

# **GBI Racing Limited**

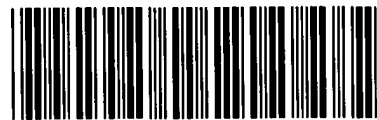
Report and Financial Statements

Year Ended

31 December 2018

Company Number 07126783

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# **GBI Racing Limited**

## **Report and financial statements for the year ended 31 December 2018**

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### **Directors**

S L Bazalgette  
R J Brooke (Independent Chairman – resigned 31 March 2019)  
R J N Fitzgerald  
M A Imi  
M J Cruddace

### **Secretary and registered office**

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

### **Company number**

07126783

### **Auditors**

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

# **GBI Racing Limited**

## **Strategic report for the year ended 31 December 2018**

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### **Introduction**

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2018. The company ceased trading from 1 January 2019, after the joint venture between Attheraces Holdings Limited and RMG Operations Limited was not renewed.

### **Result and dividends**

The statement of comprehensive income is set out on page 9 and shows the result for the year.

The directors recommend the payment of dividends amounting to £Nil (2017 - £Nil) to shareholders.

### **Principal activities, trading review and future developments**

The Company is a joint venture between Attheraces Holdings Limited and RMG Operations Limited, which launched on 1 March 2010 and continued until 31 December 2018. On 6 February 2018, the decision was made that the Joint Venture agreement would not be renewed beyond 31 December 2018 and the company will be liquidated in due course.

The sole activity of the Company was the exploitation of certain worldwide broadcasting, media and information rights to horseraces held at its joint venture partners racecourses. The Company distributed live broadcasts of UK and Irish horseracing around the world to both pari-mutuel (Tote) and fixed odds betting operators.

The principal objective of the business was to maximise the value of licence fees payable to its rights holders whilst delivering sustainable growth, ultimately for the benefit of the licensor racecourses.

The Company operated via onward licence arrangements with international betting outlets and distributors. The availability of 48 hour declarations was crucial for the servicing of certain markets.

During the year the business generated turnover of £22.1m (2017 - £26.6m) and contributed total licence fee payments to its rights holders of £16.5m (2017 - £22.6m), after direct costs of sales of £3.9m (2017 - £6.6m), other operating income of £Nil (2017 - £5.6), administrative expenses of £1.3m (2017 - £1.7m) and overseas withholding taxes of £0.4m (2017 - £1.2m). The Company closed the year with £46,000 in net liabilities (2017 - £127,000 net assets), although this incorporates unrealised gains against foreign exchange forward contracts at year end.

The business had a decrease in contributions to rights holders of £6.1m, which is a 27% decrease on 2017 which is due to several reasons;

- GBI Racing received compensation as a result of early termination of contract in 2017.
- The liquidity in some of the commingling markets was negatively impacted by early termination of some contracts.

# **GBI Racing Limited**

## **Strategic report for the year ended 31 December 2018 (continued)**

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### **Principal activities, trading review and future developments (continued)**

During the year ended 31 December 2018, the company's principal activity was the distribution of live broadcasts of UK and Irish horseracing around the world to both pari-mutuel (Tote) and fixed odds betting operators. However, as explained in note 1 to the financial statements, on 6 February 2018, the decision was made not to extend the Joint Venture agreement beyond 31 December 2018. As a result these financial statements have been prepared on a basis other than that of a going concern.

### **Principal risks and uncertainties**

The Company's main risks are the collection of debt from its customers given it is no longer trading. This could affect the Company's Working Capital which would affect its ability to pay the Joint Venture Partners.

# **GBI Racing Limited**

**Strategic report  
for the year ended 31 December 2018 (continued)**

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## **Creditor payment policy**

The Company endeavours to pay its creditors within agreed terms, set on a commercial basis. As at the year end, the number of average day's purchases of the Company represented by trade creditors was 13 (2017 - 37).

## **Charitable and political donations**

During the year the Company made no political or charitable contributions.

This report was approved by the board on ~~30 September 2019~~ and signed on its behalf.

  
T A Walsh

**Secretary**

# **GBI Racing Limited**

## **Directors' report for the year ended 31 December 2018**

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The directors present their report and the financial statements for the year ended 31 December 2018.

### **Directors**

The directors who served during the year were:

S L Bazalgette  
R J Brooke (resigned 31 March 2019)  
R J N FitzGerald  
M A Imi  
M J Cruddace

### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. As explained in note 1 to the financial statements, the directors do not believe the going concern basis to be appropriate and, in consequence, these financial statements have not been prepared on that basis.

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

# GBI Racing Limited

## Directors' report for the year ended 31 December 2018 (*continued*)

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### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the board on 30 September 2019 and signed on its behalf.



T A Walsh

Secretary

# **GBI Racing Limited**

## **Independent auditor's report**

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### **TO MEMBERS OF GBI RACING LIMITED**

#### **Opinion**

We have audited the financial statements of GBI Racing Limited ("the Company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Emphasis of matter – basis of preparation**

We draw attention to Note 1 to the financial statements which explains that the directors ceased trading on 31 December 2018 and therefore do not consider the company to be a going concern. Accordingly, the financial statements have been prepared on a basis other than that of going concern. Our opinion is not modified in this respect of this matter.



# **GBI Racing Limited**

## **Independent auditor's report (*continued*)**

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### **Other information**

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

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

We have nothing to report in this regard.

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

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

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and director's report.

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

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

### **Responsibilities of Directors**

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

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

# GBI Racing Limited

## Independent auditor's report (*continued*)

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

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

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

### **Use of our report**

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

BDO LLP

*Ian Clayden (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London*

Date 30 September 2019

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

# GBI Racing Limited

## Statement of comprehensive income for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Turnover	3	22,090	26,552
Cost of sales		(3,873)	(6,553)
<b>Gross profit</b>		<b>18,217</b>	<b>19,999</b>
Other operating income	4	-	5,560
Administrative expenses		(1,260)	(1,699)
Administrative expenses - Joint Venture partner licence fees		(16,506)	(22,638)
<b>Operating profit and profit on ordinary activities before taxation</b>	4	<b>451</b>	<b>1,222</b>
Taxation on profit on ordinary activities	7	(415)	(1,203)
<b>Profit for the financial year</b>		<b>36</b>	<b>19</b>
<b>Other comprehensive income</b>			
Movement in cash flow hedge		(209)	187
Deferred taxation		-	(14)
<b>Other comprehensive income for the year</b>		<b>(209)</b>	<b>173</b>
<b>Total comprehensive (loss) / income for the year</b>		<b>(173)</b>	<b>192</b>

All amounts relate to discontinuing activities.

The notes on pages 13 to 23 form part of these financial statements.

# GBI Racing Limited

## Statement of financial position at 31 December 2018

<b>Company number 07126783</b>	<b>Note</b>	<b>2018 £'000</b>	<b>2018 £'000</b>	<b>2017 £'000</b>	<b>2017 £'000</b>
<b>Fixed assets</b>					
Tangible assets	8		3		64
<b>Current assets</b>					
Debtors: amounts falling due within one year	9	3,832		12,116	
Cash at bank and in hand	10	2,567		3,699	
		<u>6,399</u>		<u>15,815</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(6,448)</u>		<u>(15,752)</u>	
<b>Net current (liabilities)/assets</b>			(49)		63
<b>Net (liabilities)/assets</b>			<u>(46)</u>		<u>127</u>
<b>Capital and reserves</b>					
Called up share capital	14		-		-
Cash flow hedge reserve			(147)		62
Retained earnings			101		65
<b>Shareholders' fund</b>			<u>(46)</u>		<u>127</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 September 2019

Director  
Richard Fitzgerald

The notes on pages 13 to 23 form part of these financial statements.

# GBI Racing Limited

## Statement of changes in equity at 31 December 2018

	Called up share capital £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Total equity £'000
<b>At 1 January 2017</b>	-	(111)	46	(65)
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	19	19
Hedge effective portion of change in fair value of designated hedging instrument	-	187	-	187
Taxation in respect of other comprehensive income	-	(14)	-	(14)
<b>Other comprehensive income for the year</b>	-	173	-	173
<b>Total comprehensive income for the year</b>	-	173	19	192
<b>Total contributions by and distributions to owners</b>	-	-	-	-
<b>At 31 December 2017</b>	-	62	65	127
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	36	36
Hedge effective portion of change in fair value of designated hedging instrument	-	(209)	-	(209)
Taxation in respect of other comprehensive income	-	-	-	-
<b>Other comprehensive income for the year</b>	-	(209)	-	(209)
<b>Total comprehensive income for the year</b>	-	(209)	36	(173)
<b>Total contributions by and distributions to owners</b>	-	-	-	-
<b>At 31 December 2018</b>	-	(147)	101	(46)

The notes on pages 13 to 23 form part of these financial statements.

# GBI Racing Limited

## Statement of cash flows for the year ended 31 December 2018

	2018 £'000	2017 £'000
<b>Cash flows from operating activities</b>		
Profit for the financial year	36	19
Adjustments for:		
Depreciation of tangibles	110	5
Taxation	415	1,203
Decrease in debtors	8,146	(6,755)
Increase in creditors	(9,284)	5,954
Net fair value losses recognised in profit or loss	62	109
	<hr/>	<hr/>
<b>Cash from operations</b>	(515)	535
Current tax paid on foreign income for the year	(449)	(1,200)
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	(964)	(665)
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(49)	(56)
Purchase of foreign exchange option	(119)	(62)
	<hr/>	<hr/>
<b>Net cash from investing activities</b>	(168)	(118)
	<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>	(1,132)	(783)
Cash and cash equivalents at beginning of year	3,699	4,482
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of year</b>	2,567	3,699
	<hr/>	<hr/>

The notes on pages 13 to 23 form part of these financial statements.

# GBI Racing Limited

## Notes forming part of the financial statements for the year ended 31 December 2018

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### 1 Accounting policies

#### *Basis of preparation of financial statements*

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

#### *Going concern*

The directors are required to make an assessment of the Company's ability to continue to trade as a going concern.

Following announcement of the decision on 6 February 2018 not to renew the Joint Venture agreement beyond 31 December 2018, the directors have concluded that the company had no other alternative than to cease trading on 31 December 2018. As a result, the directors have concluded that it is not appropriate to adopt a going concern basis of preparation in these financial statements. No adjustments have been made to these financial statements as a result of preparing them on a basis other than that of a going concern.

#### *Turnover*

Turnover represents sales to external customers at invoiced amounts less value added tax and gross of withholding tax, where applicable. Turnover is recognised when broadcasting rights have been utilised on the broadcasting of races.

# GBI Racing Limited

## Notes forming part of the financial statements for the year ended 31 December 2018 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Tangible fixed assets*

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Studio equipment	- over 5 years, straight line method
Computer equipment	- over 3 years, straight line method

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

#### *Debtors*

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### *Cash and cash equivalents*

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.



# GBI Racing Limited

## Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

### 1 Accounting policies (continued)

#### *Financial instruments*

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Financial Position.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of its recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### *Creditors*

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### *Hedge accounting*

The Company has entered into forward foreign exchange contracts to manage its exposure to foreign exchange movements that present a cash flow risk on its future foreign exchange receivables. These derivatives are measured at fair value at each reporting date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the period.

# GBI Racing Limited

## Notes forming part of the financial statements for the year ended 31 December 2018 *(continued)*

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### 1 Accounting policies *(continued)*

#### *Foreign currency translation*

##### Functional and presentation currency

The Company's functional and presentational currency is GBP.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

#### *Pensions*

##### *Defined contribution pension plan*

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

##### *Holiday pay accrual*

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

##### *Interest income*

Interest income is recognised in the statement of comprehensive income using the effective interest method.

##### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

# GBI Racing Limited

## Notes forming part of the financial statements for the year ended 31 December 2018 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Taxation*

Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

#### *Reserves*

- Called up share capital reserve represents the nominal value of the shares issued.
- Cash flow hedge reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 2 Judgments in applying accounting policies and key sources of estimation uncertainty

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

- Tangible fixed assets (see note 8)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

### 3 Turnover

Turnover represents the amount derived from the provision of services which fall within the Company's activities, stated net of value added tax and gross of withholding tax where applicable. The turnover and pre-tax earnings is attributable to one activity, the exploitation of media rights.

All revenues during the year arose from outside the United Kingdom. All material assets and liabilities of the Company are located within the United Kingdom.

# GBI Racing Limited

## Notes forming part of the financial statements for the year ended 31 December 2018 (Continued)

### 4 Operating profit

	2018 £'000	2017 £'000
This operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets	110	5
Compensation for early termination of contracts	-	5,560
Auditors' remuneration - audit services	27	25
Auditors' remuneration for non audit services – tax	5	1
Foreign exchange differences	74	(19)
	<hr/>	<hr/>

Administrative expenses include licence fees payable to the joint venture partners as the broadcasting rights holders, payable in accordance with the joint venture and licence agreements. See note 15.

### 5 Employees

	2018 £'000	2017 £'000
Staff costs, including directors' remuneration, were as follows:		
Wages and salaries	180	227
Social security costs	11	18
Cost of defined contribution scheme	17	20
	<hr/>	<hr/>
	208	265
	<hr/>	<hr/>

The average number of employees during the year was two (2017 - four). The Company only considers the Directors' as the Key Management Personnel.

### 6 Directors' remuneration

	2018 £'000	2017 £'000
Directors' emoluments	55	54
	<hr/>	<hr/>

The Company made direct payments for the independent chairman. All other directors are remunerated by the joint venture partners and their respective employers.

# GBI Racing Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018 (*Continued*)

## 7 Taxation on profit from ordinary activities

	2018 £'000	2017 £'000
<i>Corporation tax</i>		
Current tax on profits for the year	51	182
Adjustments in respect of prior periods	-	(2)
	<hr/> 51	<hr/> 180
Double taxation relief	(29)	(160)
After double taxation relief	<hr/> 22	<hr/> 20
<i>Foreign tax</i>		
Foreign tax on income for the year	<hr/> 396	<hr/> 1,182
Total current tax	<hr/> 418	<hr/> 1,202
<i>Deferred tax</i>		
Origination and reversal of timing differences	<hr/> (3)	<hr/> 1
Taxation on profit on ordinary activities	<hr/> 415	<hr/> 1,203

### Factors affecting tax charge for the year

The tax assessed for the year is higher (2016 - higher than) the standard rate of corporation tax in the UK of 19.0% (2017 – 19.25%). The differences are explained below:

	2018 £'000	2017 £'000
Profit on ordinary activities before tax	<hr/> 451	<hr/> 1,222
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 – 19.25%)	<hr/> 86	<hr/> 235
Effects of:		
Expenses not deductible for tax purposes	2	3
Withholding tax expensed not credited	304	978
Adjustment in respect of previous periods	-	(2)
Deferred Tax (charged)/credited directly to equity	-	(14)
Deferred tax not recognised	11	(11)
Adjust deferred tax to average rate	-	-
Deferred tax on fair value movement recognised in statement of comprehensive Income	<hr/> 12	<hr/> 14
Total tax charge for the year	<hr/> 415	<hr/> 1,203

# GBI Racing Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018 (*Continued*)

## 8 Tangible assets

	Computer equipment £'000	Studio equipment £'000	Total £'000
<i>Cost</i>			
At 1 January 2018	348	106	454
Additions	49	-	49
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2018	397	106	503
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2018	290	100	390
Provided for the year	104	6	110
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2018	394	106	500
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2018	3	-	3
	<hr/>	<hr/>	<hr/>
At 31 December 2017	58	6	64
	<hr/>	<hr/>	<hr/>

## 9 Debtors

	2018 £'000	2017 £'000
Due within one year:		
Trade debtors	1,543	3,030
Other debtors	863	1,348
Prepayments and accrued income	1,426	7,600
Forward foreign exchange contracts – cash flow hedge	-	138
	<hr/>	<hr/>
	3,832	12,116
	<hr/>	<hr/>

## 10 Cash and cash equivalents

	2018 £'000	2017 £'000
Cash at bank and in hand	2,567	3,699
	<hr/>	<hr/>

# GBI Racing Limited

## Notes forming part of the financial statements for the year ended 31 December 2018 (Continued)

### 11 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	142	746
Amounts owed to group undertakings	3,275	9,662
Other taxation and social security	6	12
Corporation tax	3	22
Other creditors	124	175
Forward foreign exchange contracts - cash flow hedge	14	-
Accruals and deferred income	2,884	5,120
Deferred taxation (note 12)	-	15
	<hr/> 6,448	<hr/> 15,752

Included within accruals and deferred income is an amount of £1,058,000 (2017 - £766,00) in respect of Tote breakages.

At the year end there were ongoing discussions with the Israeli Tax Authority (ITA) in relation to a historic withholding tax refund. Subsequent to the year end, on 4<sup>th</sup> April 2019, the negotiations were concluded in GBI Racing Limited's favour. A refund totalling was subsequently received £1,001,390. No amounts in respect of this have been recognised in the 2018 financial statements but will be recognised in the subsequent period.

### 12 Deferred taxation

	Deferred tax £'000
At 1 January 2018	15
Charged to the profit or loss	(2)
Charged to other comprehensive income	(13)
	<hr/>
At 31 December 2018	-

# GBI Racing Limited

## Notes forming part of the financial statements for the year ended 31 December 2018 (Continued)

### 13 Financial instruments

	2018 £'000	2017 £'000
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	4,972	15,573
Derivative financial instruments designated as hedges of foreign exchange rate risk	-	138
	<u>4,972</u>	<u>15,711</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	6,425	15,704
Derivative financial instruments designated as hedges	14	-
	<u>6,439</u>	<u>15,704</u>

Financial assets measured at amortised cost comprise cash, debtors, excluding prepayments.

Financial liabilities measured at amortised cost comprise creditors, excluding taxation and deferred income.

Derivative financial instruments designated as hedges comprise forward foreign exchange contracts.

#### *Hedge of foreign exchange risk arising from foreign currency sales*

To hedge its exposure to changes in foreign currency exchange rates arising from foreign currency sales, the Company has entered into forward foreign exchange contracts with a nominal and value of £1,083,679 a term of up to three months from the balance sheet date. The value of the contracts at 31 December 2018 is £1,069,679 therefore the fair value of the financial instruments is a liability of £14,000 (2017 asset - £138,000).

The derivatives are accounted for as a hedge of foreign exchange risks, in accordance with FRS 102. The change in fair value in the period in respect of open contracts at the balance sheet date was £133,000 with a debit of £76,000 recognised in respect of contracts that expired in the period with the entire loss being recognised in other comprehensive income.



# GBI Racing Limited

Notes forming part of the financial statements  
for the year ended 31 December 2018 (Continued)

## 14 Called up share capital

	2018 Number	2018 £	2017 Number	2017 £
Ordinary shares of £1 each to Attheraces Holdings Limited	50	50	50	50
Ordinary shares of £1 each to RMG Operations Limited	50	50	50	50
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

## 15 Related party transactions

During the year, the Company made the following transactions with its joint shareholders, Attheraces Holdings Limited and RMG Operations Limited or their subsidiaries:

Expenses incurred by GBI Racing Limited in respect of licence fees:

- (a) Attheraces Limited £6,569,000 (2017 - £10,216,000)
- (b) RMG Operations Limited £9,937,000 (2017 - £12,422,000)

Expenses incurred by GBI Racing Limited in respect of travel expenses, production costs, marketing and agreed staff recharges:

- (a) Attheraces Limited £181,000 (2017 - £253,000)
- (b) RMG Operations Limited £643,000 (2017 - £763,000)

As at 31 December 2018 the amount outstanding to Attheraces Limited is £1,538,000 (2017 - £4,914,000) and to RMG Operations Limited is £1,736,396 (2017 - £4,748,000).