# Racecourse Media Group Limited

## Directors' report and consolidated financial statements

## Year ended 31 December 2021

**Registered no. 06544004**

**Strategic report for the year ended 31 December 2021**

The directors present their strategic report with the financial statements of Racecourse Media Group Limited ("the Group") for the year ended 31 December 2021.

**Principal activities, review of business and future developments**

The Group's principal activity is the management and exploitation of a range of media rights on behalf of its 34 British racecourse licensors. These rights are primarily exploited via the following channels:

- Pay TV for residential and commercial premises
- International channel to wagering outlets
- Video streaming via RacingTV.com and Watch & Bet licences with bookmakers
- Domestic terrestrial rights
- International terrestrial rights

In addition to this the Group provides a range of production and related services including to Racecourse Retail Business Limited, a business formed by substantially the shareholders as the Goup to license media rights for Licensed Betting Offices to Sports Information Services Limited (SIS). The business also provides programme production for the Meydan racecourse in Dubai.

The financial year to 31 December 2021 continued to be impacted by COVID, but the Group performed strongly in the year with turnover rising to £130.3m (2020: £87.7m) The Group benefited from enhanced Watch and Bet online streaming revenue whilst UK betting shops were shut from the beginning of the year until the process of reopening began on 14 April 2021, with shops being fully open from 17 May 2021. COVID related lockdowns also led to increased online turnover in other overseas jurisdictions similarly affected by local lockdowns. COVID did however negatively impact on revenues in the UK from hospitality venues whilst they were closed.

During the year the Group extended substantially all the audio-visual and data media rights granted to it by its racecourse licensors for a further term through to December 2028. This new grant of data and media rights was expanded to include Licensed Betting Offices (LBO) in the UK and Ireland with effect from April 2023. This extension and expansion of the audio-visual and data media rights licensed to the Group provides the directors with significant confidence in the future of the Group. Licence fees are paid to the racecourse licensors in accordance with the terms of the licences. The variable nature of licence fees means that payments flex in accordance with the performance of the Group and accordingly the directors have confidence in the overall financial stability of the business. Licence fee payments are detailed in note 4 to the accounts.

The Group also announced during the year that it had licensed Sports Information Services Ltd (SIS) from 1 April 2023 to distribute and transmit audio-visual content and data to LBO's in the UK and Ireland. In 2019, the Group began a long term contract with SIS that sees the Group add horseracing from Ireland and Chelmsford City to its Pay TV channel, streaming service, and international betting channel (RTVi). This relationship has performed well during the year, particularly given the challenges posed by the pandemic. The PayTV channel "RacingTV", incorporating Irish horseracing, continued to trade strongly. During the year RacingTV achieved a record number of subscribers.

ITV is the domestic terrestrial TV partner for the business. ITV recently received a Broadcast Award for their Grand National coverage and has successfully grown the audience of ITV Racing.

Racecourse Data Company Limited (RDC), the Group's joint venture which holds the exclusive rights to license pre-raceday data for onward provision to a range of media and bookmaker clients, extended its rights in 2019 for a further four year term. The joint venture performs an important role for the horseracing industry and continues to perform in line with expectation. In 2021, RDC reported a profit after taxation of £769,000 (2020: £429,000).

During the year the Group extended its revolving credit facility for a further three year term.

**Strategic report for the year ended 31 December 2021 (continued)**

**Going Concern**

The Group made a profit on ordinary activities before tax and licence fees of £70.7m in the year ended 31 December 2021 (2020: £43.8m). As shown on page 15, the balance sheet discloses shareholders' funds amounting to £10.1m, which is in line with directors' expectations.

The Board has prepared financial forecasts for the current and subsequent trading periods which indicate that the Group will have sufficient resources to continue in operational existence for the foreseeable future and enable it to meet its liabilities as they fall due.

The Group's operational performance in the financial year exceeded expectations despite the continuing impact of the COVID-19 Pandemic, and produced a significantly improved performance on 2020. The Group benefited from enhanced Watch and Bet online streaming revenue whilst UK betting shops were shut from the beginning of the year until the process of reopening began on 14th April 2021, with shops being fully open from 17th May 2021. COVID related lockdowns also led to increased online turnover in other overseas jurisdictions similarly affected by local lockdowns. COVID did however negatively impact on revenues in the UK from hospitality venues whilst they were closed.

The Group's substantial cash resources (£30.8m at 31 December 2021), and access to a revolving cash facility together with licence agreements that result in licence fee payments flexing to reflect the performance of the business, meant that the Group was able to effectively mitigate the impacts of the COVID-19 Pandemic, and remains well placed to continue to grow and operate profitably during 2022. The directors have produced forecasts, including for worst case further lockdowns, which demonstrate this, and that the Group would still retain sufficient cash resources. Accordingly, based upon all the evidence available to the Board, the directors consider it appropriate to prepare the financial statements on the going concern basis.

**Strategy**

The Group's principal objective is to maximise the value of licence fees payable to its licensor racecourses and to deliver sustainable levels of growth in the value of those licence fees.

This is achieved through exploiting the content via direct broadcast and onward licence arrangements with broadcasters and distributors. There has been no change in the business strategy going forward.

**Principal risks and uncertainties**

*Access to horse racing*

The results for the year ended 31 December 2021 have once again been affected by COVID-19. The experience of the disruption to the business of COVID-19 has drawn into sharp focus that the Group's principal risk is the extended suspension of horse racing. Horse racing resumed in June 2020 after the first wave of COVID-19 and was the first professional sport to return to operation and has successfully continued to operate without interruption since that point. The process of coping with the pandemic has demonstrated the Group is able to endure a significant period without horse racing content and the altered trading conditions that brings, and the management and staff have proved adaptable to those conditions. However, it has emphasised that the business remains reliant on the availability horse racing content from its member racecourses, and accordingly the primary risk the business faces is being denied access to that.

The other principal risks and uncertainties affecting the Group are as follows:

*Reliance on key distributors*

The business's exposure to key distributors is limited as a result of directly retailing the residential channel. The business works with substantial partners in the form of SIS for international distribution and StatsPerform for streaming distribution.

**Strategic report for the year ended 31 December 2021 (continued)**

**Principal risks and uncertainties (continued)**

*Economic environment*

As a discretionary purchase, Pay TV subscriptions could potentially be exposed to a reduction in consumer demand should the economic environment worsen. However, the trading history of the RacingTV channel has shown a high level of resilience and consequently the directors believe that the quality of content of the channel and the strength of the home entertainment sector in the recent years provides significant mitigation to this risk.

A prolonged period of restrictions on the hospitality sector will have an adverse impact on the provision of the RacingTV channel to hospitality venues such as pubs and clubs.

The UK left the European Union at the beginning of 2021. The Group has not experienced any direct negative impact as a result of that. The level of impact on the UK economy does not appear significant at this stage but the risk remains of a negative impact on the economy moving forward. The directors have not undertaken a detailed review of this, but it is believed that the business has sufficient headroom to deal with all reasonable scenarios.

*Media rights licences*

The business relies on media rights licences granted by its licensor racecourses. During the year, substantially all racecourse licence agreements were extended through to 31 December 2028. This provides an appropriate level of confidence that the business will be able to continue to operate for the foreseeable future.

*Currency fluctuation*

The business is exposed to the effects of currency fluctuation through its international activities. The directors consider the level of this exposure adequately manageable within the scale of the overall business. The Group utilises forward contracts and options in the key currencies it is exposed to for this purpose.

The Group's ability to adjust ongoing licence fee payments to racecourses together with the Group's policy of currency hedging substantially mitigates the impact of these risks and uncertainties.

*Financial risk management objectives and policies.*

Details of the Group's financial risk management objectives and policies are set out in note 22 to the financial statements.

**Key Performance Indicators ("KPIs")**

The Group performed well during the year. The Group uses turnover and licence fees as performance indicators. Group turnover was £130.3m (2020: £87.7m) and licence fees were £65,665,000 (2020: £40,244,000).

**Section 172 Statement**

In accordance with section 172 of the UK Companies Act 2006, in its decision making the Board considers the interests of the business's employees and other stakeholders. The Board understands the importance of taking into account the views of all stakeholders and considers the impact of the Group's activities on the communities in which the business operates, the environment and the Group's reputation. In its decision making, the Board also considers what is most likely to promote the success of the Group for its stakeholders in the long term.

**Strategic report for the year ended 31 December 2021 (continued)**

**Section 172 Statement (continued)**

***How the Board engaged with key stakeholders during the year:***

*Member racecourses*

Licensor racecourses are also shareholders of the parent company, and the business communicates to racecourses on a regular basis both formally and informally and the Board includes racecourse representative directors.

*Suppliers*

The Group maintains close relationships with its key suppliers including via meetings to ensure that it has a relevant understanding of the supplier and to remain a trusted partner.

*Customers*

The Group maintains close relationships with its customers including via meetings and surveys to ensure that it has a relevant understanding of the customer's needs and to remain a trusted partner.

*Employees*

The Group has an HR function which supports employee engagement and the business regularly undertakes formal and informal engagement with employees, which include regular company-wide briefings online. The Group continues to offer a defined contribution pension, private health insurance, and life assurance. The Group provides training to support development and role specific requirements.

The Group ensures compliance with Health and Safety requirements and has taken special measures during 2021 to support the physical and mental health of employees both in the workplace and remotely during a series of lockdowns for COVID-19.

*Communities*

The Group's principal community is the British horseracing industry and the Group via its activities seeks to ensure that it plays a full role in supporting the success of the industry via its products and services.

*Environment*

The Group is cognisant of the importance of its impact on the environment and during 2021 has begun the process of moving to remote production in order to reduce the consumption of fossil fuels in its activities. The Group also invested in a new virtual studio which will allow presenters to appear to be at physical locations whilst being based in the studio, reducing the need to present on location.

***How factors under s172 have influenced the Board's key decisions and strategy during the year:***

*Strategy and Board*

During the year the Board met regularly to examine issues of strategy for the business, and in particular to review changes required in response to the COVID-19 pandemic. Notably the Board approved the extension and expansion of media rights licences granted to it by its member racecourses and entered into a contract with SIS for distribution to LBO's in UK and Ireland.

The development and implementation of the Group's strategy is led by the Chief Executive Officer, Martin Stevenson, who has a clear strategic vision and strong understanding of the needs and interests of the Group's stakeholders.

**Strategic report for the year ended 31 December 2021 (continued)**

**Section 172 Statement (continued)**

*Corporate Governance*

The Group's Board has three Independent non-executive directors who bring relevant senior experience of sectors the business operates in, and has a non-executive chairman to provide oversight on governance issues.

*Finances*

During the year, the Board requested and reviewed a series of projections and forecasts to ensure responses to the COVID-19 pandemic were timely and appropriate to ensure the ongoing financial health of the business, and to ensure intermediate action was not permanently detrimental to the longer term strategic objectives of the business. The Board has approved a budget for 2022 to deliver growth, and performed its annual review of licence fee policy.

**M J Stevenson**
Director

**Date: 26 April 2022**

**Directors' Report**

The directors present their report with the financial statements of Racecourse Media Group Limited ("the Group") for the year ended 31 December 2021. Information regarding strategy, principal risks and uncertainties, and key performance indicators is not shown in the Directors' report because it is shown in the Strategic report in accordance with S414C (11) of the Companies Act 2006.

**Results and dividends**

The detailed results for the year and transfer to reserves of the retained profit of £4,030,000 (2020: £2,837,000) are set out in the Group Statement of Comprehensive Income on page 14.

Given the level of profitability achieved during 2020, and based on the outlook for the current year, the Group paid a dividend of £2,265,000 in 2021 (2020: nil).

**The Environment**

Scope of disclosures
These disclosures are made in accordance with Streamlined Energy and Carbon Reporting guidelines. The data included covers the current financial year and will form the base year for future comparison due to this being the first year that the Group has been subject to SECR requirements.

The data covers energy usage across all entities in the Group.

| **UK Energy use** | **Tonnes of CO2e 2021** |
|---|---|
| Scope 1 - Gas | 0.0 |
| Scope 2 - Electricity | 213.2 |
| Scope 3 | 0.0 |
| **Total gross emissions** | **213.2** |
| Carbon offsets | 0.0 |
| Green tariff | 0.0 |
| **Total annual net emissions** | **213.2** |
| **Total energy usage in kWh** | **1,011,361** |
| **Efficiency Ratio** | **2021** |
| Carbon intensity per employee (tCO2e/employee) | **2.4** |

***Methodology***
We have followed the guidance to the SECR in making these disclosures. During the current financial year the Group operated from two physical locations, our Head Office in London and our studios in Ealing.

***Energy efficient action taken***
The Group has accelerated the implementation of remote production facilities in order to reduce the consumption of energy in its activities. The Group is also investing in a new virtual studio which will allow presenters to appear to be at physical locations whilst being based in the studio.

**Directors' Report (continued)**

**Directors**

The directors shown below held office during the period from 1 January 2021 to the date of this report.

| | |
|---|---|
| A E Anson | |
| I D Barnett | (alternate for J Garratt) |
| B I Boeskov | |
| W J P Derby | (appointed 27 July as alternate to A J P Waterworth) |
| J Garratt | |
| R C Lewis | |
| N J Mills | |
| J J Mullen | |
| J H Sanderson | |
| J J A Sanderson | (alternate for J H Sanderson) |
| A L Starkey | (alternate for N J Truesdale) |
| M J Stevenson | |
| J M Thick | (resigned 14 July 2021) |
| N J Truesdale | |
| A J P Waterworth | (alternate for J M Thick until 14 July 2021) |

**Charitable and political donations**

During the financial year the Group made donations to charitable organisations amounting to £305 (2020: £455). No payments were made for political purposes.

**Third party indemnity provision for directors**

Qualifying third party indemnity provision is in place for the benefit of the directors of the Group.

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and profit or loss of the company and group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

The directors are responsible for preparing the annual report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the Group's performance, business model and strategy and is fair, balanced and understandable.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.
To the best of my knowledge:

- the Group financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and

**Directors' responsibilities statement (continued)**

- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

**M J Stevenson**
Director

**Date: 26 April 2022**

## Independent auditor's report to the members of Racecourse Media Group Limited

### Opinion

We have audited the financial statements of Racecourse Media Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021, which comprise The Group Statement of Comprehensive Income, Consolidated Balance Sheet, Company Statement of Comprehensive Income, Company Balance Sheet, Group Statement of Changes in Equity, Company Statement of Changes in Equity, Group Cashflow 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's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

## Independent auditor's report to the members of Racecourse Media Group Limited (continued)

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### Matter on which we are required to report under the Companies Act 2006

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 strategic report or the directors' report.

### Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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 for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

**Independent auditor's report to the members of Racecourse Media Group Limited (continued)**

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and industry in which it operates through our general commercial and sector experience and discussions with management. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006) and the relevant tax compliance regulations in the UK.

- We enquired of management concerning the Company's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, and correspondence received from regulatory bodies.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls.

- Audit procedures performed by the engagement team included:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions; and
  - challenging assumptions and judgements made by management in its significant accounting estimates.

**Independent auditor's report to the members of Racecourse Media Group Limited (continued)**

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
    - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
    - knowledge of the industry in which the client operates; and
    - understanding of the legal and regulatory requirements specific to the entity/regulated entity including:
        - the provisions of the applicable legislation
        - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules
        - the applicable statutory provisions

- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.

**Use of our report**

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

Grant Thornton UK LLP

**Matthew Flowers**
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

16 May 2022

**Group Statement of Comprehensive Income for the year ended 31 December 2021**

| | Notes | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| **Group turnover** | 2 | 130,285 | 87,722 |
| **Group other operating income** | 3 | 2,947 | 2,264 |
| **Group operating expenses** | | (128,474) | (86,579) |
| **Group Operating profit** | | **4,758** | **3,407** |
| Share of operating profit of joint ventures | 6 | 469 | 283 |
| Share of operating loss of associate | | (7) | (1) |
| **Group and share of joint ventures' and associate's total operating profit** | 4 | **5,220** | **3,689** |
| Group net interest payable | 7 | (143) | (139) |
| **Profit on ordinary activities before taxation** | | **5,077** | **3,550** |
| Taxation | 8 | (978) | (713) |
| **Profit for the financial year** | | **4,099** | **2,837** |
| *Profit / (loss) attributable to:* | | | |
| Owners of the parent | | 4,078 | 2,879 |
| Non-controlling interests | | 21 | (42) |
| | | **4,099** | **2,837** |
| *Other comprehensive income:* | | | |
| Movement in cash flow hedge | | (104) | (216) |
| **Total comprehensive income for the year** | 20 | **3,995** | **2,621** |
| *Total comprehensive income/(expense) attributable to:* | | | |
| Owners of the parent | | 3,974 | 2,663 |
| Non-controlling interests | | 21 | (42) |
| | | **3,995** | **2,621** |

Turnover and operating profit are derived from the Group's continuing activities.

There were no recognised gains or losses other than the profit for the financial period.

The notes on page 20 to 38 form part of the financial statements.

## Consolidated Balance Sheet as at 31 December 2021

| | Notes | 2021 £'000 | 2021 £'000 | 2020 £'000 | 2020 £'000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible fixed assets | 9 | | 140 | | 133 |
| Tangible fixed assets | 10 | | 1,529 | | 1,820 |
| Goodwill | 11 | | 109 | | 124 |
| Investment in joint ventures: | 6 | | | | |
| Share of gross assets | | 1,449 | | 1,030 | |
| Share of gross liabilities | | (375) | | (327) | |
| | | | 1,074 | | 703 |
| Other fixed asset investment | | | 825 | | 833 |
| **Total fixed assets** | | | **3,677** | | **3,613** |
| **Current assets** | | | | | |
| Debtors | | | | | |
| - due within one year | 13 | | 15,299 | | 20,671 |
| - due after one year | 13 | | 271 | | 410 |
| Cash at bank | 21 | | 30,791 | | 20,499 |
| | | | **46,361** | | **41,580** |
| **Creditors:** Amounts falling due within one year | 14 | | (39,507) | | (36,589) |
| **Net current assets** | | | **6,854** | | **4,991** |
| **Total assets less current liabilities** | | | **10,531** | | **8,604** |
| **Creditors:** Amounts falling due after one year | 14 | | (390) | | **(193)** |
| **Net assets** | | | **10,141** | | **8,411** |
| **Capital and reserves** | | | | | |
| Called up share capital | 16 | | 1,182 | | 1,182 |
| Share premium | | | 154 | | 154 |
| Cashflow hedge reserve | | | 60 | | 164 |
| Other reserve | | | (19) | | (19) |
| Retained earnings at 1 January | | | 6,930 | | 4,092 |
| Profit for the year | | | 4,099 | | 2,838 |
| Dividend paid | | | (2,265) | | - |
| Retained earnings | | | 8,764 | | 6,930 |
| Equity attributable to owners of the parent | | | 10,152 | | 8,444 |
| Non-controlling interests | | | (11) | | (33) |
| **Shareholders' funds** | | | **10,141** | | **8,411** |

The financial statements on pages 20 to 38 were approved and authorised for issue by the board of directors on 26 April 2022 and signed on its behalf by:

M J Stevenson
Director

## Company Statement of Comprehensive Income for the year ended 31 December 2021

| | Notes | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| **Turnover** | | - | - |
| **Operating expenses** | | - | - |
| **Operating profit** | | - | - |
| **Investment income** | | 2,265 | - |
| Profit on ordinary activities before taxation | | 2,265 | - |
| Tax on profit on ordinary activities | | - | - |
| **Profit for the year on ordinary activities after taxation and profit for the financial year** | | **2,265** | - |
| **Retained earnings at beginning of year** | | - | - |
| Dividends | | (2,265) | - |
| **Retained earnings at end of year** | | - | - |

## Company Balance Sheet as at 31 December 2021

| | Notes | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Investments | 12 | 1,180 | 1,180 |
| | | **1,180** | **1,180** |
| **Current assets** | | | |
| Debtors | 13 | 2 | 2 |
| Cash at bank | | - | - |
| | | **2** | **2** |
| **Creditors: amounts falling due within one year** | 14 | - | - |
| **Net current assets** | | **2** | **2** |
| **Net assets** | | **1,182** | **1,182** |
| **Capital and reserves** | | | |
| Called up share capital | 16 | 1,182 | 1,182 |
| Profit and loss account | | - | - |
| **Shareholders' funds** | | **1,182** | **1,182** |

The financial statements on pages 20 to 38 were approved and authorised for issue by the board of directors on 26 April 2022 and signed on its behalf by:

M J Stevenson
Director

## Group Statement of Changes in Equity as at 31 December 2021

| | Share Capital £'000 | Share Premium £'000 | Profit and loss account £'000 | Cash flow hedge reserve £'000 | Other reserve £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| **Balance at 31 December 2019** | **1,182** | **154** | **4,092** | **380** | **(19)** | **5,789** |
| Profit for the year | - | - | 2,838 | - | - | 2,838 |
| Cash flow hedge | - | - | - | (216) | - | (216) |
| **Balance at 31 December 2020** | **1,182** | **154** | **6,930** | **164** | **(19)** | **8,411** |
| Profit for the year | - | - | 4,099 | - | - | 4,099 |
| Dividend paid | - | - | (2,265) | - | - | (2,265) |
| Cash flow hedge | - | - | - | (104) | - | (104) |
| **Balance at 31 December 2021** | **1,182** | **154** | **8,764** | **60** | **(19)** | **10,141** |

## Company Statement of Changes in Equity at 31 December 2021

| | Share Capital £'000 | Profit and Loss account £'000 | Total £'000 |
|---|---|---|---|
| **Balance at 31 December 2019** | **1,182** | - | **1,182** |
| Profit for the year | - | - | - |
| Dividend | - | - | - |
| **Balance at 31 December 2020** | **1,182** | - | **1,182** |
| Profit for the year | - | - | - |
| Dividend | - | - | - |
| **Balance at 31 December 2021** | **1,182** | - | **1,182** |

The notes on page 20 to 38 form part of the financial statements.

## Group cash flow statement for the year ended 31 December 2021

| | Notes | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|---|
| **Operating Activities** | | | |
| Cash generated from operations | 20 | 13,383 | (2,320) |
| Net Interest | | (143) | (129) |
| Taxation - Corporation tax paid | | (268) | (409) |
| **Net cash from operating activities** | | **12,972** | **(2,858)** |
| | | | |
| **Investing Activities** | | | |
| Purchase of tangible fixed assets | 10 | (434) | (1,470) |
| Purchase of intangible fixed assets | 9 | (25) | - |
| **Net cash from investing activities** | | **(459)** | **(1,470)** |
| | | | |
| **Financing Activities** | | | |
| Dividend paid | | (2,265) | - |
| Cash flow hedge | | (104) | (216) |
| **Net cash from financing activities** | | **(2,369)** | **(216)** |
| | | | |
| **Net decrease in cash and cash equivalents** | | **10,144** | **(4,544)** |
| | | | |
| Effects of foreign exchange gains | | 148 | (39) |
| | | | |
| Cash and cash equivalents at 1 January | 21 | 20,499 | 25,082 |
| **Cash and cash equivalents at end of the year** | | **30,791** | **20,499** |

**Notes to the financial statements for the year ended 31 December 2021**

Racecourse Media Group Limited is a limited company domiciled and incorporated in England.

The address of the Company's registered office is 71 Queen Victoria Street, London, EC4V 4BE and principal place of business is 3rd Floor, Gillingham House, 38 - 44 Gillingham Street, London, SW1V 1HU.

## 1. Accounting policies

### a) Going concern

The Group made profits before interest, tax and licence fees of £70,866,000 in the year ended 31 December 2021. As shown on page 15, the statement of financial position discloses shareholders' funds amounting to £10,072,000. This is line with directors' expectations. The board has prepared financial forecasts for the current and subsequent trading periods which indicate that the Group will have sufficient resources to continue in operational existence for the foreseeable future and enable it to meet its liabilities as they fall due.

The Group's operational performance in the financial year exceeded expectations despite the continuing impact of the the COVID-19 Pandemic, and produced a significantly improved performance on 2020. The Group benefited from enhanced Watch and Bet online streaming revenue whilst UK betting shops were shut from the beginning of the year until the process of reopening began on 14th April 2021, with shops being fully open from 17th May 2021. COVID related lockdowns also led to increased online turnover in other overseas jurisdictions similarly affected by local lockdowns. COVID did however negatively impact on revenues in the UK from hospitality venues whilst they were closed.

The Group's substantial cash resources (£30.8m at 31 December 2021), and access to a revolving cash facility together with licence agreements that result in licence fee payments flexing to reflect the performance of the business, meant that the Group was able to effectively mitigate the impacts of the COVID-19 Pandemic, and remains well placed to continue to grow and operate profitably during 2022. The directors have produced forecasts, including for worst case further lockdowns, which demonstrate this, and that the Group would still retain sufficient cash resources. Accordingly, based upon all the evidence available to the Board, the directors consider it appropriate to prepare the financial statements on the going concern basis.

### b) Basis of preparation

These financial statements of Racecourse Media Group are prepared in accordance with Financial Reporting Standard 102 "the Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated

The Group's principal activities are disclosed in the strategic report.

**Notes to the financial statements for the year ended 31 December 2021 (continued)**

**1. Accounting policies (continued)**

**c) Basis of consolidation**

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings together with the Group's share of the results of its joint ventures. Sales and associated costs between the Group and the joint ventures are eliminated against the joint venture. The acquisition method of accounting has been adopted for subsidiary undertakings. Under this method the results of the subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Undertakings in which the Group has a long term interest and shares control under a contractual arrangement are defined as joint ventures. Joint ventures are accounted for using the gross equity method.

All intercompany transactions and balances between group companies are eliminated on consolidation.

The group financial statements consolidate the financial statements of RMG Operations Limited (formerly Racing UK Limited), Coursetrack Limited and the joint ventures of GBI Racing Limited and Racecourse Data Company Limited drawn up to 31 December each year.

The company has taken advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102:

- Section 7 'statement of cash flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.

The Financial Statements of the company are consolidated in these financial statements.

**d) Turnover**

Turnover, which excludes value added tax, represents the income receivable in respect of the principal activities of marketing and managing the media rights for the 34 racecourses that have licensed their rights to the Group.

Turnover, which excludes value added tax, represents the income in respect of the principal activities of marketing and managing the media rights for the 34 racecourses that have licensed their rights to the Group. Amounts received for terrestrial rights and subscriptions are recognised over the life of the contracts. Amounts received for streaming are recognised as the services are provided.

**e) Other Income**

Interest income is accrued on a time apportioned basis, by reference to the principal outstanding at the effective interest rate.

**f) Employee benefits**

The costs of short term employee benefits are recognised as a liability and an expense unless those costs are required to be recognised as part of the costs of stock or are capitalised as an intangible fixed asset or tangible fixed asset.

**Notes to the financial statements for the year ended 31 December 2021 (continued)**

**1. Accounting policies (continued)**

**g) Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|---|---|
| Computer equipment | - 10%-33% straight line |
| Office equipment | - 10%-33% straight line |

**h) Intangible fixed assets – Other than Goodwill**

Intangible fixed assets comprise computer software which is being amortised over its useful economic life as follows:

Software – 3 years straight line.
Other intangible assets – 10 years straight line

**i) Intangible fixed assets - Goodwill**

Goodwill arising on consolidation is initially recognised as an asset at cost and then subject to amortisation on a straight line basis over 10 years representing in the directors' view the minimum period over which the benefits of the goodwill will be realised. Goodwill is reviewed for impairment and any impairment is recognised immediately in the consolidated profit and loss statement.

**j) Operating leases**

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

**k) Pension scheme arrangements**

The Group operates a contributory defined contribution pension scheme. Payments are made to the fund and charged in the financial statements as part of employment costs as incurred.

**l) Foreign currencies**

The presentational and functional currency of the company is Sterling. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the end of the financial year. Transactions in denominated currencies are translated into sterling at the exchange rate ruling on the date payment takes place or contractually specified as applicable. Any resultant foreign exchange differences are taken to the income statement in the period in which they arise.

**Notes to the financial statements for the year ended 31 December 2021 (continued)**

**1. Accounting policies (continued)**

**m) Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Deferred tax is calculated at the rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

**n) Government grants**

The receipt of funds from government grants is recognised in profit or loss in the same period in which the expense to which it relates is incurred.

**o) Financial instruments**

Financial instruments and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

***Trade and other debtors***
Trade and other debtors are recognised and carried forward at invoices amounts less provisions for any doubtful debts. Bad debts are written off when identified.

***Cash and cash equivalents***
Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short terms deposits with an original maturity of three months or less.

***Trade and other creditors***
Trade and other creditors are recognised at cost.

***Derivatives***
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in profit and loss unless hedge accounting is applied and the hedge is a cashflow hedge.

**p) Judgements in applying accounting policies and key sources of estimation uncertainty**

The group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

An assumption has been applied regarding the recognition of revenues relating to certain contract revenues. These are recognised and phased in accordance with the stage of completion of the project, where costs are incurred to complete can be measured reliably.

**Notes to the financial statements for the year ended 31 December 2021 (continued)**

## 2. Geographical analysis

Turnover is attributable to the principal activities of the Group and is derived from the following geographical locations:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| UK and Ireland | 97,797 | 67,421 |
| Rest of World | 32,488 | 20,301 |
| | **130,285** | **87,722** |

Turnover derived in the United Kingdom and Republic of Ireland is primarily from the exploitation of horseracing content via contracts with broadcasters, direct subscriptions and internet video-streaming.

Turnover derived in the Rest of the World is from licence agreements for the distribution of horse racing content.

## 3. Other operating income

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Income from recharges | 2,929 | 2,068 |
| Income from government grants | 18 | 196 |
| | **2,947** | **2,264** |

## 4. Operating profit

| **Operating profit is stated after charging:** | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Depreciation and amortisation of fixed assets | 730 | 607 |
| Loss on disposal of fixed asset | 6 | 12 |
| Amortisation of Goodwill | 15 | 14 |
| Operating lease rentals - Land and buildings | 226 | 254 |
| Operating lease rentals - Other | 801 | 804 |
| Services provided by the company's auditor: | | |
| Audit of consolidated and subsidiary accounts | 58 | 56 |
| Other services relating to taxation and compliance services | 14 | 14 |
| Fees for other services | 3 | 7 |
| Foreign currency exchange losses | (148) | 39 |
| Licence fees | 65,665 | 40,244 |

**Notes to the financial statements for the year ended 31 December 2021 (continued)**

## 5. Employees and directors

The average number of employees and casual staff of the Group, including executive directors, during the year was 97, including 43 for administration and 54 for production (2020: 45 for administration and 48 for production).

| Employment costs were: | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Wages and salaries | 6,825 | 5,351 |
| Social security costs | 797 | 589 |
| Pension costs | 503 | 450 |
| | **8,125** | **6,390** |

| | | |
|---|---|---|
| Directors' emoluments (excluding pension contributions) | 1,175 | 878 |
| Directors' pension contributions | 62 | 34 |
| Emoluments (excluding pension fund contributions) of the highest paid director | 598 | 317 |

The Group made contributions to a defined contribution pension scheme for two directors (2020: two) during the year. The Group made contributions of £38,000 (2020: £27,000) to a defined contribution pension scheme for the highest paid director. Included in directors' emoluments are fees totalling £72,000 (2020: £72,000) paid during the year to relevant shareholders and management companies for the services of four of the directors.

The Group made no payments in respect of loss of office in the year (2020: £290,000). No share options have been granted to or exercised by any of the directors (2020: nil). During the year no director had an interest in the shares of the Group (2020: nil).

During the financial year, the Group received government assistance relating to the wages and salaries costs of employees furloughed under the Coronavirus Job Retention Scheme. Grants received have been recognised using the accrual model in accordance with FRS102 paragraph 24.5, and amount to £18,000 (2020: £211,000).

**Notes to the financial statements for the year ended 31 December 2021 (continued)**

## 6. Joint Ventures

Included in the results of the Group for 2021 and 2020 is a share of the net profit of GBI Racing Limited and Racecourse Data Company Limited.

### GBI Racing Limited

GBI Racing Limited is a joint venture established with Attheraces Holdings Limited (the broadcaster for non Racecourse Media Group Limited affiliated racecourses) to create a joint international service to broadcast British and Irish racing to international wagering outlets and began operations on 1 March 2010, and ceased operations on 31 December 2018.

No sales and associated costs (2020: -£11,000) have been eliminated against the Group's share of turnover and cost of sales shown in the consolidated group statement of income. At 31 December 2020 amounts owed by GBI Racing Limited to the Group were £8,000 (2020: nil). The registered address is Millbank Tower, 21-24 Millbank, London, SW1P 4QP.

| | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| **Share of:** | | |
| Turnover | - | - |
| Profit before tax | (20) | - |
| Tax | - | - |
| **Profit after tax** | **(20)** | **-** |
| Fixed assets | - | - |
| Current assets | 10 | 34 |
| **Share of gross assets** | **10** | **34** |
| Liabilities due within one year | - | (1) |
| **Share of gross liabilities** | **-** | **(1)** |
| **Share of net assets** | **10** | **33** |

**Notes to the financial statements for the year ended 31 December 2021 (continued)**

### 6. Joint Ventures (continued)

**Racecourse Data Company Limited**

On 1 January 2014 the Group launched a new joint venture with other UK racecourses to license exclusively pre-race day data for onward provision to a range of media and bookmaker clients. The registered address is 71 Queen Victoria Street, London, EC4V 4BE.

During the year ended 31 December 2021, RMG Operations Limited provided services to Racecourse Data Company Limited of £63,000 (2020: £59,000) and the balance outstanding at year-end was £7,000 (2020: £20,000).

During the year ended 31 December 2021 Racecourse Data Company Limited provided services to RMG Operations Limited of £164,000 (2020: £182,000) and £164,000 remains outstanding at the year end (2020: £182,000).

| | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| **Share of:** | | |
| Turnover | 1,640 | 1,343 |
| Profit before tax | 489 | 283 |
| Tax | (95) | (53) |
| **Profit after tax** | **394** | **230** |
| Current assets | 1,439 | 996 |
| **Share of gross assets** | **1,439** | **996** |
| Liabilities due within one year | (375) | (326) |
| **Share of gross liabilities** | **(375)** | **(326)** |
| **Share of net assets** | **1,064** | **670** |

### 7. Interest

| | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Bank interest | - | 16 |
| Interest payable and similar charges arising on bank loans | (143) | (155) |
| **Net interest (payable)** | **(143)** | **(139)** |

**Notes to the financial statements for the year ended 31 December 2021 (continued)**

## 8. Taxation

| **Analysis of the tax charge:** | **2021** | **2020** |
|---|---|---|
| | **£'000** | **£'000** |
| Current Tax: | | |
| UK corporation tax | 1,017 | 504 |
| Adjustments in respect of prior periods | (51) | - |
| Double taxation relief | (563) | (240) |
| After double taxation relief | 403 | 264 |
| Foreign taxation | 563 | 240 |
| Share of joint ventures | 95 | 53 |
| Adjustments in respect of prior periods (foreign tax) | - | (42) |
| | **1,061** | **515** |
| Deferred tax: | | |
| Origination and reversal of timing differences | (171) | 182 |
| Adjustments in respect of prior periods | 79 | 15 |
| Effect of tax rate change on opening balance | 9 | 1 |
| **Tax on profit on ordinary activities** | **978** | **713** |

| | **2021** | **2020** |
|---|---|---|
| | **£'000** | **£'000** |
| **The Group's effective tax rate reconciliation is as follows:** | | |
| Profit on ordinary activities before tax | 5,077 | 3,550 |
| Profit on ordinary activities multiplied by the statutory rate of corporation tax in the UK of 19% (2020: 19%) | 965 | 675 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 33 | 46 |
| Fixed asset differences | 5 | 24 |
| Adjustments to brought forward values | (4) | - |
| Deferred tax not recognised | - | (4) |
| Adjustments in respect of prior periods | (51) | - |
| Adjustments in respect of prior periods (deferred tax) | 22 | 15 |
| Movement in deferred tax not recognised | (16) | - |
| Other movements | - | (42) |
| Adjusting deferred tax to average rate | 24 | (1) |
| **Current tax charge for period** | **978** | **713** |

*Factors affecting future tax charge*

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly and increase the deferred liability on the statement of financial position by an immaterial amount.

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 9. Intangible fixed assets

| | Software Costs £'000 | Other Intangibles £'000 | Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2021 | 596 | 183 | 779 |
| Additions | 25 | - | 25 |
| At 31 December 2021 | 621 | 183 | 804 |
| **Amortisation** | | | |
| At 1 January 2021 | 596 | 50 | 646 |
| Charge for year | - | 18 | 18 |
| At 31 December 2021 | 596 | 68 | 664 |
| **Carrying Amount** | | | |
| At 31 December 2021 | 25 | 115 | 140 |
| At 31 December 2020 | - | 133 | 133 |

### 10. Tangible fixed assets

| | Computer equipment £'000 | Office equipment £'000 | Totals £'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2021 | 5,063 | 392 | 5,455 |
| Additions | 413 | 21 | 434 |
| Disposals | (80) | - | (80) |
| At 31 December 2021 | 5,396 | 413 | 5,809 |
| **Depreciation** | | | |
| At 1 January 2021 | 3,316 | 319 | 3,635 |
| Charge for year | 668 | 44 | 712 |
| Disposals | (67) | - | (67) |
| At 31 December 2021 | 3,917 | 363 | 4,280 |
| **Net book value** | | | |
| At 31 December 2021 | **1,479** | **50** | **1,529** |
| At 31 December 2020 | 1,747 | 73 | 1,820 |

**Notes to the financial statements for the year ended 31 December 2021 (continued)**

## 11. Goodwill

| | Goodwill £'000 |
|---|---|
| **Cost** | |
| At 1 January 2021 | 147 |
| At 31 December 2021 | 147 |
| **Amortisation** | |
| At 1 January 2021 | 23 |
| Charge for year | 15 |
| At 31 December 2021 | 38 |
| **Net book value** | |
| At 31 December 2021 | **109** |
| At 31 December 2020 | 124 |

## 12. Investment in subsidiaries, joint ventures and associates

| | Type of Business | Country of Incorporation | Class of Shares | 2021 Ownership | 2021 £'000 | 2020 Ownership | 2020 £'000 |
|---|---|---|---|---|---|---|---|
| RMG Operations Limited (1) | Media | UK | 'B' Ordinary | 100% | 1,180 | 100% | 1,180 |
| | | | | | 1,180 | | 1,180 |
| Coursetrack Limited (2) | Media | UK | 'B' Ordinary | 51% | 154 | 51% | 154 |
| Bosca Technologies DAC* (2, 3) | Media | Ireland | Ordinary | 25% | 900 | 25% | 900 |
| GBI Racing Limited (2) | Media | UK | 'B' Ordinary | 50% | - | 50% | - |
| Racecourse Data Company Limited (2) | Media | UK | 'A' Ordinary | 52.63% | - | 53.45% | - |
| **Total cost of investment** | | | | | **2,234** | | **2,234** |

(1) Previously called Racing UK Limited, name changed 14 December 2018
(2) Held through RMG Operations Ltd
(3) Previously called Boscabet DAC, name changed 13 October 2020

All subsidiaries with exception of those listed below were acquired on 28 August 2008 from the previous parent company, Racing UK Holdings Limited, as part of a restructuring of the Group.

The interest in GBI Racing Limited was acquired on 1 March 2010.

The interest in Racecourse Data Company Limited was acquired on 23 December 2013. Ownership floats in accordance with the structural provisions set out in the shareholder agreement.

The Group exercised an option to acquire 25.1% of Bosca Technologies DAC (formerly known as Boscabet DAC) in January 2018.

The Group acquired 51% of Coursetrack Limited on 1 June 2019.

Investments in group undertakings are stated at cost. As permitted under section 615 of the Companies Act 2006, where relief afforded under section 612 of the Companies Act 2006 applies cost is the nominal value of the relevant number of the Company's shares given to acquire the share capital of the subsidiary undertakings. The shares held in RMG Operations Limited are equity shares under section 548 and section 616(1) of the Companies Act 2006.

The address of the RMG Operations Limited is 71 Queen Victoria Street, London, EC4V 4BE and principal place of business is 3rd Floor, Gillingham House, 38 - 44 Gillingham Street, London, SW1V 1HU. The detailed results for the year and transfer to reserves of the retained profit of £3,705,000 (2020: £2,724,000) and shareholder's funds amounting to £9,197,000 (2020: £7,843,000).

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 13. Debtors

| | Group 2021 £'000 | Company 2021 £'000 | Group 2020 £'000 | Company 2020 £'000 |
|---|---|---|---|---|
| **Amounts falling due within one year:** | | | | |
| Trade debtors | 6,390 | - | 15,267 | - |
| Other taxation | 2,312 | - | 50 | - |
| Other debtors | 229 | 2 | 34 | 2 |
| Prepayments and accrued income | 6,368 | - | 5,320 | - |
| | **15,299** | **2** | **20,671** | **2** |
| **Amounts falling due after more than one year:** | | | | |
| Prepayments and accrued income | 230 | - | 119 | - |
| Other debtors | 41 | - | 291 | - |
| | **271** | **-** | **410** | **-** |
| | **15,570** | **2** | **21,081** | **2** |

### 14. Creditors

| | Group 2021 £'000 | Company 2021 £'000 | Group 2020 £'000 | Company 2020 £'000 |
|---|---|---|---|---|
| Amounts falling due in less than one year: | | | | |
| Trade creditors | 7,899 | - | 3,811 | - |
| UK corporation tax | 55 | - | 44 | - |
| Other taxation and social security | 349 | - | 256 | - |
| Deferred tax liability | 107 | - | 182 | - |
| Accruals and deferred income | 31,097 | - | 32,296 | - |
| | **39,507** | **-** | **36,589** | **-** |
| Amounts falling after more than one year: | | | | |
| Accruals and deferred income | 390 | - | 193 | - |
| | **390** | **-** | **193** | **-** |

In 2021 the Group granted first mortgage debentures over the assets of RMG Operations Limited to HSBC plc in respect of a revolving credit facility.

**Notes to the financial statements for the year ended 31 December 2021 (continued)**

## 15. Deferred tax

| The balance of the deferred tax account consists of the tax effect of timing differences in respect of: | Group 2021 £'000 | Group 2020 £'000 |
|---|---|---|
| Accelerated capital allowances | 219 | 224 |
| Other timing differences | (112) | (42) |
| **Liability for deferred tax** | **107** | **182** |

The deferred tax liability is shown in note 14.

## 16. Share capital

| | Allotted, called up and fully paid | |
|---|---|---|
| | Number of shares | £ |
| As at 1 January 2020: | | |
| Ordinary 'A' shares of £100 | 24 | 2,400 |
| Ordinary 'B' shares of £100 | 11,800 | 1,180,000 |
| | **11,824** | **1,182,400** |
| As at 31 December 2020: | | |
| Ordinary 'A' shares of £100 | 21 | 2,100 |
| Ordinary 'B' shares of £100 | 10,546 | 1,054,600 |
| Deferred shares of £0.001 | 125,700,000 | 125,700 |
| | **125,710,567** | **1,182,400** |

The Company's 'A' ordinary shares carry all voting rights, dividends and repayment of capital other than where restricted by the rights attaching to the 'B' ordinary shares.

The 'B' ordinary shares carry no voting rights, receive a share of 10% of the dividends of the Company to the extent that they exceed £100,000,000 in any year and have a preferred right to share in 10% of capital returns over £100,000,000.

Deferred shares were assigned on 26 March 2019 and carry no voting rights.

**Notes to the financial statements for the year ended 31 December 2021 (continued)**

## 17. Financial commitments

The Group has future minimum lease payments under non-cancellable operating leases expiring as follows:

| | 2021 Land and buildings £'000 | 2021 Other £'000 | 2020 Land and buildings £'000 | 2020 Other £'000 |
|---|---|---|---|---|
| Within one year | 185 | 140 | 245 | 807 |
| Within 2 to 5 years | - | 6 | 185 | 144 |
| Total | 185 | 146 | 430 | 951 |

## 18. Related party transactions

The Group has taken advantage of the exemption available and has not disclosed transactions with wholly owned group companies headed by Racecourse Media Group Limited, the ultimate parent undertaking which forms part of the group.

### Racecourse groups

The racecourse operators below are members of the Company's parent Racecourse Media Group Limited and have licensed certain parts of their media rights to the Group:

- The Western Meeting Club Limited (Ayr racecourse)
- Catterick Racecourse Company Limited
- Goodwood Racecourse Limited
- Kelso Races Limited
- Musselburgh Joint Racing Committee
- The Ludlow Race Club Limited
- The Beverley Race Company Limited
- Newbury Racecourse plc
- The Perth Hunt Club
- The Pontefract Park Race Company Limited
- Redcar Racecourse Limited
- Thirsk Racecourse Limited
- York Racecourse Knavesmire LLP
- The Hamilton Park Racecourse Company Limited
- The Bibury Club Limited (Salisbury racecourse)
- Cartmel Steeplechases (Holker) Limited
- Jockey Club Racecourses Limited*
- Wetherby Steeplechase Committee Limited
- Leicester Racecourse Holdings Limited
- Stratford-on-Avon Racecourse Company Limited
- Taunton Racecourse Company Limited

* Owner of 14 affiliated courses (Aintree, Carlisle, Cheltenham, Epsom Downs, Exeter, Haydock, Huntingdon, Kempton, Market Rasen, Newmarket, Nottingham, Sandown, Warwick and Wincanton).

**Notes to the financial statements for the year ended 31 December 2021 (continued)**

**18. Related party transactions (continued)**

During the year RMG Operations Limited incurred licence fees from its member racecourses for a range of rights including terrestrial, pay TV, international, internet and mobile together with other services. The total value of these licence fees and services was £66,665,000 (2020: £40,244,000). As at 31 December 2021 the balance outstanding was £22,438,000 (2020: £22,330,000).

RMG Operations Limited provides broadcast services to member racecourses as part of a service and cost sharing arrangement. The total value of these sales in the year was £2,787,000 (2020: £2,035,000). As at 31 December 2021 the balance outstanding was £165,000 (2020: £390,000).

**GBI Racing Limited**

See note 12 for details of the joint venture undertaking, GBI Racing Limited. During the year ended 31 December 2021, RMG Operations Limited did not provide services to GBI Racing Limited (2020: £4,000) and incurred costs on their behalf of £8,000 (2020: nil). The balance outstanding at the year-end was £8,000 (2020: nil). GBI Racing Limited ceased trading on 31 December 2018.

**Racecourse Data Company Limited**

See note 12 for details of the joint venture undertaking, Racecourse Data Company Limited, and note 9 for details of amounts outstanding with the Company as at 31 December 2020. During the year ended 31 December 2021, RMG Operations Limited provided services to Racecourse Data Company Limited of £63,000 (2020: £59,000) and the balance outstanding at year-end was £7,000 (2020: £20,000).

During the year ended 31 December 2021 Racecourse Data Company Limited provided services to RMG Operations Limited of £164,000 (2020: £182,000) and £164,000 remains outstanding at the year end (2020: £182,000).

**Racecourse Retail Business Limited**

Racecourse Retail Business Limited is a company controlled by the same shareholders as Racecourse Media Group Limited, the parent company of RMG Operations Limited. During the year ended 31 December 2021, RMG Operations Limited provided services to Racecourse Retail Business Limited of £5,536,000 (2020: £4,179,000) and the balance outstanding at the year end was £929,000 (2020: £4,082,000).

**Coursetrack Limited**

Coursetrack Limited is a company controlled by RMG Operations Limited. During the year ended 31 December 2021, RMG Operations Limited received services from Coursetrack Limited of £556,000 (2020: £299,000) and the balance outstanding at the year end was -£18,000 (2020: nil).

During the year ended 31 December 2021, RMG Operations Limited provided services to Coursetrack Limited of £20,000 (2020: £13,000) and the balance outstanding at the year end was £40,000 (2020: £20,000).

**Racecourse Media Services Limited**

Racecourse Media Services Limited is a company controlled by the same shareholders as Racecourse Media Group Limited, the parent company of RMG Operations Limited. It is the legal entity that holds shares in Amalgamated Racing Limited and receives and distributes dividends on behalf of the member racecourses. The balance outstanding at the year end was £7,000 (2020: nil).

**Notes to the financial statements for the year ended 31 December 2021 (continued)**

## 18. Related party transactions (continued)

### Racecourse Betting Company Limited

Racecourse Betting Company Limited is a company controlled by substantially the same shareholders as Racecourse Media Group Limited, the parent company of RMG Operations Limited. Racecourse Betting Company Limited operated under a contract with Tote (Successor Company) Limited and Done Brothers (Cash Betting) Limited to provide on–course Tote betting facilities, sponsorship and on-course betting shops. Racecourse Betting Company Limited ceased trading on 12 July 2018. The balance outstanding at the year end was £16,000 (2020: nil).

## 19. Remuneration of key management personnel

The total remuneration of the directors who are considered to be the key management of the group was £1,653,000 (2020: £1,419,000).

## 20. Reconciliation of operating profit to net cash inflow from operating activities

| | 2021<br>£'000 | 2020<br>£'000 |
|---|---|---|
| Total comprehensive income | 3,995 | 2,621 |
| Adjustments for : | | |
| Depreciation and amortisation | 730 | 607 |
| Proceeds from disposal of fixed asset | 4 | 4 |
| Loss on disposal of fixed assets | 10 | 12 |
| Decrease in cash flow hedge | 104 | 216 |
| Share of joint ventures (profit) | (371) | (229) |
| Share of associate loss | 7 | 1 |
| Interest net | 143 | 129 |
| Amortisation of goodwill | 15 | 14 |
| Decrease/(Increase) in debtors | 5,511 | (2,246) |
| Increase/(Decrease) in creditors | 3,115 | (3,897) |
| Taxation | 268 | 409 |
| Foreign exchange (gain)/loss | (148) | 39 |
| **Net cash outflow from operating activities** | **13,383** | **(2,320)** |

## 21. Reconciliation of movement in net funds

| | 1 January<br>2021<br>£'000 | Cash flow<br>£'000 | 31 December<br>2021<br>£'000 |
|---|---|---|---|
| Net cash | | | |
| Cash at bank | 20,499 | 10,292 | 30,791 |
| **Total** | **20,499** | **10,292** | **30,791** |

**Notes to the financial statements for the year ended 31 December 2021 (continued)**

## 22. Financial Instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in note 1 of these financial statements.

### (a) Categories of financial instruments

*Financial assets*

| Loans and receivables measured at amortised cost | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Trade receivables | 6,390 | 15,267 |
| Accrued Income | 4,672 | 4,325 |
| Other debtors | 270 | 325 |
| Total | 11,332 | 19,917 |

The Group's financial assets comprised other debtors as shown in note 12.

*Financial liabilities measured at amortised cost*

| Financial liabilities measured at amortised cost | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Trade payables | 7,899 | 3,811 |
| Accruals and deferred income | 31,097 | 32,296 |
| **Total** | 38,996 | 36,107 |

The Company had no financial assets and liabilities.

### (b) Financial risk management objectives

The Group's activities involve analysis, acceptance and management of some degree of risk or combination of risks. The most important types of financial statement risk are credit risk and liquidity risk.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls and to monitor the risks and limits continually by means of reliable up-to-date systems. The Group modifies and enhances its risk management policies and systems to reflect changes in markets and products.

### (c) Foreign currency risk

Whilst the Group's trading activities are predominantly sterling based, a significant proportion of its revenue originates in other currencies mainly Euro from the Group's international distribution. The risk in the carrying value of foreign currency amounts is mitigated by minimising foreign currency balances and converting to sterling at regular intervals whilst the Group's GBI Racing Limited joint venture undertakes hedges to limit exposure to exchange rate volatility.

The Group uses foreign currency forward contract to manage some of the foreign exchange risk of future transactions and cashflows. The contracts are valued based on available market data.

**Notes to the financial statements for the year ended 31 December 2021 (continued)**

**22. Financial instruments (continued)**

**(d) Finance and interest rate risk**

The Group finances its operations through its cash balances. It took out a new three-year revolving credit facility in 2021.

No interest rate hedging agreement is currently in place given the level of cash. The Board does not consider fluctuations in interest rates to pose a significant risk to the Group.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

**(e) Credit risk**

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. The Group has dedicated standards, policies and procedures to control and monitor all such risks.

Although the Group is potentially exposed to credit loss in the event of non-performance by counterparties, such credit risk is controlled through reviews of counterparties and limiting the exposure to any single counterparty.

Customer debtor balances are monitored on an ongoing basis and provision is made for estimated irrecoverable amounts.

**(f) Liquidity risk management**

The Group has managed its cash in a manner designed to ensure maximum benefit is gained, whilst ensuring security of investment sources. The Group's policy on investment of surplus funds limits the placing of deposits to institutions with strong credit ratings.

The Group manages liquidity risk by maintaining adequate short term borrowing facilities and by continuously monitoring forecast and actual cash flows.

**(g) Fair values**

There is no material difference between the fair value of the Group's financial assets and liabilities and their book value.

**23. Control**

The directors administer the Group in accordance with the articles of association. There is no single controlling party.

**Notes to the financial statements for the year ended 31 December 2021 (continued)**

**24. Post balance sheet events**

There are no post balance sheet events affecting the Group.

**25. Reserves**

**Share capital**

Share capital represents the nominal value of shares issued.

**Profit and loss account**

Includes all current and prior period retained profits and losses.

**Cash flow hedge reserve**

Represents the market value of cash flow hedges in place at 31 December 2021.

**Share premium**

Represents the difference between the value paid for the shares against their nominal value.

**Other reserves**

Represents the pre-acquisition losses of a subsidiary.

**26. Contingent Liabilities**

There were no contingent liabilities at 31 December 2021 or 31 December 2020.

**27. Capital Commitments**

The Group had capital commitments at 31 December 2021 of £45,000 (2020: £359,000).

**28. Pension**

The Group operates a defined contribution pension scheme. The Group pays fixed contributions into an independently administered entity. The pension cost charge represents contributions payable by the Group to the fund and amounted to £503,000 (2020: £450,000). Contributions totalling £60,000 (2020: £54,000) were payable to the fund at the balance sheet date.