u>
Total comprehensive income attributable to: Owners of the parent company		<u>(2,856,708)</u>	<u>(760,218)</u>
		<u>(2,856,708)</u>	<u>(760,218)</u>

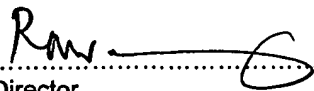
The notes form part of these financial statements

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED (REGISTERED NUMBER: 05659231)

CONSOLIDATED BALANCE SHEET
31 December 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Intangible assets	13	9,429,975	10,893,918
Tangible assets	14	1,839,355	2,359,937
Investments	15	10,000	10,000
Joint ventures			
Share of gross assets		136,970	125,389
Share of gross liabilities		(55,326)	(58,569)
		81,644	66,820
		<u>11,360,974</u>	<u>13,330,675</u>
CURRENT ASSETS			
Stocks	17	159,407	185,952
Debtors	18	2,487,908	3,086,398
Cash at bank and in hand	16	6,771,593	3,465,246
		<u>9,418,908</u>	<u>6,737,596</u>
CREDITORS			
Amounts falling due within one year	19	5,400,617	4,907,744
NET CURRENT ASSETS		<u>4,018,291</u>	<u>1,829,852</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		15,379,265	15,160,527
CREDITORS			
Amounts falling due after more than one year	20	(2,054,595)	(2,746,176)
PROVISIONS FOR LIABILITIES	23	(606,000)	(513,889)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY		12,718,670	11,900,462
Defined benefit pension scheme liability	26	(28,228,000)	(23,455,000)
Deferred tax related to the defined benefit pension obligation		5,363,000	4,085,253
NET LIABILITIES INCLUDING PENSION SCHEME LIABILITY		<u>(10,146,330)</u>	<u>(7,469,285)</u>
CAPITAL AND RESERVES			
Called up share capital	24	500	500
Merger reserve	25	(100)	(100)
Retained earnings	25	(10,146,730)	(7,469,685)
SHAREHOLDERS' DEFICIT		<u>(10,146,330)</u>	<u>(7,469,285)</u>

The financial statements were approved by the Board of Directors on 20 December 2021 and were signed on its behalf by:


Director
Roger Weatherby

The notes form part of these financial statements

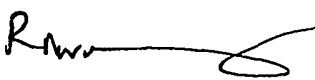
WEATHERBYS THOROUGHbred HOLDINGS LIMITED (REGISTERED NUMBER: 05659231)

COMPANY BALANCE SHEET
31 December 2020

	Note	2020	2019
		£	£
FIXED ASSETS			
Investments	15	875,575	875,575
CURRENT ASSETS			
Debtors	18	100	100
		<u>100</u>	<u>100</u>
CREDITORS			
Amounts falling due within one year	19	875,175	875,175
		<u>875,075</u>	<u>875,075</u>
NET CURRENT LIABILITIES			
		<u>500</u>	<u>500</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	24	500	500
Retained earnings	25	-	-
		<u>500</u>	<u>500</u>
TOTAL SHAREHOLDERS' FUNDS		<u>500</u>	<u>500</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent company for the year was £nil (2019: £nil).

The financial statements were approved by the Board of Directors on 20 December 2021 and were signed on its behalf by:



 Director
 Roger Weatherby

The notes form part of these financial statements

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Called up share capital	Merger reserve	Retained earnings	Total equity
Balance at 1 January 2019	500	(100)	(6,564,190)	6,563,790
Changes in equity				
Profit for the financial year	-	-	734,612	734,612
Gains and losses on defined benefit pension obligations	-	-	(8,675,000)	(8,675,000)
Gains and losses on defined benefit pension assets	-	-	6,874,000	6,874,000
Deferred tax on return on plan assets	-	-	306,170	306,170
Exchange movement	-	-	(145,277)	(145,277)
Balance at 31 December 2019	<u>500</u>	<u>(100)</u>	<u>(7,469,685)</u>	<u>(7,469,285)</u>
Changes in equity				
Profit for the financial year	-	-	1,069,545	1,069,545
Gains and losses on defined benefit pension obligations	-	-	(8,953,000)	(8,953,000)
Gains and losses on defined benefit pension assets	-	-	3,648,000	3,648,000
Deferred tax rate restatement - pension	-	-	370,747	370,747
Deferred tax on return on plan assets	-	-	1,008,000	1,008,000
Exchange movement	-	-	179,663	179,663
Balance at 31 December 2020	<u>500</u>	<u>(100)</u>	<u>(10,146,730)</u>	<u>(10,146,330)</u>

The notes form part of these financial statements

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	29	4,175,144	2,450,001
Interest paid		136,818	191,534
Tax (paid) / received		(23,676)	54,818
Net cash from operating activities		<u>4,288,286</u>	<u>2,696,353</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(69,138)	(617,916)
Purchase of tangible fixed assets		(85,220)	(560,611)
Sale of tangible fixed assets		1,668	-
Interest received		768	9,094
Cash withdrawn from deposit		-	6,763
Dividends received from joint ventures		-	1,107
Net cash from investing activities		<u>(151,922)</u>	<u>(1,161,563)</u>
Cash flows from financing activities			
Interest paid		(136,818)	(191,534)
Lease repayments in year		(178,382)	(208,829)
Loan repayments in year		(625,000)	(625,000)
Net cash from financing activities		<u>(940,200)</u>	<u>(1,025,363)</u>
Increase/(decrease) in cash and cash equivalents		<u>3,196,164</u>	<u>509,427</u>
Foreign exchange translation of cash		110,183	(86,007)
Cash and cash equivalents at beginning of period	30	3,465,246	3,041,826
Cash and cash equivalents at end of period	30	<u>6,771,593</u>	<u>3,465,246</u>

The notes form part of these financial statements

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2020

1. STATUTORY INFORMATION

Weatherbys Thoroughbred Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The functional currency of the company and the presentation currency of the group financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

The financial statements consolidate the results of Weatherbys Thoroughbred Holdings Limited and all of its subsidiary undertakings.

As the business combination was created by way of a group reconstruction, the consolidated financial statements have been prepared using the principles of merger accounting. Accordingly, the group incorporated all assets and liabilities at the amounts recorded in the books of the subsidiary undertakings. No goodwill on consolidation arises. The difference between the nominal value of the shares issued by the parent undertaking and the nominal value of the subsidiary undertakings' share capital, and share premium, is credited or debited to the merger reserve.

Entities in which the group holds an interest and which are jointly controlled by the group and one other venture under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. As a consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Going concern

The directors have prepared forecasts which consider the working capital needs of the business for the twelve months subsequent to the signing of the financial statements and have concluded that based upon the existing funding facilities available, including support from subsidiary undertakings, the group will be able to meet its liabilities as they fall due.

On this basis the directors consider the group will continue to meet its liabilities as they fall due and continue in operational existence for the foreseeable future. Accordingly, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Employment support income

Grant income received from the UK's Coronavirus Job Retention Scheme has been recognised in the period in which the related staff expense was incurred. This income has been recognised under other operating income.

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2020

3. ACCOUNTING POLICIES - continued

Turnover and revenue recognition

The principal activity of the group during the year remained provision of administration services, data and publications to British Horseracing and Thoroughbred breeding in Great Britain and Ireland. Its most significant revenue lines remain administration services for British Horseracing, horse registration and imports and exports, design and printing, pedigree research and sales catalogue production.

The group also continued to perform a wide range of services, largely, but not exclusively, connected with horseracing and breeding. This included thoroughbred registration and imports and exports, pedigree research and sales catalogue production, ticketing, book sales, advertising sales, data provision, printing and design.

The groups laboratory in Ireland, Weatherbys Scientific, has pursued opportunities for genetic analysis in the farming world, to increase yields, and the company saw its diversification into cattle and other species genomic testing increase in volume and revenue.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Sale of goods

Turnover from the sale of goods is recognised at the point the group has transferred the significant risks and rewards of ownership to the buyer, typically on dispatch of the goods.

Rendering of services

Turnover from the provision of services is recognised in the period in which services are delivered.

Intangible assets

Intangible assets are recognised at cost and subsequently measured under the historical cost model, being cost less accumulated amortisation and any accumulated impairment losses.

Computer software costs are capitalised as intangible fixed assets and amortised from the point the software was available for use and running as intended by management. Expenditure incurred on the maintenance of the software is charged to the income statement as incurred.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Software development costs	5 - 20 years
----------------------------	--------------

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

Assets under construction relate to the ongoing development of software and are not amortised until they are ready for use.

Any gains and losses on the disposal of intangible fixed assets are recognised in the income statement in the year that the disposal takes place.

WEATHERBYS THOROUGHbred HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2020

3. ACCOUNTING POLICIES - continued

Tangible fixed assets

With the exception of land and buildings, all other classes of tangible fixed assets are recognised at cost and subsequently measured under the historical cost model, being cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes any direct expenditure incurred to bring the asset to its current location and condition necessary for the asset to work as intended by management.

Depreciation is calculated so as to write off the cost of tangible fixed assets by equal instalments over their estimated useful lives as follows:

Freehold and lease property	50 years
Fixtures and fittings	3 – 10 years
Plant and machinery	3 – 10 years
Office and computer equipment	3 – 10 years
Motor vehicles	3 – 5 years

Freehold land and buildings are measured at valuation. No depreciation is charged on freehold land.

Revalued amounts are fair market values prepared by external professional valuers annually if market forces indicate a material change in fair value. Any revaluation surplus is recognised in the income statement.

Any gains and losses on the disposal of tangible fixed assets are recognised in the income statement in the year that the disposal takes place.

Investments

Investments in subsidiaries and joint ventures are valued at cost less impairment. The carrying amount of the investment in joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. Equity investments (other than in shares of subsidiaries or joint ventures) are carried at fair value through profit and loss provided fair values can be measured reliably. Where fair value cannot be measured reliably, equity investments are carried at cost less impairment.

Leases

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term.

The aggregate benefit of any applicable lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

WEATHERBYS THOROUGHbred HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2020

3. ACCOUNTING POLICIES - continued

Stocks

Stocks are valued at the lower of cost or net realisable value, after making due allowance for obsolete and slow moving items. Cost is determined by maintaining stock on a first-in, first-out basis. Stocks held on consignment at third parties is held on the group's balance sheet until substantially all of the risks and rewards of ownership have been transferred to the buyer.

Financial instruments

Basic financial instruments in debtors and creditors with no stated interest rate, and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other administrative expenses.

Other financial assets and liabilities, such as loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

The group accounts for all financial assets and liabilities as basic financial instruments in accordance with FRS 102 and has no financial instruments carried at fair value through profit or loss.

Financial assets held at amortised cost includes all debtors and cash, excluding prepayments and tax. Financial liabilities held at amortised cost includes all creditors, excluding tax and social security creditors.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted. Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Functional currency and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling (£).

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in the income statement in the period in which they arise.

WEATHERBYS THOROUGHbred HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2020

3. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

Pension costs relate to contributions to the Weatherbys Pension and Assurance Scheme, a pension scheme which has two elements providing benefits based on final pensionable pay for some members and benefits based on contributions paid for other members.

All the participating employers in the scheme are under common control. In accordance with FRS 102 para 28.38, this constitutes a Group Plan. Weatherbys Ltd is the sponsoring employer and has the legal responsibility for the plan and therefore the company has recognised the plan in its individual financial statement's.

In respect of the defined benefit scheme, the cost of providing benefits is determined using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting asset or liability, net of deferred tax, is presented separately after other net assets on the face of the balance sheet.

The rate used to discount the benefit obligations is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations. The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in the income statement as incurred.

Net interest on the net defined benefit liability is recognised in the income statement and comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the plan assets and the actual return on the plan assets is recognised in other comprehensive income.

Actuarial gains and losses are recognised in other comprehensive income.

For the defined contribution scheme the amount charged to the income statement are the contributions payable in the year. Any difference between contributions payable in the year and contributions actually paid is reflected as a liability on the balance sheet.

Accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Sources of estimation uncertainty include the calculation of the defined benefit pension obligation and the actuarial assumptions for growth and discount rates used for this purpose. Key assumptions in relation to the pension scheme have been disclosed in note 26.

Software development costs are capitalised in accordance with the accounting policy given above. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility of the project is confirmed. Management makes use of an estimated charge-out rate when determining what amounts should be capitalised.

The group establishes a reliable estimate of the useful life of software development. This estimate is based on a variety of factors such as the expected use of software, the expected usual life of the contract to which the software relates and any legal, regulatory or contractual provisions that can limit useful life.

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market and class of business is given below:

	2020 £	2019 £
United Kingdom	10,820,602	15,710,218
Rest of the World	6,814,802	6,451,371
Rest of Europe	519,732	274,406
	<u>18,155,136</u>	<u>22,435,995</u>
Sale of goods	1,689,450	5,282,579
Sale of services	16,465,686	17,153,416
	<u>18,155,136</u>	<u>22,435,995</u>

5. OTHER OPERATING INCOME

	2020 £	2019 £
Central management and support recharges	1,443,013	1,858,218
Government grants	330,636	-
	<u>1,773,649</u>	<u>1,858,218</u>

The group incurs various centralised support and management costs on behalf of other related companies. A proportion of this expenditure is recharged to the respective parties and the income accounted for in other operating income.

Other operating income also includes furlough grants from the UK Government, having utilised the Coronavirus Job Retention Scheme, being made available in response to the Covid-19 pandemic.

6. EMPLOYEES AND DIRECTORS

	2020 £	2019 £
Wages and salaries	7,408,960	8,698,154
Social security costs	722,031	873,773
Pension costs	439,323	565,436
	<u>8,570,314</u>	<u>10,137,363</u>

In the prior year 2019 financial statements £250,271 of staff car allowances were classified as motor and vehicle and costs, opposed to employee benefit costs. This has been reclassified as wages to improve the clarity in the presentation of the costs incurred by the group.

This reclassification does not have any impact on the prior year reported profit.

WEATHERBYS THOROUGHbred HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

6. EMPLOYEES AND DIRECTORS - continued

The average monthly number of employees during the year was as follows:

	2020	2019
Administration of racing	45	43
General operational administration	82	94
Commercial services	45	50
IT	32	44
	<u>204</u>	<u>234</u>
	2020	2019
	£	£
Directors' remuneration	<u>463,106</u>	<u>552,417</u>

During the year retirement benefits were accruing to nil directors (2019 - nil) in respect of defined contribution pension schemes and defined benefit pensions scheme.

Information regarding the highest paid director is as follows:

	2020	2019
	£	£
Emoluments etc	<u>340,136</u>	<u>351,617</u>

All directors who have authority and responsibility for planning, directing and controlling the activities across the Group are considered to be key management personnel. Including employers' national insurance total key management personal costs during the period were £1,352,881 (2019: £1,496,615).

7. OPERATING PROFIT

The group operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Operating leases		
– plant and machinery	201,783	238,874
– other operating leases	148,479	328,001
Depreciation	642,851	987,001
Amortisation of intangible assets	1,251,349	1,156,617
Loss on disposal of tangible fixed assets	4,333	-
Foreign exchange differences	37,899	(161,973)
Auditors' remuneration		
Fees payable to the groups' auditor for the audit of the group's annual accounts	6,000	6,400
Fees payable to the groups' auditor in respect of		
– Audit of the groups' subsidiaries, pursuant to legislation	32,500	45,600
– Taxation compliance services	5,000	7,950
– Other	-	1,058

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

8. INTEREST RECEIVABLE

	2020	2019
	£	£
Other interest	768	94
	<u>768</u>	<u>94</u>

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Bank loans and overdrafts	130,829	182,534
Other interest	5,989	-
	<u>136,818</u>	<u>182,534</u>

In the prior year 2019 financial statements £9,000 of interest receivable and payable was included within the financial statements in respect of interest charged between group companies. This has been reclassified to improve the clarity in the presentation of the interest receivable and interest receivable of the group.

This correction does not alter or have any impact on the 2019 reported profit.

10. OTHER FINANCE CHARGES

	2020	2019
	£	£
Net interest on pension scheme liabilities	482,000	606,000
	<u>482,000</u>	<u>606,000</u>

11. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	(29,902)	165,608
Prior period adjustment	(1,961)	-
	<u>(31,863)</u>	<u>165,608</u>
Foreign tax	63,827	10,222
Total current tax	<u>31,964</u>	<u>175,830</u>
Deferred tax:		
Other timing differences	66,110	(10,175)
Deferred tax on pension liability	101,000	-
Prior period adjustment	(14,967)	-
	<u>152,143</u>	<u>(10,175)</u>
Total deferred tax	<u>152,143</u>	<u>(10,175)</u>
Tax charge on profit on ordinary activities	<u>184,107</u>	<u>165,655</u>

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

11. TAXATION - continued

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £	2019 £
Group profit on ordinary activities before tax	1,253,652	900,267
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019 – 19%)	238,194	171,051
Effects of:		
Expenses not deductible for tax purposes	19,431	23,816
Depreciation in excess of capital allowances	7,930	(47,477)
Non-taxable income	1,556	(7,091)
Adjustment in respect of prior periods	(16,928)	(1,421)
Other timing differences	(28,287)	(36,423)
Effect of changes in tax rates	-	37,967
Utilisation of tax losses	32,319	-
Effect of differing rates of overseas tax	(70,108)	25,233
Total tax charge	184,107	165,655

Tax effects relating to effects of other comprehensive income

	Gross £	2020 Tax £	Net £
Gains / (losses) on pension obligation	(8,953,000)	1,701,000	(7,252,000)
Gains / (losses) on pension plan assets	3,648,000	(693,000)	2,955,000
Deferred tax rate restatement - pension	370,747	-	370,747
	(4,934,253)	1,008,000	(3,926,253)
	Gross £	2019 Tax £	Net £
Gains / (losses) on pension obligation	(8,675,000)	1,648,250	(7,026,750)
Gains / (losses) on pension plan assets	6,874,000	(1,342,080)	5,531,920
	(1,801,000)	306,170	(1,494,830)

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

12. PRIOR YEAR EXPENDITURE REALLOCATION

In the prior year 2019 financial statements an annual adjustment in respect to the defined benefit pension scheme was allocated entirely against direct costs.

£326k of this adjustment has been reclassified and allocated against administrative expenses to better align the adjustment against the associated expenditure.

This reallocation does not alter or have any impact on the 2019 reported profit.

13. INTANGIBLE FIXED ASSETS

Group	Assets in course of construction £	Other computer software £	Computer Software (NRAS) £	Total £
COST				
At 31 December 2019	290,668	930,807	14,188,882	15,410,357
Additions	-	69,138	-	69,138
Impairments	(290,668)	-	-	(290,668)
Exchange adjustments	-	28,494	-	28,494
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	-	1,028,439	14,188,882	15,217,321
	<hr/>	<hr/>	<hr/>	<hr/>
AMORTISATION				
At 31 December 2019	-	451,239	4,065,200	4,516,439
Charge for the year	-	330,982	920,367	1,251,349
Exchange adjustments	-	19,558	-	19,558
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	-	801,779	4,985,567	5,787,346
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
At 31 December 2020	-	226,660	9,203,315	9,429,975
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	290,668	479,569	10,123,681	10,893,918
	<hr/>	<hr/>	<hr/>	<hr/>

Intangible assets include the NRAS (New Racing Administration System) project that has been developed to manage the horseracing administration function for the British Horseracing Authority (BHA). The net book value of the capitalised software at the balance sheet date was £9,203,315 (2019: £10,414,350) and is being amortised over a remaining period of 10 years.

The annual amortisation cost of intangible fixed assets is included entirely in cost of sales.

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

14. TANGIBLE FIXED ASSETS

Group

	Freehold and lease property £	Fixtures and fittings £	Plant and Machinery £
COST OR VALUATION			
At 31 December 2019	3,026,454	4,164,623	528,422
Revaluation	(17,494)	-	-
Additions	-	55,380	-
Disposals	-	-	-
Exchange adjustments	59,650	78,258	-
At 31 December 2020	3,068,610	4,298,261	528,422
DEPRECIATION			
At 31 December 2019	1,899,462	3,335,949	476,347
Charge for the year	183,999	257,749	23,595
Eliminated on disposal	-	-	-
Exchange adjustments	5,284	72,080	-
At 31 December 2020	2,088,745	3,665,778	499,942
NET BOOK VALUE			
At 31 December 2020	979,865	632,483	28,480
At 31 December 2019	1,126,992	828,674	54,075
	Office equipment £	Motor vehicles £	Total £
COST OR VALUATION			
At 31 December 2019	2,121,975	102,067	9,943,541
Revaluation	-	-	(17,494)
Additions	29,840	-	85,220
Disposals	-	(15,930)	(15,930)
Exchange adjustments	-	-	137,908
At 31 December 2020	2,151,815	86,137	10,133,245
DEPRECIATION			
At 31 December 2019	1,792,160	79,686	7,583,604
Charge for the year	162,528	14,980	642,851
Eliminated on disposal	-	(9,929)	(9,929)
Exchange adjustments	-	-	77,364
At 31 December 2020	1,954,688	84,737	8,293,890
NET BOOK VALUE			
At 31 December 2020	197,127	1,400	1,839,355
At 31 December 2019	329,815	22,381	2,359,937

WEATHERBYS THOROUGHbred HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

14. TANGIBLE FIXED ASSETS - continued

In the prior year 2019 financial statements tangible fixed assets were reported via 4 assets classes, being freehold property, fixtures and fittings, plant and machinery and office equipment.

In 2020 tangible fixed assets have been reflected across 5 assets classes (as above) to enhance the accuracy and visibility of the assets recorded in the financial statements.

Included within freehold and lease property is freehold property pertaining to Tara Court, Dublin Road, Naas, Co. Kildare which was held at a value of €380,000. At 31 December 2020 the investment property was in the late stages of a sale agreement at an agreed sales value of €380,000. The property sale was completed in June 2021.

If freehold land and buildings had not been revalued, they would have been included on the historical cost basis at the following amounts:

	2020	2019
Group	£	£
Cost	120,191	120,191
Accumulated depreciation	(64,884)	(62,480)
Net book value	<u>55,307</u>	<u>57,711</u>

15. FIXED ASSET INVESTMENTS

Group	Interest in Joint Venture £	Other investments £	Total £
COST			
At 1 January 2020	66,820	10,000	76,820
Share of joint venture profit for the year after tax	14,824	-	14,824
At 31 December 2020	<u>81,644</u>	<u>10,000</u>	<u>91,644</u>

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

15. FIXED ASSET INVESTMENTS - continued

At 31 December 2020 the group had an interest in the following joint venture:

Company name	Country of Incorporation	Class of shares	Proportion held by parent company	by the group	Nature of business
The Point-to-Point Racing Company Limited	England	Ordinary	-	50%	Publishing and supply of information concerning point-to- point racing

The group's share of the results, assets and liabilities of The Point-to-Point Racing Company Limited was:

	2020 £
Turnover	139,974
Profit before tax	18,264
Tax charge	(3,440)
Profit after tax	14,824
Fixed assets	2,350
Current assets	134,619
Liabilities due within one year	55,275
Provisions for liabilities	50

If the investment in the joint venture had been included at cost, it would have been included at the following amount:

	2020 £
At 31 December 2020	100
Company	Shares in subsidiary undertakings £
COST	
At 31 December 2019 and 31 December 2020	875,575
NET BOOK VALUE	
At 31 December 2020	875,575
At 31 December 2019	875,575

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2020

15. FIXED ASSET INVESTMENTS - continued

At 31 December 2020 the company held more than 20% of the allotted share capital of the following undertakings:

Subsidiary undertakings	Country of Incorporation	Class of shares	Proportion held by parent company	by the group	Nature of business
Weatherbys Ltd *	England	Ordinary	100%	-	Administration of horseracing In Great Britain and independent commercial services
Weatherbys Ventures Holdings Limited *	England	Ordinary	100%	-	Non-trading
Weatherbys Ventures Limited **	England	Ordinary	-	100%	Non-trading
Weatherbys GSB Limited **	England	Ordinary	-	100%	Administration of horse registration in Great Britain
Weatherbys Ireland GSB Limited *	Ireland	Ordinary	100%	-	Administration of horse registration in Ireland
Weatherbys Solutions Limited **	England	Ordinary	-	100%	Non-trading
Weatherbys Ireland Limited *	Ireland	Ordinary	100%	-	Provision of services to the bloodstock and livestock industries
Weatherbys Ireland Services Limited ***	Ireland	Ordinary	-	100%	Property holding
Weatherbys Scientific Australia Pty Ltd *	Australia	Ordinary	100%	-	Provision of services to the bloodstock and livestock industries

* held directly through Weatherbys Thoroughbred Holdings Limited

** held indirectly through Weatherbys Thoroughbred Holdings Limited

*** held indirectly through Weatherbys Ireland Limited

None of the above undertakings in listed. The proportion of shares held is equivalent to the proportion of voting rights held

For the year ended 31 December 2020, the following subsidiaries were entitled to the exemption from preparing individual financial statements under s394C CA 2006:

Weatherbys Ventures Limited
Weatherbys Solutions Limited

Registered number: 03439367
Registered number: 05978986

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

16. CASH AT BANK AND IN HAND

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Cash at bank and in hand	6,771,593	3,465,246	-	-

The group has cash deposits held with a related party bank which amounts to £1,528,549 (2019: £618,827).

17. STOCKS

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Raw materials and consumables	32,130	27,704	-	-
Finished goods and goods for resale	127,277	158,248	-	-
	<u>159,407</u>	<u>185,952</u>	<u>-</u>	<u>-</u>

18. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	1,629,422	1,900,915	-	-
Amounts owed by related companies	303,057	211,910	-	-
Corporation tax	7,012	33,688	-	-
Other debtors	114,111	227,364	-	-
Deferred tax asset	45,877	-	-	-
Prepayments and accrued income	388,329	712,421	-	-
Unpaid share capital	100	100	100	100
	<u>2,487,908</u>	<u>3,086,398</u>	<u>100</u>	<u>100</u>

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	625,000	625,000	-	-
Finance leases	98,785	208,830	-	-
Trade creditors	930,328	1,113,733	-	-
Amounts owed to related companies	238,671	33,133	-	-
Amounts owed to group undertakings	-	-	875,175	875,175
Corporation tax	121,860	135,339	-	-
Social security and other taxes	1,034,441	692,576	-	-
Other creditors	648,096	660,007	-	-
Accruals and deferred income	1,703,436	1,398,126	-	-
	<u>5,400,617</u>	<u>4,907,744</u>	<u>875,175</u>	<u>875,175</u>

Amounts owed to group undertakings are unsecured, non-interest-bearing, and repayable on demand.

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	1,875,000	2,500,000	-	-
Finance leases	148,177	216,514	-	-
Other creditors	31,418	29,662	-	-
	<u>2,054,595</u>	<u>2,746,176</u>	<u>-</u>	<u>-</u>

The outstanding bank loan is held with Svenska Handelsbanken AB and is a term loan facility of £3,750,000, with quarterly repayments of £156,250 and is fully repayable by 30 November 2023. The loan bears interest at 4.12% above LIBOR and security is provided against the facility via a company debenture.

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand	625,000	625,000
Amounts falling due between two and five years	625,000	625,000
Amounts falling due in more than five years	1,250,000	1,875,000
	<u>2,500,000</u>	<u>3,125,000</u>

21. FINANCE LEASES

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Within one year	98,785	208,830	-	-
Between one and two years	148,177	216,514	-	-
	<u>246,962</u>	<u>425,344</u>	<u>-</u>	<u>-</u>

WEATHERBYS THOROUGHbred HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

21. FINANCE LEASES - continued

The Group has previously entered into a number of finance leasing arrangements, only one of which remains outstanding at the balance sheet date. The ongoing leasing arrangement is due to expire in August 2023 and the leased equipment has been capitalised as part of tangible fixed assets. At the end of the lease the Group will not automatically take ownership of the assets.

22. OPERATING LEASE COMMITMENTS

At the end of each year the Group had total minimum commitments under non-cancellable operating lease agreements as set out below:

	2020 £	2019 £
Within one year	2,218	52,212
Between one and two years	-	978
	<hr/>	<hr/>

23. PROVISIONS FOR LIABILITIES

	Group	
	2020 £	2019 £
Deferred tax		
Accelerated capital allowances	573,729	595,766
Other timing differences	(13,606)	(81,877)
	<hr/>	<hr/>
	560,123	513,889
	<hr/>	<hr/>

	Group	
	2020 £	2019 £
At beginning of year	513,889	528,917
Charge for year	51,143	(10,175)
Exchange differences	(4,909)	(4,853)
	<hr/>	<hr/>
At end of year	560,123	513,889
	<hr/>	<hr/>

	Group	
	2020 £	2019 £
Represented by:		
Deferred tax liability	606,000	513,889
Deferred tax asset (note 18)	(45,877)	-
	<hr/>	<hr/>
	560,123	513,889
	<hr/>	<hr/>

24. CALLED UP SHARE CAPITAL

Allotted, called up and fully paid

		Nominal value:	2020 £	2019 £
Number:	Class:			
400 – paid	Ordinary	£1	400	400
100 – unpaid	Ordinary	£1	100	100
			<hr/>	<hr/>
			500	500
			<hr/>	<hr/>

WEATHERBYS THOROUGHbred HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued for the year ended 31 December 2020

25. RESERVES

Retained Earnings

The retained earnings account represents cumulative profits and losses net of dividends and other adjustments.

Merger reserve

The merger reserve is a non-distributable reserve created by the exercise of s612 merger relief in connection with a group reconstruction in 2009.

26. EMPLOYEE BENEFIT OBLIGATIONS

Defined benefit pension scheme

The company is a participating employer in the Weatherbys Pension and Assurance Scheme that shares risks between entities under common control. This pension scheme has both a defined benefit element, providing benefits based on final pensionable pay and a defined contribution element. The defined benefit component of the scheme is closed to new members.

Under previous UK GAAP this scheme was accounted for as a defined contribution scheme. Under FRS 102, as Weatherbys Ltd is the sponsoring employer and therefore legally responsible for the plan, it has recognised the plan in its individual financial statements. The plan is therefore also recognised in the consolidated financial statements.

The scheme is subject to triennial actuarial valuation. The last valuation was carried out and reported as at 31 December 2018, with these results having been updated to 31 December 2020 under the provisions of Financial Reporting Standard 102 by a qualified independent actuary using approximate actuarial techniques and available information.

Following the actuarial valuation of the Weatherbys Pension & Assurance Scheme as at 31 December 2018, the company agreed a new recovery plan with Pension Trustees, to recover the Scheme's deficit. From 1 January 2020, a fixed contribution of £1.0m was agreed for a period of 12 months, from 1 January 2021 a fixed contribution of £1.5m was agreed for a period of 12 months and from 1 January 2022, a fixed contribution of £2.0m was agreed for a period of 12 months. Such payments are paid in monthly instalments. From 1 January 2023, a payment of £1.67m pa was agreed, payable in monthly instalments for a period of 12 years and 8 months (ending 31 August 2035). Payments will increase on a cumulative basis from 1 January 2023, each year by 3.0%.

The amounts recognised in the balance sheet are as follows:

	2020 £	2019 £
Present value of funded obligations	(91,382,000)	(88,271,000)
Fair value of scheme assets	63,154,000	64,816,000
Deficit in scheme	(28,228,000)	(23,455,000)
Deferred tax asset	5,363,000	4,085,253
Net liability	(22,865,000)	(19,369,747)

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

26. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in the profit and loss for the year are as follows:

	2020 £	2019 £
Past service cost	38,000	-
Net interest cost	482,000	606,000
Net settlement	(52,000)	-
	<u>468,000</u>	<u>606,000</u>
 Actual return on plan assets	 <u>1,292,000</u>	 <u>1,583,000</u>

Movements in the present value of the defined benefit obligation were as follows:

	2020 £	2019 £
Opening defined benefit obligation	88,271,000	78,974,000
Past service cost	38,000	-
Interest expense	1,774,000	2,189,000
Actuarial gains	8,953,000	8,675,000
Benefits paid	(3,092,000)	(1,567,000)
Settlements	(4,562,000)	-
Closing defined benefit obligation	<u>91,382,000</u>	<u>88,271,000</u>

Changes in the fair value of scheme assets were as follows:

	2020 £	2019 £
Opening fair value of scheme assets	64,816,000	56,767,000
Interest income	1,292,000	1,583,000
Return on plan assets in excess of interest income	3,648,000	6,874,000
Contributions by the Group	1,000,000	1,159,000
Benefits paid	(3,092,000)	(1,567,000)
Settlements	(4,510,000)	-
Closing fair value of scheme assets	<u>63,154,000</u>	<u>64,816,000</u>

The amounts recognised in other comprehensive income are as follows:

	2020 £	2019 £
Actuarial gains and losses	(5,305,000)	(1,801,000)
	<u>(5,305,000)</u>	<u>(1,801,000)</u>

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

26. EMPLOYEE BENEFIT OBLIGATIONS - continued

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2020	2019
	%	%
UK Equities	6.00	8.00
Overseas Equities	12.00	11.00
Corporate Bonds	13.00	11.00
Government Bonds	4.00	4.00
Leveraged LDI funds	15.00	11.00
Diversified growth funds	47.00	52.00
Cash	3.00	3.00
	<hr/> 100.00	<hr/> 100.00

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2020	2019
	%	%
Discount rate	1.35	2.10
RPI inflation	2.85	2.95
CPI inflation	2.35	1.95
LPI pension increases (capped at 5% pa)	2.80	2.90
LPI pension increases (capped at 2.5% pa)	2.05	2.10

Defined contribution scheme

Weatherbys Pension and Assurance Scheme also provides defined contribution scheme which is open to new employees. Total Group contributions to the scheme amounts to £439,323 (2019: £565,436). There is no unpaid contribution as at 31 December 2020 (2019: £nil).

27. ULTIMATE CONTROLLING PARTY

The group's ultimate controlling parties are the three Weatherby Family Settlements by virtue of their shareholdings.

28. RELATED PARTY DISCLOSURES

The group has related party transactions and balances with other connected parties by virtue of common control and significant influence.

These related party transactions have been concluded under normal market conditions on an arm's length basis.

Transactions occurred and balances were outstanding with the following related parties:

Weatherbys Bank Limited
Arkle Finance Limited
Weatherbys Hamilton LLP
The-Point-to-Point Racing Company Limited

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

28. RELATED PARTY DISCLOSURES – continued

Weatherbys Bank

The group recharged centralised costs to Weatherbys Bank Limited totalling £923,878 (2019: £1,284,226) and paid building rents to Weatherbys Bank Limited totalling £129,996 (2019: £309,996) throughout the financial year.

The group also holds bank accounts with Weatherbys Bank Limited. At the balance sheet date, a total of £1,528,549 out of the group's total bank and cash was held with Weatherbys Bank Limited (2019: £618,827).

During the year the group received a £150,000 investment grant from Weatherbys Bank Limited. This income has been deferred on the balance sheet and will be released in line with the expenditure that this was agreed to fund.

Arkle Finance Limited

The group recharged centralised costs to Arkle Finance Limited totalling £326,425 (2019: £303,441) throughout the financial year.

Weatherbys Hamilton LLP

The group recharged centralised costs to Weatherbys Hamilton LLP totalling £128,904 (2019: £119,471) throughout the financial year.

The Point-to-Point Racing Company Limited

The group recharged centralised costs to The-Point-to-Point Racing Company Limited totalling £63,806 (2019: £49,821) throughout the financial year.

The group also made sales to related parties in the form of IT and printing related services totalling £117,758 (2019: £613,353).

At the balance sheet date, as per notes 18 and 19, a total of £303,057 was owed to the group from related parties (2019: £211,910) and £238,671 was owed by the group to related parties (2019: £33,133).

WEATHERBYS THOROUGHBRED HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020

29. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020 £	2019 £
Profit before taxation	1,069,545	734,612
Depreciation charges	642,851	987,001
Loss on disposal of fixed assets	4,333	195,136
Amortisation charges	1,251,349	1,156,617
Revaluation deficit / (surplus)	17,494	(63,748)
Impairment of intangible fixed assets	290,668	-
Finance income	(768)	(9,094)
Taxation charge	184,107	165,655
Share in profit in joint venture	(14,824)	(4,924)
Other finance charges	482,000	606,000
Employers contribution towards defined pension	(1,014,000)	(1,159,000)
	<u>2,912,755</u>	<u>2,608,255</u>
Decrease in stocks	26,545	57,395
Decrease / (increase) in trade and other debtors	652,763	(389,492)
Increase in trade and other creditors	583,081	173,843
	<u>4,175,144</u>	<u>2,450,001</u>

30. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.20 £	Cash flow £	Other non- Cash changes £	At 31.12.20 £
Net cash				
Cash at bank	3,465,246	3,306,347	-	6,771,593
	<u>3,465,246</u>	<u>3,306,347</u>	<u>-</u>	<u>6,771,593</u>
Debt				
Finance leases	(425,344)	178,382	-	(246,962)
Debts falling due within 1 year	(625,000)	625,000	(625,000)	(625,000)
Debts falling due after 1 year	(2,500,000)	-	625,000	(1,875,000)
	<u>(3,550,344)</u>	<u>803,382</u>	<u>-</u>	<u>(2,746,962)</u>
	<u>(85,098)</u>	<u>4,109,729</u>	<u>-</u>	<u>4,024,631</u>