

Registration number: 05729365

Beta Holdings Limited

Strategic Report, Directors' Report and Financial Statements

for the Year Ended 31 December 2017

THURSDAY



A30 *A7FCHWØX*
27/09/2018 #165
COMPANIES HOUSE

Beta Holdings Limited

Contents

Company Information	1
Strategic Report	2 to 5
Directors' Report	6
Statement of Directors' Responsibilities	7
Independent Auditor's Report to the Members of Beta Holdings Limited	8 to 9
Profit and Loss Account	10
Statement of Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14 to 23

Beta Holdings Limited

Company Information

Directors	Mr D Llowarch Ms S Woodward Hill
Company secretary	Mr D Llowarch
Registered office	No.2 St. James's Market London SW1Y 4AH
Auditor	KPMG LLP Chartered Accountants 15 Canada Square London E14 5GL

Beta Holdings Limited

Strategic Report for the Year Ended 31 December 2017

The directors present their Strategic Report, Directors' Report and the Financial Statements for the year ended 31 December 2017.

Principal activity

The principal activity of the company remains that of a holding company, with its principal asset being its investment in its subsidiaries, which are unquoted trading companies selling advertising and sponsorship packages, the provision of premium VIP event hospitality and the sub-licensing of certain other rights, related to the majority of the events of the FIA Formula One World Championship® ("the Championship").

Parent company

On 7 September 2016 it was announced that the company then considered to be the company's ultimate parent undertaking Delta Topco Limited ("Delta Topco") was to be sold to Liberty Media Corporation ("Liberty"), subject to Liberty obtaining certain approvals to undertake the transaction. The approvals were subsequently obtained and the transaction was completed on 23 January 2017, with Delta Topco being acquired by a wholly-owned subsidiary of Liberty (see note 20). Delta Topco and its subsidiaries will collectively be referred to herein as "Formula 1" or the "Group".

Review of the business

Following the acquisition, Formula 1 reviewed its corporate structure and internal financing arrangements and executed a significant restructuring with the aim to simplify the operations of the Group and its intergroup loan arrangements. The exercise saw the elimination of redundant legal entities, the reorganisation of other operations and the centralisation of the intra-group funding structure. It is believed these changes will aid the establishment of new international business lines, afford flexibility within the Group to accommodate new activities, companies or business locations, and also optimise the capital structure.

As a result, various steps (described below) were taken by the company on 30 November 2017 resulting in changes to its intragroup arrangements with fellow Formula 1 subsidiaries: Alpha Topco Limited ("Alpha Topco"), Delta 2 (Lux) S.à.r.l ("Delta 2"), Formula One Marketing Limited ("FOML"), Formula One World Championship Limited ("FOWC") and Alpha Prema Limited ("Alpha Prema").

The company issued \$2,611.4m ordinary shares of \$1 at par to Alpha Prema, with the amount due left outstanding and then offset against the company's \$2,611.4m loan payable to Alpha Prema.

Delta 2 assigned its loan receivable from the company of \$166.9m to Delta 3, which was assigned in turn to Alpha D2 and then to Alpha Prema. The company issued 166.9m ordinary shares of \$1 at par to Alpha Prema, with the amount due left outstanding and then offset against the company's \$166.9m additional loan payable to Alpha Prema.

The company's share capital was reduced by a capital reduction of \$2,828.7m to leave remaining issued share capital of one ordinary share of \$1.

FOWC waived its loan receivable of \$56.6m due from the company and the balance was credited as a waiver of loan payable (see below).

The company assigned its loan receivable of \$186.0m due from Alpha Topco to Delta 2, and then waived the balance due (see below).

The company also reduced the fixed interest rate on its long term receivable from FOML from 10.15625% to 6%. The balance on this loan at 31 December 2017 was \$2,606.7m (2016-\$2,970.0m).

Beta Holdings Limited

Strategic Report for the Year Ended 31 December 2017

The company's key financial and other performance indicators during the year were as follows:

	2017 \$m	2016 \$m	Change \$m	Change %
Interest receivable from other Formula 1 companies	258.7	283.4	(24.7)	(9%)
Waiver of loan from FOWC	56.6	-	56.6	-%
Interest payable to other Formula 1 companies	(246.7)	(283.9)	37.2	(13%)
Waiver of loan to Delta 2	(186.0)	-	(186.0)	-%
Net interest payable	(117.4)	(0.5)	(116.9)	23,380%
Loss before taxation	(117.4)	(0.5)	(116.9)	23,380%

As a result of the transactions in the year the company's net intra-group loan balance increased from a receivable balance of \$17.7m at 31 December 2016 to a receivable balance of \$2,606.7m.

	2017 \$m	2016 \$m	Change \$m	Change %
Delta 2 loan outstanding	-	(162.3)	162.3	(100%)
Alpha Prema loan outstanding	-	(2,968.5)	2,968.5	(100%)
FOML loan receivable	2,606.7	2,970.0	(363.3)	(12%)
Loans to other Delta Topco Group companies	-	178.5	(178.5)	(100%)
Net intra-group loan balances	2,606.7	17.7	2,589.0	14,627%
Shareholders' funds	2,690.8	18.1	2,672.7	14,766%

The directors consider the performance of the company during the year to be satisfactory and in line with expectations.

Beta Holdings Limited

Strategic Report for the Year Ended 31 December 2017

Principal risks and uncertainties

The review of risks and uncertainties contains certain forward looking statements. These statements have been made by the directors in good faith based on the information available to them at the time of their approval of this report. They should be treated with caution due to the inherent uncertainties arising, which relate to events, and depend on circumstances, that may or may not occur in the future.

Business risk

The directors believe that the future success of the company, together with any threat to its ability to meet its obligations under its intra-group borrowings, is dependent on the continued ability of its subsidiaries and fellow Formula 1 companies to successfully exploit the commercial rights to the Championship and its events. In that regard the directors highlight certain arrangements to which the company's subsidiaries are parties, and which indirectly support the position of the company.

On 24 April 2001 SLEC Holdings Limited, a fellow wholly-owned Formula 1 subsidiary (see note 20), entered into, and funded, an agreement with the Fédération Internationale de l'Automobile ("FIA") under which subsidiaries of the Group acquired the FIA's commercial interests in the Championship. Under these arrangements FOWC became the commercial rights holder to the Championship with effect from 1 January 2011 for a period of 100 years ending on 31 December 2110.

Since the expiry on 31 December 2012 of the 2009 Concorde Agreement, which committed all parties to the Championship for the period 2008 to 2012, the Championship continues to operate under the terms of agreements reached with the participating teams and the FIA. FOWC, in its capacity as the commercial rights holder, has entered into separate binding agreements with every team currently participating in the Championship, pursuant to which those teams have committed to continue to participate in the Championship until (and including) 2020.

In July 2013, FOWC and certain other Formula 1 subsidiaries entered into a further agreement with the FIA pursuant to which the FIA committed to enter into a new Concorde Agreement for the period to 2020, on request, and to continue to operate on substantially the same terms as the 2009 Concorde Agreement.

FOML is party to long-term contractual arrangements with the promoters of the majority of the Championship's events under which FOML obtains the rights to package and sell advertising, sponsorship, hospitality and other commercial rights in connection with those events.

In assessing risk, and given Formula 1 has a number of UK-based subsidiaries that operate significant elements of its business, we have considered the potential impact of the result of the UK's referendum on its membership of the European Union ("EU"). The UK's decision to exit the EU ("Brexit") and the ongoing negotiations as to the terms of that exit, lead to a considerable degree of uncertainty as to its potential impact on both markets generally and Formula 1's business. Amongst its risks, Brexit could impact the general economic climate and increase volatility; lead to some foreign exchange risk; create logistical challenges for UK businesses with operations in the EU; create uncertainty as to the right of employees who are EU nationals to continue to reside and work in the UK and result in changes in the framework of taxation that may apply to transactions.

Whilst a great deal of uncertainty remains as to the final arrangements for Brexit, Formula 1's business has certain characteristics that the directors believe should significantly mitigate risk in the areas highlighted above. These include the global nature of Formula 1, as a result of which the business has a globally diverse portfolio of contracts, customers and activities, and the fact that the majority of its business is transacted in US dollars. At this time Formula 1 does not anticipate that Brexit will have a material adverse effect on its business, albeit possible challenges could arise in moving staff and equipment to and from European-based races which take place during the course of a Championship season.

The company will continue to monitor developments with Brexit, actively considering related risks and mitigation strategies as they emerge, and developing contingency plans as required to address any potentially adverse consequences that could arise.

The directors believe the developments identified will help the company to mitigate its principal business risks for the immediate and foreseeable future and at least the next 12 months.

Beta Holdings Limited

Strategic Report for the Year Ended 31 December 2017

Other risks

Other risks and uncertainties are regularly monitored by the directors and no significant change is expected to this activity during the forthcoming year.

Approved by the Board on 15 March 2018 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'D Llowarch', written over a dotted line.

Mr D Llowarch
Director

Beta Holdings Limited

Directors' Report for the Year Ended 31 December 2017

Results and dividends

The results for the year are shown in the Profit and Loss Account on page 10.

Future developments

The directors consider the developments detailed in the Strategic Report above leave the company well positioned to continue to perform satisfactorily in the future.

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position and its risk exposures are described in the Strategic Report above.

The company and other fellow Formula 1 subsidiaries have considerable financial resources together with long-term contracts with a number of customers spread across different geographic areas and industries and access to the Group's revolving credit facilities. Formula 1 is also now part of Liberty. As a consequence, the directors believe that the company is well placed to manage its business risks successfully, despite ongoing uncertainties in the economic outlook.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources available to it to continue in operational existence for the foreseeable future and at least the next 12 months. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Directors of the company

The directors who held office during the year were as follows:

Mr N Clarry (resigned 23 January 2017)

Mrs F Flournoy (resigned 23 January 2017)

Mr T Gallico (resigned 23 January 2017)

Mr D Llowarch

Ms S Woodward Hill (appointed 23 January 2017)

Disclosure of information to the auditor

Each director has taken the necessary steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of, and of which they know the auditor is unaware.

Reappointment of auditor

Following the Liberty acquisition Ernst & Young LLP resigned on 24 May 2017 and KPMG LLP was appointed as auditor in succession. KPMG LLP have expressed their willingness to continue in office and will be reappointed in accordance with section 485 of the Companies Act 2006.

Approved by the Board on 15 March 2018 and signed on its behalf by:



Mr D Llowarch
Director

Beta Holdings Limited

Statement of Directors' Responsibilities

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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Beta Holdings Limited

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

Opinion

We have audited the financial statements of Beta Holdings Limited (the "company") for the year ended 31 December 2017 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 4.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 'Reduced Disclosure Framework'; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Beta Holdings Limited

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

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A further description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Paul Smeulders (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

16 March 2018

Beta Holdings Limited

Profit and Loss Account for the Year Ended 31 December 2017

	Note	2017 \$ 000	2016 \$ 000
Interest receivable and similar income	6	258,729	283,357
Interest payable and similar charges	6	(246,690)	(283,935)
Waiver of loan payable	7	56,568	-
Waiver of loan receivable		<u>(186,022)</u>	<u>-</u>
Loss before tax		(117,415)	(578)
Tax on loss on ordinary activities	10	<u>11,806</u>	<u>(193)</u>
Loss for the financial year		<u><u>(105,609)</u></u>	<u><u>(771)</u></u>

The above results were derived from continuing operations.

Beta Holdings Limited

Statement of Comprehensive Income for the Year Ended 31 December 2017

	2017 \$ 000	2016 \$ 000
Loss for the year	(105,609)	(771)
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	<u>(105,609)</u>	<u>(771)</u>

The notes on pages 14 to 23 form an integral part of these financial statements.

Beta Holdings Limited
(Registration number: 05729365)
Balance Sheet as at 31 December 2017

	Note	2017 \$ 000	2016 \$ 000
Fixed assets			
Investments	11	50,425	50,425
Current assets			
Debtors due within one year	12	19,744	179,334
Debtors due after more than one year	13	2,619,127	2,969,982
Cash at bank and in hand	14	1,720	1,719
		<u>2,640,591</u>	<u>3,151,035</u>
Creditors: Amounts falling due within one year	15	(193)	(52,567)
Net current assets		<u>2,640,398</u>	<u>3,098,468</u>
Total assets less current liabilities		2,690,823	3,148,893
Creditors: Amounts falling due after more than one year	16	-	(3,130,779)
Net assets		<u>2,690,823</u>	<u>18,114</u>
Capital and reserves			
Called up share capital	18	-	50,425
Profit and loss account		<u>2,690,823</u>	<u>(32,311)</u>
Shareholders' funds		<u>2,690,823</u>	<u>18,114</u>

Approved by the Board on 15 March 2018 and signed on its behalf by:



Mr D Llowarch
Director

Beta Holdings Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2016	50,425	(31,540)	18,885
Total comprehensive income	<u>-</u>	<u>(771)</u>	<u>(771)</u>
At 31 December 2016	50,425	(32,311)	18,114
Total comprehensive income	-	(105,609)	(105,609)
Issue of shares	2,778,318	-	2,778,318
Capital reduction	<u>(2,828,743)</u>	<u>2,828,743</u>	<u>-</u>
At 31 December 2017	<u><u>-</u></u>	<u><u>2,690,823</u></u>	<u><u>2,690,823</u></u>

The notes on pages 14 to 23 form an integral part of these financial statements.

Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

1 General information

The company is a private company limited by share capital, and incorporated and domiciled in England and Wales.

The address of its registered office is:

No.2 St. James's Market

London

SW1Y 4AH

These financial statements were authorised for issue by the Board on 15 March 2018.

2 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and under historical cost accounting rules.

The financial statements contain information about Beta Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group, as the company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, as it and its subsidiary undertakings are now included by full consolidation in the consolidated financial statements of its parent, Liberty Media Corporation, a company incorporated in the United States of America (see note 20).

The financial information is presented in US dollars and all values are rounded to the nearest thousand (\$000) except where otherwise indicated.

3 Disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

4 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Interest receivable

Income is recognised as interest accrues using the effective interest rate method ("EIR"); that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Tax

The tax expense for the period comprises current tax. Tax is charged or credited to the income statement except where it relates to items charged or credited to other comprehensive income or directly to equity, in which case the tax is recognised in other comprehensive income or in equity.

Current tax is the expected tax payable for the year based on the tax rates and laws enacted or substantively enacted at the balance sheet date, plus any adjustments to tax payable in respect of previous periods.

Tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities, and the taxes relate to the same taxation authority and to the same taxable entity or to different entities which intend to settle the current tax assets and liabilities on a net basis.

Deferred tax is recognised on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts relevant for tax purposes. Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the underlying temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax is not recognised on temporary differences that arise on the initial recognition of goodwill or on the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. Deferred tax is not recognised in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Investments

Investments in subsidiaries are carried at cost less provision for impairment.

Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Financial assets

Classification

At initial recognition, financial assets within the scope of IAS 39 are classified as derivative financial assets at fair value through profit or loss, loans and receivables, or held-to-maturity investments. All of the company's financial assets are classified as loans and receivables.

Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

4 Accounting policies (continued)

Recognition and measurement

All financial assets are recognised initially at fair value plus transaction costs.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and include trade and other debtors, intra-group receivables, intra-group loans and cash and cash equivalents. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. The EIR amortisation is included in interest receivable in the profit and loss account. Any losses arising from impairment are recognised in the profit and loss account in interest payable and similar charges for loans and in cost of sales or other operating expenses for receivables.

Impairment

The company assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset, or the group of financial assets, that can be reliably estimated.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit and loss account. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of interest receivable and similar income in the profit and loss account. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities

Classification

At initial recognition, financial liabilities within the scope of IAS 39 are classified as derivative financial liabilities at fair value through profit or loss or loans and borrowings. All of the company's financial liabilities are classified as loans and borrowings.

Recognition and measurement

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the EIR amortisation process. Loans and borrowings include trade and other creditors, intra-group payables and intra-group loans.

Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

4 Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the EIR method.

Intra-group transactions

Payables and receivables

Intra-group payables and receivables are recognised at transaction price less any provision for impairment on receivables.

Intra-group loans and interest expense

All loans are initially recorded at the amount of proceeds received, net of transaction costs. Loans are subsequently carried at amortised cost, with the difference between the proceeds and the amount due on redemption being recognised as a charge to the profit and loss account over the period of the relevant loan as interest expense.

Loans are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Intra-group loans receivable and interest receivable

All loans receivable are initially recorded at the amount issued, net of transaction costs. Loans receivable are subsequently carried at amortised cost, with the difference between the amount issued and the amount due on redemption being recognised as a credit to the profit and loss account over the period of the relevant loan as interest receivable. Any losses arising from impairment are recognised in the profit and loss account in interest payable and similar charges.

Loans receivable are classified as current assets unless the company does not have an unconditional right to recover the loan for at least 12 months after the reporting date.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2017 have had a material effect on the financial statements.

5 Judgements and key sources of estimation uncertainty

The preparation of historical financial information typically requires management to make judgements, estimates and assumptions that affect the reported amounts of turnover, expenses, assets and liabilities and the disclosures of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the company's accounting policies management has made the following judgement, which is considered to have a significant effect on the amounts recognised in the consolidated historical financial information:

Taxation

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

5 Judgements and key sources of estimation uncertainty (continued)

Estimates and assumptions

At the statement of financial position date, the key assumptions concerning the future and other key sources of estimation uncertainty that represent a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Taxation

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

6 Interest payable and receivable

	2017 \$ 000	2016 \$ 000
Interest receivable and similar income		
Interest income from other Formula 1 companies	258,728	283,355
Interest income on bank deposits	<u>1</u>	<u>2</u>
Total interest receivable and similar income	<u>258,729</u>	<u>283,357</u>
Interest payable and similar charges		
Interest on borrowings from other Formula 1 companies	<u>(246,690)</u>	<u>(283,935)</u>

7 Waiver of loans payable and receivable

	2017 \$ 000	2016 \$ 000
Waiver of loans payable	<u>56,568</u>	<u>-</u>
Waiver of loans receivable	<u>(186,022)</u>	<u>-</u>

Waiver of loans payable of \$56.6m represents the waiver of a loan payable to Formula One World Championship Limited ("FOWC"), a fellow Formula 1 subsidiary (see note 15). Waiver of loans receivable of \$186.0m represents the waiver of a loan receivable from Delta 2 Lux S.à.r.l ("Delta 2"), a fellow Formula 1 subsidiary (see note 12).

8 Staff costs

The company had no employees during the year (2016-Nil) and none of the directors received remuneration for their services to the company (2016-Nil).

9 Auditor's remuneration

No audit fee was incurred by the company during the year (2016-\$Nil). Fees of \$7,990 (2016-\$7,609) in relation to the audit of the company's financial statements have been borne by the company's subsidiary Formula One Marketing Limited ("FOML") (see note 11).

Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

10 Taxation

Tax (credited)/charged in the profit and loss account:

	2017 \$ 000	2016 \$ 000
Current taxation		
Payment to fellow Formula 1 subsidiaries for group taxation relief - current year	649	-
Payment to fellow Formula 1 subsidiaries for group taxation relief - prior year	-	193
	<u>649</u>	<u>193</u>
Deferred taxation		
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(12,455)	-
Tax (credited)/charged in the profit and loss account	<u>(11,806)</u>	<u>193</u>

Tax credited to the profit and loss account is lower than (2016-tax charged to the profit and loss account is higher than) the average rate of corporation tax in the UK of 19.25% (2016-20%). The differences are reconciled below:

	2017 \$ 000	2016 \$ 000
Loss before tax	<u>(117,415)</u>	<u>(578)</u>
Corporation tax at standard rate	(22,602)	(116)
Temporary differences for which no deferred tax has been recognised	(14,124)	-
Non-deductible expenses relating to loan waivers between group companies	24,920	-
Effect of revenues exempt from taxation	-	(28,426)
Effect of unrelieved tax losses for which no deferred tax is recognised	-	28,542
Adjustment to tax charge in respect of prior periods	-	193
Total tax (credit)/charge	<u>(11,806)</u>	<u>193</u>

During 2017 the main rate of UK corporation tax reduced from 20% to 19% effective 1 April 2017. Following the UK Budget held on 16 March 2016, it was announced that the main rate of UK corporation tax would reduce to 17% effective 1 April 2020. This was substantively enacted on 15 September 2016 in Finance Bill 2016.

The deferred tax balances in the year have been recognised at the rate at which they are expected to unwind.

Deferred tax assets and liabilities

	2017 Asset \$ 000
Tax losses carried forward	<u>12,455</u>
	<u>12,455</u>

There were no deferred tax assets or liabilities at 31 December 2016.

Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

10 Taxation (continued)

Deferred tax movement during the year

	Tax losses carried forward \$ 000	Net tax assets/ (liabilities) \$ 000
At 31 December 2016	-	-
Recognised in income	12,455	12,455
At 31 December 2017	12,455	12,455

A deferred tax asset has been recognised in respect of carried forward tax losses because the company expects that there will be sufficient suitable taxable profits in future periods against which those losses will be offset.

11 Investments in subsidiaries

	2017 \$ 000	2016 \$ 000
Investments in subsidiaries	50,425	50,425

The shares in subsidiary companies represent the cost of acquiring the shares in FOML and Formula One Marketing II Limited ("FOML2"), the company's directly held subsidiary companies.

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows (*indicates investment is held by a subsidiary undertaking):

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
Subsidiary undertakings				
Allsport Management SA*	Switzerland	Ordinary shares	100%	Non-trading
Formula One Hospitality and Event Services Limited*	England and Wales	Ordinary shares	100%	Formula 1® hospitality and event services
Formula One Marketing Limited	England and Wales	Ordinary shares	100%	Sale of Formula 1® related advertising and other event rights
Formula One Marketing II Limited	England and Wales	Ordinary shares	100%	Sale of Formula 1® related advertising and other event rights

Details of registered offices

The registered office of Allsport Management S.A. is Route de l'Aéroport 10, 1215 Geneve 15, Switzerland.
The registered office of all of the other subsidiaries listed above is No.2 St. James's Market, London, UK, SW1Y 4AH.

Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

12 Debtors due within one year

	2017 \$ 000	2016 \$ 000
Amounts due from other Formula 1 companies	19,744	825
Loans to other Formula 1 companies	-	178,509
Total debtors due within one year	<u>19,744</u>	<u>179,334</u>

Loans to other Formula 1 companies at 31 December 2016 represented a loan to Alpha Topco Limited ("Alpha Topco"), a fellow Formula 1 subsidiary. During 2017 interest continued to be charged on the loan based on the weighted average costs of Formula 1's external borrowings plus a margin of 1/16%. Interest was earned at rates ranging between 7.2% and 4.8% in 2017 (2016-6.3%). On 30 November 2017 as part of the Group restructuring the company assigned the balance of \$186.0m on the loan receivable from Alpha Topco to Delta 2 in return for the issuance of a promissory note. On the same day the company waived the promissory note (see note 7).

Other amounts due from other Formula 1 companies are trading balances on which no interest is charged.

13 Debtors due after more than one year

	2017 \$ 000	2016 \$ 000
Deferred tax assets (see note 10)	12,455	-
Loans to other Formula 1 companies	2,606,672	2,969,982
Total current trade and other receivables	<u>2,619,127</u>	<u>2,969,982</u>

On 25 March 2015 the company made a \$2.5bn loan to FOML. Interest has been charged at a rate of 10.15625%, compounded annually and payable on 25 March each year. To the extent that it is not otherwise redeemed or repurchased, the loan, together with any accrued or unpaid interest, is to be redeemed on 25 March 2035. As part of the Group restructure the interest rate on the loan was changed to a fixed rate of 6% with effect from 1 December 2017, all other terms remaining unchanged.

14 Cash and cash equivalents

	2017 \$ 000	2016 \$ 000
Cash at bank	<u>1,720</u>	<u>1,719</u>

15 Creditors: Amounts falling due within one year

	2017 \$ 000	2016 \$ 000
Amounts due to other Formula 1 companies	<u>193</u>	<u>52,567</u>

Amounts due to other Formula 1 companies are trading balances and no interest is charged. The balance at 31 December 2016 included an amount payable to FOWC of \$52.4m. On 30 November 2017 as part of the Group restructuring this balance, which had increased to \$56.6m, was converted to a loan which was then immediately waived by FOWC (see note 7).

Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

16 Creditors: Amounts falling due after more than one year

	Note	2017 \$ 000	2016 \$ 000
Loans and borrowings	17	-	3,130,779

17 Loans and borrowings

	2017 \$ 000	2016 \$ 000
Non-current loans and borrowings		
Loans from other Formula 1 companies	-	3,130,779

Non-current loans and borrowings include amounts not wholly repayable within 5 years as follows:

	2017 \$ 000	2016 \$ 000
Loans repayable other than by instalments	-	3,130,779

Loan from Delta 2

A balance of \$162.3m had been outstanding on the company's loan to Delta 2 at 31 December 2016. During 2017 interest was incurred at rates ranging between 7.2% and 4.8% (2016-6.3%).

On 30 November 2017 the balance on the loan of \$166.9m which included accrued interest of \$4.6m was assigned from Delta 2 to Delta 3 (UK) Limited, a fellow Formula 1 company, then on to Alpha D2 Limited, a former fellow Formula 1 subsidiary, and finally to Alpha Prema, the company's parent. The company then issued 166.9m \$1 ordinary shares at par to Alpha Prema (see note 18) with the amount due outstanding and then being offset against the loan payable to Alpha Prema.

Loan from Alpha Prema

On 25 March 2015, the company received a loan from its parent, Alpha Prema totalling \$2,500.0m. Interest was charged on this loan at a rate of 10.125% compounded annually and payable on 25 March each year. To the extent that it was not otherwise redeemed or repurchased, the loan, together with any accrued and unpaid interest, was to be redeemed on 25 March 2035. A balance of \$2,968.5m was outstanding at 31 December 2016 and by 30 November 2017 the balance had reduced to \$2611.4m, reflecting that interest accrued of \$238.0m had been more than offset by loan repayments in the year to date of \$595.0m. The company issued 2,611.4 \$1 ordinary shares at par to Alpha Prema on 30 November 2017, with the amount due from Alpha Prema being offset against the \$2,611.4m loan payable balance (see note 18).

18 Share capital

Allotted, called up and fully paid shares

	No. 000	2017 \$ 000	No. 000	2016 \$ 000
Ordinary shares of \$1 each	-	-	50,425	50,425

On 30 November 2017 2,778.3m \$1 ordinary shares were allotted at par. On the same date the share capital was reduced by a capital reduction of 2,828.7m shares leaving a remaining share capital of one ordinary share of \$1.

19 Related party transactions

The company has taken advantage of the exemption under FRS 101 not to disclose transactions with wholly-owned subsidiaries of Liberty.

Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

20 Parent and ultimate parent undertaking

The company's immediate parent company is Alpha Prema Limited, a company incorporated in England and Wales. Alpha Prema Limited is owned by wholly-owned subsidiaries of Delta Topco Limited.

Prior to 23 January 2017 Delta Topco Limited was considered the company's ultimate parent undertaking and was majority controlled by funds managed and/or advised by CVC Capital Partners SICAV - FIS S.A., its subsidiaries or affiliates. On 23 January 2017 Delta Topco Limited was acquired by a wholly-owned subsidiary of Liberty Media Corporation.

As at the balance sheet date Liberty Media Corporation, a Nasdaq listed company incorporated in the United States of America is the parent undertaking of the smallest and largest group for which publicly available group financial statements are prepared which include the results of the company. Liberty Media Corporation's consolidated accounts are publicly available from 12300 Liberty Blvd, Englewood, CO 80112, USA. Liberty Media Corporation is considered to be, in the opinion of the directors, the ultimate parent undertaking of the company.