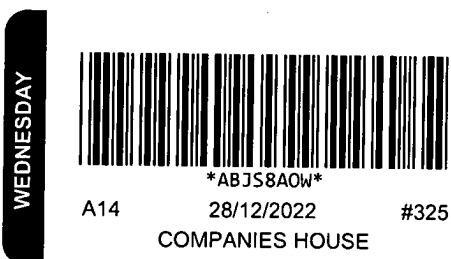


Company registration number 07997040 (England and Wales)

**ARENA RACING CORPORATION LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**



**ARENA RACING CORPORATION LIMITED**

**COMPANY INFORMATION**

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<b>Directors</b>	M J Cruddace J A Reuben M Spincer S A J Nahum D A Thorpe E M Sawyer B D Hunt
<b>Secretary</b>	M J Hill
<b>Company number</b>	07997040
<b>Registered office</b>	4th Floor Millbank Tower 21-24 Millbank London SW1P 4QP
<b>Auditor</b>	Gerald Edelman LLP 73 Cornhill London EC3V 3QQ

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# **ARENA RACING CORPORATION LIMITED**

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# **ARENA RACING CORPORATION LIMITED**

## **STRATEGIC REPORT**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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The directors present the strategic report for the year ended 31 December 2021.

### **Fair review of the business**

The principal activity of the Company is that of a holding company. The principal activity of the Group is the owning and operation of racecourses.

The directors are satisfied with the results for the year and the year end position of the group.

In 2021 turnover increased from £110.6m in 2020 to £150.4m. Loss on ordinary activities before taxation decreased from a loss of £26.8m in 2020 to a loss of £15.8m. The improvement in the result is a consequence of the relaxing of the Covid-19 restrictions versus 2020 with significantly more race meetings being able to go ahead and the return of spectators to the courses from May 2021.

The company's principal revenue streams are dependent on British horseracing fixtures being staged. Racing was held behind closed doors for the first 5 months of the year. From 17th May 2021 spectators were welcomed back to racecourses in England although some restrictions remained in place including limits on the number of spectators allowed on course. This date was delayed until the 11th June in Wales. From the 19th July 2021 restrictions were eased and full capacity crowds were allowed back onto all racecourses. As a result of the restrictions in place during the first 6 months of the year, the group's revenue streams have been significantly impacted. However, the lifting of restrictions has since seen the return of people in their capacity as spectators and guests, and this is reflected in the group's performance in the second half of the year.

In May 2021 the group acquired Arena Racing (Central Park) Limited bringing it into the Group.

The Group has remained in a positive cash position despite the impact of the pandemic. Investment in fixed assets during the year was restricted to essential works, committed projects and the fulfilment of regulatory obligations. All other expenditure was closely monitored.

# **ARENA RACING CORPORATION LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Principal risks and uncertainties**

The group operates in the sporting and leisure sector within the UK and as such faces the same risks as other similar businesses, primarily economic welfare, the availability of disposable income and competing interests for the leisure pound.

In addition, as with any business that is conducted outdoors in the UK, a further risk is that of weather-related abandonments. It is impossible to mitigate this risk but the group does allow for a certain number of abandonments when completing its business plans.

The effects of a future pandemic to market and economic conditions, as seen during 2020 and 2021, is currently unknown and will remain an uncertain risk. The company has and will manage these risks appropriately.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk, credit risk, legislation and regulation risk. The financial risk management objectives and policies for each of these risks are described in more detail below.

#### **Interest rate risk**

Hedging for interest risk is not currently deemed necessary, however, with the ever-changing economic climate the position is kept under regular review by the Board.

#### **Liquidity risk**

Liquidity risk is managed centrally. The current loan facilities have been agreed at appropriate levels given the group's forecasted operating cash flows, loan repayments, expected future capital expenditure and trading income over the course of the foreseeable future.

#### **Credit risk**

Due to the nature of the group's income streams, the exposure to credit risk is considered minimal. Two of the main sources of income received are that from the HBLB and media income from the transmission of pictures through various media contracts. Other third-party income is derived from customers on race days and this is either paid in advance of the event or paid on the day. Of the income received by the company that is subject to credit risk, there are established credit procedures and collection policies in place which are reviewed and monitored centrally.

#### **Legislation and Regulation risk**

##### **U.K. Exit from the European Union**

The UK's departure from the European Union has given rise to some uncertainty about the possible divergence between the regulation of UK media businesses and European media businesses over time and whether Brexit will have any long-term impact on the economy. It is not yet known what effect either of these might have on the business.

# **ARENA RACING CORPORATION LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Section 172 statement**

Section 172 of the Companies Act 2006 requires directors, in the case of the Board (and by delegation the Executive Management team), to take into consideration the interests of stakeholders and other matters in their decision making. The Board has regard to the interests of the Group's employees, customers, suppliers and other stakeholders, the impact of its activities on the community, the environment and the Group's reputation for good business conduct. In this context, acting in good faith and fairly, the Board considers what is most likely to promote the success of the Group. We explain below, how the Board engages with stakeholders.

- Relations with key stakeholders such as employees, shareholders and suppliers are considered in more detail below.
- The Board is fully aware of its responsibilities to promote the success of the Group in accordance with section 172 of the Companies Act 2006.
- The Board regularly reviews the principal stakeholders and how it engages with them. This is achieved through information provided by the Executive team and also, within the Racing industry, by direct engagement with stakeholders themselves.
- We aim to work responsibly with our stakeholders, including suppliers. The Board continues to have a diligent adoption policy for statutory measures which most recently have included anti-corruption and anti-bribery, equal opportunities and whistleblowing policies, the Corporate Criminal Offences Act and IR35.

### **Approach to engagement with stakeholders**

- The company is able to take a long-term view and this approach is reflected also in the engagement with the various stakeholders expected to be impacted by the Board's decisions. As part of this, the Board maintains an ethos of being held to the highest possible standards of corporate conduct.
- The Board is in regular communication with all key racing stakeholders (e.g. RCA, BHA, The Horsemen's Group) to gauge potential views and reactions to important decisions made that impact across the industry. The company also engages with a range of stakeholders, including, but not limited to, employees, sponsors, residents in areas where racecourses and stadia operate, suppliers, media and commercial partners.
- The Board engages with all of the above stakeholders either directly or through the various management teams, at formal industry and other events, on racedays at courses and elsewhere and through various industry forums.
- There are employee days and team meetings across the Group which allow employees to voice any suggestions and concerns they may have. The Board and management also engage regularly with suppliers, media partners and sponsors, as well as taking feedback from customers. In addition, the Board and management foster strong relationships across all our locations with both Local Authorities, including individual councillors, and the local community in general via trade bodies, community groups and other relevant forums.

# **ARENA RACING CORPORATION LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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### **Key Board Decisions**

During the year, the Board made a number of key decisions which are considered to be in the interests of the overall success of the company and the wider sport. This year these decisions centred around ways in which to minimise the impact of the pandemic on the group and place the group in the best position to come out of the pandemic stronger. These decisions have impacts on certain stakeholder groups that have, to the extent considered appropriate by the Board, been reflected in the decision-making process.

### **Prize Money Executive Contribution**

The level of Prize Money contribution we make into our race programme is one of the most material decisions that the Board takes in any year. This impacts on the competitiveness of our business in attracting the best runners at each level of racing to our racecourses, and provides direct and indirect financial support to owners, trainers, jockeys, horsemen and their own employees. We aim to strike a balance between ensuring our leading races and festivals maintain their competitiveness in horse racing, while ensuring that we are supporting all levels of the ownership and breeding industry at both small and large racecourses.

Our decision on Prize Money contribution is traded off against other competing priorities for the Group, such as investments into property infrastructure at our racecourses, which are required to maintain the highest level of sporting and customer experience and safety for racing participants and spectators alike.

In 2021 our Prize Money decision was made in the context of a media rights income level that year affected as a result of LBO closures. We nevertheless made the decision not to adjust Prize Money materially and to maintain contributions at a sustainable level, as the Board considered the views of racing stakeholders, as well as the likely overall economic impact on the industry as a whole. This decision will need to be revisited before the end of 2022, together with racing stakeholders and the funding mechanism, in light of the impacts of the current economic climate.

### **Use of Group Property Assets**

The Board continuously reviews the best use of Group assets. Where land assets are considered non-sacrosanct, the Board considers development opportunities.

# **ARENA RACING CORPORATION LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Approval of 2021 Budget and Three-Year Plan**

In approving the Annual Group Budget and Three-Year Plan, the Board carried out a detailed review of the various commercial drivers and sensitivities in the business, including forecast media income, admissions and hospitality performance and developments in the betting industry which have had negative impacts on the business.

The Board also considered continued investment in our employees, including signing off specific budgets for training, employee medical cover and other benefits. The interests of racing stakeholders were also inherent in agreed investment in prize money (above) and other racecourse facilities.

The above considerations were given in the context of ensuring ongoing investment in customer experience and continued capital expenditure.

#### **Employee engagement**

The Board considers it very important that employees are kept informed about both the financial performance of the Group, factors impacting the wider industry and more general employment related matters. Every business day an email is sent to employees summarising the instances where companies within the Group have been mentioned in the media along with other important news events in both horseracing and the wider sport industry. Regular emails are sent to all employees updating them on new Group policies such as safeguarding or CCO compliance.

Employee feedback is actively sought by management. Employees are routinely consulted regarding changes in their working environment and organisational changes. Consultations can be on a one-to-one basis, in a group and/or a combination of both.

There are a number of regular communications meetings. Group-wide divisional employee days are held along with annual senior management forums and regular regional update meetings. In addition, specialist functional areas meet on a regular basis such as the, Executive Directors and Financial Controllers and operations forum meetings. During 2020 we began staging remote meetings for all employees to maintain information flow and engagement through the Covid-19 lockdown periods, this has been continued throughout 2021.

We encourage the involvement of employees in the Group's performance through a bonus scheme. This is calculated and paid annually based on the financial performance of the Group compared to its annual budget target. In addition, a number of employees are eligible for a bonus scheme which is which linked to both individual KPIs and the financial performance of the Group. Our appraisal scheme means that everyone gets a full appraisal at least once a year. This includes a review of KPIs/objectives which are aligned to the business and the setting of new KPIs/objectives for the next year.

It is important that our directors are visible in the business. Directors meet new employees at our induction events at our central offices and at Raceday events. Regular board meetings are held at our locations around the country.

#### **Community and Environment**

Arena works with charitable and community partners both within the racing industry and the local communities around our racecourses. Our racecourses host a large number of fundraising events, and in addition, Arena is proud to support a number of racing charities, including Racing To School, The Injured Jockeys Fund, Racing Welfare, Moorcroft Racehorse Welfare Centre. Initiatives such as Take The Reins, which is in operation at both Lingfield Park and Doncaster, in conjunction with Active Communities Network, is offering young people the chance to develop their skills, experience and employability. The company is aware of the importance of its impact on the environment.

On behalf of the board

DocuSigned by:  
  
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B D Hunt

**Director**

22 December 2022

Date: .....



# **ARENA RACING CORPORATION LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2021***

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The directors present their annual report and financial statements for the year ended 31 December 2021.

#### **Principal activities**

The principal activity of the company and group continued to be that of holding company. The principal activity of the group is the owning and operation of racecourses.

#### **Results and dividends**

The results for the year are set out on page 13.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M J Cruddace

J A Reuben

K S Robertson

(Resigned 28 February 2022)

M Spincer

S A J Nahum

D A Thorpe

E M Sawyer

B D Hunt

#### **Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### **Donations**

During the year, a donation of £nil (2020: £2 million) was made to The Reuben Foundation.

#### **Disabled persons**

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitude and abilities.

#### **Employee involvement**

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

#### **Auditor**

Gerald Edelman LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

# ARENA RACING CORPORATION LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### Energy and carbon report

Arena Racing Corporation Ltd.'s greenhouse gas emissions, reportable under SECR in 2021 were 2,941 tonnes CO2e. The 2020 reported figures have been restated due to NR Acquisitions Topco Limited being reported separately to Arena Racing Corporation Limited.

	2021 kWh	2021 % share
<i>Energy consumption</i>		
Aggregate of energy consumption in the year		
- Gas combustion	5,873,509	47.00%
- Electricity purchased	6,365,662	50.00%
- Fuel consumed for transport	404,816	3.00%
	<u>12,643,987</u>	<u>100.00%</u>

	Restated 2020 kWh	2020 % share
Aggregate of energy consumption in the year		
- Gas combustion	9,195,942	44.00%
- Electricity purchased	8,526,758	41.00%
- Fuel consumed for transport	3,190,981	15.00%
	<u>20,913,681</u>	<u>100.00%</u>

	2021 metric tonnes	2021 % share
<i>Emissions of CO2 equivalent</i>		
Scope 1 - direct emissions		
- Gas combustion	1,370.00	46.59%
- Fuel consumed for owned transport	100.00	3.39%
	<u>1,470.00</u>	<u>49.98%</u>
Scope 2 - indirect emissions		
- Electricity purchased	1,471.00	50.02%
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the	-	-
	<u>-</u>	<u>-</u>
Total gross emissions	<u>2,941.00</u>	<u>100.00%</u>
<i>Intensity ratio</i>		
Tonnes CO2e per £m	<u>16.56</u>	

# ARENA RACING CORPORATION LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

	Restated 2020 metric tonnes	2020 % share
<i>Emissions of CO2 equivalent</i>		
Scope 1 - direct emissions		
- Gas combustion	1,703.00	36.73%
- Fuel consumed for owned transport	774.00	16.70%
	<u>2,477.00</u>	<u>53.43%</u>
Scope 2 - indirect emissions		
- Electricity purchased	2,159.00	46.57%
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the	-	-
	<u>4,636.00</u>	<u>100.00%</u>
<i>Intensity ratio</i>		
Tonnes CO2e per £m	<u>16.56</u>	

Scope 1: Natural gas, LPG, diesel for generators and company-operated transport. Scope 2: Electricity. Scope 3: Losses from electricity distribution and transmission and grey fleet. This only includes emissions reportable under SECR and may not reflect the entire carbon footprint of the organisation.

#### *Quantification and reporting methodology*

An 'operational control' approach has been used to define the Greenhouse Gas emissions boundary.

This approach captures emissions associated with the operation of all racing arenas and associated administration buildings, plus company-owned vehicles and business travel in private vehicles. This report covers UK operations only, as required by SECR for Non-Quoted Large Companies.

This information was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, 2019.

Emissions have been calculated using the latest conversion factors provided by the UK Government. There are no material omissions from the mandatory reporting scope.

The reporting period is January 2021 to December 2021, as per the financial accounts.

#### *Intensity measurement*

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per £m of revenue, the recommended ratio for the sector.

#### *Measures taken to improve energy efficiency*

With regards to our energy efficiency initiatives, we have been transitioning our company cars to being hybrid and electric only. We intend to implement the usage of solely LED bulbs across the group. We are also looking into further solar panel installation prior to 2028.

# ARENA RACING CORPORATION LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the 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 and company will continue in business.

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

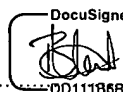
### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

### Going concern

After reviewing the group's forecasts and projections for not less than 12 months from the date of approval of these financial statements and taking into account current financial resources, the directors have a reasonable expectation that Arena Racing Corporation Limited has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties that give rise to significant doubt as to the group's ability to continue to prepare its financial statements on a going concern basis. Further details regarding the directors' considerations in drawing this conclusion are provided in note 1.4 to the financial statements.

On behalf of the board

DocuSigned by:  
  
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B D Hunt  
Director

22 December 2022

Date: .....

# ARENA RACING CORPORATION LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ARENA RACING CORPORATION LIMITED

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#### Opinion

We have audited the financial statements of Arena Racing Corporation Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including 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 the parent company's affairs as at 31 December 2021 and of the group's loss 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 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

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.

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 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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our 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.

# **ARENA RACING CORPORATION LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF ARENA RACING CORPORATION LIMITED**

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

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters 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**

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 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 parent company or to cease operations, or have no realistic alternative but to do so.

#### **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.

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

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- Enquiring of management of whether they are aware of any non-compliance with laws and regulations.
- Enquiring of management whether they have knowledge of any actual, suspected or alleged fraud.
- Enquiring of management their internal controls established to mitigate risk related to fraud or non-compliance with laws and regulations.
- Discussions amongst the engagement team on how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas; posting of unusual journals.
- Obtaining understanding of the legal and regulatory framework the company operates in focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations. The key laws and regulations we considered in this context included UK Companies Act, tax legislation, data protection, anti-bribery, employment and health and safety.

# ARENA RACING CORPORATION LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF ARENA RACING CORPORATION LIMITED

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#### Audit response to risks identified

##### ***Fraud due to management override***

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships.
- Audited the risk of management override of controls, including through testing journal entries for appropriateness
- Assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

##### ***Irregularities and non-compliance with laws and regulations***

In response to the risk of irregularities and non compliance with laws and regulations, we designed procedures which included, but are not limited to:

- Agreeing financial statements disclosures to underlying supporting documentation.
- Reviewing minutes of meetings of those charged with governance.
- Enquiring of management as to actual and potential litigation claims.
- Reviewing correspondence with HMRC.

The test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, mean that there is an unavoidable risk that even some material misstatements in respect of irregularities may remain undiscovered even though the audit is properly planned and performed in accordance with ISAs (UK). Furthermore, the more removed that laws and regulations are from financial transactions, the less likely that we would become aware of non-compliance.

Our examination should therefore not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance that might exist. The responsibility for safeguarding the assets of the company and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the directors.

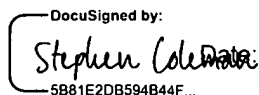
A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### 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.

**Stephen Coleman ACA (Senior Statutory Auditor)**  
**For and on behalf of Gerald Edelman LLP**

**Chartered Accountants**  
**Statutory Auditor**

DocuSigned by: 22 December 2022  
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73 Cornhill  
London  
EC3V 3QQ

**ARENA RACING CORPORATION LIMITED****GROUP PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
<b>Turnover</b>	<b>3</b>	150,357,230	110,618,741
Cost of sales		(103,861,241)	(78,297,394)
<b>Gross profit</b>		46,495,989	32,321,347
Administrative expenses		(41,181,224)	(40,665,441)
Other operating income		1,168,577	5,134,133
<b>Operating profit/(loss)</b>	<b>4</b>	6,483,342	(3,209,961)
Share of profits of associates		3,335,265	1,325,615
Interest receivable and similar income	<b>8</b>	272	88
Interest payable and similar expenses	<b>9</b>	(25,597,332)	(24,877,113)
<b>Loss before taxation</b>		(15,778,453)	(26,761,371)
Tax on loss	<b>10</b>	(1,219,835)	(335,655)
<b>Loss for the financial year</b>	<b>28</b>	(16,998,288)	(27,097,026)
Loss for the financial year is attributable to:			
- Owners of the parent company		(16,922,856)	(26,624,796)
- Non-controlling interests		(75,432)	(472,230)
		(16,998,288)	(27,097,026)



**ARENA RACING CORPORATION LIMITED****GROUP STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

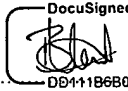
	2021 £	2020 £
<b>Loss for the year</b>	(16,998,288)	(27,097,026)
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year</b>	<u>(16,998,288)</u>	<u>(27,097,026)</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	(16,922,856)	(26,624,796)
- Non-controlling interests	<u>(75,432)</u>	<u>(472,230)</u>
	<u>(16,998,288)</u>	<u>(27,097,026)</u>

# ARENA RACING CORPORATION LIMITED

## GROUP BALANCE SHEET AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Goodwill	11	18,018,021		22,061,364	
Other intangible assets	11	2,518,334		2,678,334	
Total intangible assets		20,536,355		24,739,698	
Tangible assets	12	148,090,125		144,971,380	
Investments	13	18,987,618		18,082,932	
		187,614,098		187,794,010	
<b>Current assets</b>					
Stocks	18	890,872		463,310	
Debtors	19	38,933,644		41,557,004	
Cash at bank and in hand		5,886,381		8,627,009	
		45,710,897		50,647,323	
<b>Creditors: amounts falling due within one year</b>	20	(29,087,946)		(23,347,032)	
<b>Net current assets</b>		16,622,951		27,300,291	
<b>Total assets less current liabilities</b>		204,237,049		215,094,301	
<b>Creditors: amounts falling due after more than one year</b>	21	(372,793,735)		(366,652,699)	
<b>Net liabilities</b>		(168,556,686)		(151,558,398)	
<b>Capital and reserves</b>					
Called up share capital	27	1		1	
Profit and loss reserves	28	(169,508,249)		(152,585,393)	
<b>Equity attributable to owners of the parent company</b>		(169,508,248)		(152,585,392)	
<b>Non-controlling interests</b>		951,562		1,026,994	
		(168,556,686)		(151,558,398)	

The financial statements were approved by the board of directors and authorised for issue on 22 December 2022 and are signed on its behalf by:

DocuSigned by:  
  
 .....DD111B6B066145C...  
 B D Hunt  
 Director

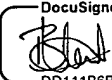
Company registration number 07997040 (England and Wales)

**ARENA RACING CORPORATION LIMITED****COMPANY BALANCE SHEET****AS AT 31 DECEMBER 2021**

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Investments	13	189,472,307		185,442,620	
<b>Current assets</b>					
Debtors	19	2,466,231		81,319	
<b>Creditors: amounts falling due within one year</b>	20	(25,307,971)		(637,365)	
<b>Net current liabilities</b>		(22,841,740)		(556,046)	
<b>Total assets less current liabilities</b>		166,630,567		184,886,574	
<b>Creditors: amounts falling due after more than one year</b>	21	(341,606,155)		(336,107,924)	
<b>Net liabilities</b>		(174,975,588)		(151,221,350)	
<b>Capital and reserves</b>					
Called up share capital	27	1		1	
Profit and loss reserves	28	(174,975,589)		(151,221,351)	
<b>Total equity</b>		(174,975,588)		(151,221,350)	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £23,754,238 (2020 - £23,100,800 loss).

The financial statements were approved by the board of directors and authorised for issue on 22 December 2022 and are signed on its behalf by:

DocuSigned by:  
  
 DD14186B066145C...

B D Hunt  
 Director

Company registration number 07997040 (England and Wales)

# ARENA RACING CORPORATION LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Profit and loss reserves	Total controlling interest	Non- controlling interest	Total
	£	£	£	£	£
<b>Balance at 1 January 2020</b>	1	(125,960,597)	(125,960,596)	1,499,224	(124,461,372)
<b>Year ended 31 December 2020:</b>					
Loss and total comprehensive income for the year	-	(26,624,796)	(26,624,796)	(472,230)	(27,097,026)
<b>Balance at 31 December 2020</b>	1	(152,585,393)	(152,585,392)	1,026,994	(151,558,398)
<b>Year ended 31 December 2021:</b>					
Loss and total comprehensive income for the year	-	(16,922,856)	(16,922,856)	(75,432)	(16,998,288)
<b>Balance at 31 December 2021</b>	1	(169,508,249)	(169,508,248)	951,562	(168,556,686)

**ARENA RACING CORPORATION LIMITED****COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital	Profit and loss reserves	Total
	£	£	£
<b>Balance at 1 January 2020</b>	1	(128,120,551)	(128,120,550)
<b>Year ended 31 December 2020:</b>			
Loss and total comprehensive income for the year	-	(23,100,800)	(23,100,800)
<b>Balance at 31 December 2020</b>	1	(151,221,351)	(151,221,350)
<b>Year ended 31 December 2021:</b>			
Loss and total comprehensive income for the year	-	(23,754,238)	(23,754,238)
<b>Balance at 31 December 2021</b>	1	(174,975,589)	(174,975,588)

# ARENA RACING CORPORATION LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	33	27,724,141		8,304,334	
Interest paid		(25,597,332)		-	
<b>Net cash inflow from operating activities</b>		<b>2,126,809</b>		<b>8,304,334</b>	
<b>Investing activities</b>					
Net cash outflow on purchase of subsidiary		(3,531,477)		-	
Purchase of tangible fixed assets		(9,881,367)	(1,914,678)		
Proceeds from disposal of tangible fixed assets		25,000	-		
Proceeds from disposal of associates		-	(2,139,735)		
Interest received		272	88		
Dividends received		2,430,579	1,458,348		
<b>Net cash used in investing activities</b>		<b>(10,956,993)</b>		<b>(2,595,977)</b>	
<b>Financing activities</b>					
Repayment of borrowings		6,167,858	(13,000,000)		
Proceeds from new bank loans		-	3,227,000		
Repayment of bank loans		39,469	-		
Payment of finance leases obligations		(34,535)	(83,277)		
<b>Net cash generated from/(used in) financing activities</b>		<b>6,172,792</b>		<b>(9,856,277)</b>	
<b>Net decrease in cash and cash equivalents</b>		<b>(2,657,392)</b>		<b>(4,147,920)</b>	
Cash and cash equivalents at beginning of year		8,520,080		12,668,000	
<b>Cash and cash equivalents at end of year</b>		<b>5,862,688</b>		<b>8,520,080</b>	
<b>Relating to:</b>					
Cash at bank and in hand		5,886,381		8,627,009	
Bank overdrafts included in creditors payable within one year		(23,693)		(106,929)	

# **ARENA RACING CORPORATION LIMITED**

## **NOTES TO THE GROUP FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **1 Accounting policies**

##### **Company information**

Arena Racing Corporation Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 4th Floor, Millbank Tower, 21-24 Millbank, London, SW1P 4QP.

The group consists of Arena Racing Corporation Limited and all of its subsidiaries.

##### **1.1 Accounting convention**

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

##### **1.2 Business combinations**

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

##### **1.3 Basis of consolidation**

The consolidated group financial statements consist of the financial statements of the parent company Arena Racing Corporation Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

# ARENA RACING CORPORATION LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Accounting policies

(Continued)

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

#### 1.4 Going concern

The directors are required to make an assessment of the appropriateness of using the going concern assumption in preparing these financial statements.

Having reviewed the Group and Company's financial forecasts and expected future cash flows, and notwithstanding the net liabilities of the group, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Arena Racing Corporation Limited's facility agreement in place with Hightower Finance (Jersey) Limited provides sufficient headroom to enable the company to continue in operational existence. Assurance has been received from Omaha Business Holdings Corp that it will continue to make funds available to enable the group and Company to meet its obligations as they fall due for the foreseeable future, and at least 12 months from the date of approval of these financial statements. Thus, the directors continue to adopt the going concern basis in preparing the financial statements for the period ended 31 December 2021.

#### 1.5 Turnover

Turnover principally relates to income derived directly from the holding of horse race meetings, including industry related funding from the HBLB, and the non-raceday use of the racecourse facilities.

Income is recognised once a race meeting or non-raceday event has been held. This includes admissions revenue, other racing income and catering income. In certain circumstances income is taken over the life of the agreement to which it relates, such as rental income and annual memberships.

##### Media rights

Income received in respect of media rights over the broadcasts from the Group's racecourses is recognised within revenue in the period in which the relevant race meetings are held.

##### HBLB revenue

The HBLB provides revenue to racecourses to support the holding of race meetings. For taxation purposes, this revenue can be waived by racecourses, with HBLB approval, and transferred to 'capital credits', which is a tax-efficient scheme operated by the HBLB. These capital credits may be claimed by racecourses against expenditure on HBLB-approved capital projects and as a result, are not assessable to tax. It is the Company's policy that, as they are derived from and are dependent upon trading activities, capital credit receipts are recognised within revenue when the race meetings to which they relate are held. A corresponding receivable is recognised until the cash is received.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.



# ARENA RACING CORPORATION LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.6 Intangible fixed assets - goodwill

Acquired goodwill (representing the excess of the fair value of the consideration given over the fair value of the separate assets acquired) arising on consolidation is capitalised and included in intangible assets. Goodwill is amortised over 10 years; its useful economic life. Goodwill amortisation is included in administration expenses.

#### 1.7 Intangible fixed assets other than goodwill

Purchased racing fixtures are shown at cost. Purchased racing fixtures are amortised in equal instalments over their useful economic life of 20 years. The amortisation is included in administration expenses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Purchased racing fixtures	over 20 years
---------------------------	---------------

#### 1.8 Tangible fixed assets

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	2% on cost for buildings, 5% on cost for track
Leasehold improvements	over the period of the lease
Plant and machinery	5% to 25% on cost
Fixtures, fittings & equipment	5% to 25% on cost
Motor vehicles	25% on cost
Other assets	5% to 25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

#### 1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

# ARENA RACING CORPORATION LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

# ARENA RACING CORPORATION LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.13 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

*Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

*Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.*

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities 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 group after deducting all of its liabilities.

# ARENA RACING CORPORATION LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

#### **1.14 Equity instruments**

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

#### **1.15 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# ARENA RACING CORPORATION LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.16 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 cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.17 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.18 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

#### 1.19 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

#### 1.20 Provisions

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

# ARENA RACING CORPORATION LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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

- Determine whether there are indicators of impairment of the Group's intangible and tangible assets and the Group and Company's investments. Factors taken into account in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Determine the extent to which deferred tax assets are recognised upon taxable profits that are expected to arise in the future.
- Determine whether leases entered into by the company are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Determine the fair values of consideration paid and assets and liabilities acquired through business combinations.

Other key sources of estimation and uncertainty:

#### - Tangible fixed assets

The company recognises fixed assets where such expenditure enhances the racecourse assets, whereas any expenditure classed as maintenance is expensed in the period incurred. Determining enhancement from maintenance is a subjective area. The estimated useful economic lives of fixed assets are based on management judgement and experience.

#### - Intercompany and related party debtor recoverability

An assessment of intercompany and related party debtor recoverability has been made by the Directors as at 31 December 2021. The recoverability of these debts was based on expected future trade. Due to the material nature of these balances this is considered a significant judgement area.

### 3 Turnover and other revenue

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

	2021 £	2020 £
<b>Turnover analysed by geographical market</b>		
UK	142,405,381	102,778,934
Europe	7,948,606	7,836,826
United States of America	3,243	2,981
	<u>150,357,230</u>	<u>110,618,741</u>

# ARENA RACING CORPORATION LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 3 Turnover and other revenue

(Continued)

	2021 £	2020 £
<b>Other revenue</b>		
Interest income	272	88
Grants received	1,098,219	5,134,133
	<u>          </u>	<u>          </u>

Government grant income relates to that received under the furlough scheme.

### 4 Operating profit/(loss)

	2021 £	2020 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Government grants	(1,098,219)	(5,134,133)
Depreciation of owned tangible fixed assets	6,735,240	6,829,219
Loss on disposal of tangible fixed assets	2,382	-
Amortisation of intangible assets	7,734,820	7,531,191
Profit on disposal of intangible assets	-	(15,150)
Operating lease charges	951,149	997,165
	<u>          </u>	<u>          </u>

### 5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	175,000	174,000
	<u>          </u>	<u>          </u>

### 6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Salaried staff	488	417	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# ARENA RACING CORPORATION LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	13,985,494	15,549,000	-	-
Social security costs	1,048,295	1,130,000	-	-
Pension costs	330,572	340,000	-	-
	<u>15,364,361</u>	<u>17,019,000</u>	<u>-</u>	<u>-</u>

### 7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	<u>61,250</u>	<u>69,000</u>

### 8 Interest receivable and similar income

	2021 £	2020 £
<b>Interest income</b>		
Interest on bank deposits	<u>272</u>	<u>88</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>272</u>	<u>88</u>
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### 9 Interest payable and similar expenses

	2021 £	2020 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	23,756,615	23,069,869
Other interest on financial liabilities	<u>222,014</u>	<u>123,127</u>
	23,978,629	23,192,996
<b>Other finance costs:</b>		
Other interest	<u>1,618,703</u>	<u>1,684,117</u>
Total finance costs	<u>25,597,332</u>	<u>24,877,113</u>



**ARENA RACING CORPORATION LIMITED****NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021****10 Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	1,450,618	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	565,777	335,655
Adjustment in respect of prior periods	(796,560)	-
Total deferred tax	(230,783)	335,655
Total tax charge	1,219,835	335,655

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Loss before taxation	(15,778,453)	(26,761,371)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(2,997,906)	(5,084,660)
Tax effect of expenses that are not deductible in determining taxable profit	2,229,638	1,902,048
Tax effect of income not taxable in determining taxable profit	(461,810)	(364,000)
Tax effect of utilisation of tax losses not previously recognised	(594,600)	(450,949)
Adjustments in respect of prior years	(796,560)	(42,555)
Effect of change in corporation tax rate	(48,604)	(101,229)
Group relief	342,041	383,000
Restricted interest	3,547,636	4,094,000
Taxation charge	1,219,835	335,655

# ARENA RACING CORPORATION LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 11 Intangible fixed assets

Group	Goodwill	Purchased racing fixtures	Total
	£	£	£
<b>Cost</b>			
At 1 January 2021	107,100,476	3,200,000	110,300,476
Additions	3,531,477	-	3,531,477
At 31 December 2021	110,631,953	3,200,000	113,831,953
<b>Amortisation and impairment</b>			
At 1 January 2021	85,039,112	521,666	85,560,778
Amortisation charged for the year	7,574,820	160,000	7,734,820
At 31 December 2021	92,613,932	681,666	93,295,598
<b>Carrying amount</b>			
At 31 December 2021	18,018,021	2,518,334	20,536,355
At 31 December 2020	22,061,364	2,678,334	24,739,698

The company had no intangible fixed assets at 31 December 2021 or 31 December 2020.

# ARENA RACING CORPORATION LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 12 Tangible fixed assets

Group	Land and buildings	Leasehold improvements	Assets under construction	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Other assets	Total
	£	£	£	£	£	£	£	£
<b>Cost</b>								
At 1 January 2021	149,973,662	-	722,366	46,300,914	11,978,538	824,909	-	209,800,389
Additions	2,816,023	-	5,696,409	1,122,330	11,187	33,755	8,480	9,688,184
Business combinations	-	77,051	-	68,478	22,143	25,511	-	193,183
Disposals	-	-	-	(4,000)	(7,074)	(30,615)	-	(41,689)
Transfers	(23,700)	1,496,917	(1,496,917)	23,700	-	-	-	-
At 31 December 2021	152,765,985	1,573,968	4,921,858	47,511,422	12,004,794	853,560	8,480	219,640,067
<b>Depreciation and impairment</b>								
At 1 January 2021	27,100,641	-	-	29,539,962	7,511,131	677,275	-	64,829,009
Depreciation charged in the year	3,298,858	98,913	-	3,139,100	134,391	63,978	-	6,735,240
Eliminated in respect of disposals	-	-	-	(1,400)	(7,074)	(5,833)	-	(14,307)
At 31 December 2021	30,399,499	98,913	-	32,677,662	7,638,448	735,420	-	71,549,942
<b>Carrying amount</b>								
At 31 December 2021	122,366,486	1,475,055	4,921,858	14,833,760	4,366,346	118,140	8,480	148,090,125
At 31 December 2020	122,873,021	-	722,366	16,760,952	4,467,407	147,634	-	144,971,380

The company had no tangible fixed assets at 31 December 2021 or 31 December 2020.

# ARENA RACING CORPORATION LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 13 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	14	-	-	185,320,786	181,291,099
Investments in associates	15	18,987,566	18,082,880	4,151,521	4,151,521
Unlisted investments		52	52	-	-
		<u>18,987,618</u>	<u>18,082,932</u>	<u>189,472,307</u>	<u>185,442,620</u>

#### Movements in fixed asset investments Group

	Shares in associates £	Other investments £	Total £
<b>Cost or valuation</b>			
At 1 January 2021	18,082,880	52	18,082,932
Share of profit	3,335,265	-	3,335,265
Dividend received	(2,430,579)	-	(2,430,579)
At 31 December 2021	<u>18,987,566</u>	<u>52</u>	<u>18,987,618</u>
<b>Carrying amount</b>			
At 31 December 2021	<u>18,987,566</u>	<u>52</u>	<u>18,987,618</u>
At 31 December 2020	<u>18,082,880</u>	<u>52</u>	<u>18,082,932</u>

#### Movements in fixed asset investments Company

	Shares in subsidiaries and associates £
<b>Cost or valuation</b>	
At 1 January 2021	185,442,620
Additions	4,029,687
At 31 December 2021	<u>189,472,307</u>
<b>Carrying amount</b>	
At 31 December 2021	<u>189,472,307</u>
At 31 December 2020	<u>185,442,620</u>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

# ARENA RACING CORPORATION LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 14 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
All Weather Championships Limited	England and Wales	Dormant	Ordinary	100.00
Arena Leisure Limited	England and Wales	Provision of management and operational services	Ordinary	100.00
Arena Leisure Catering Limited*	England and Wales	Racecourse catering operations	Ordinary	100.00
Arena Leisure Racing Limited*	England and Wales	Racecourse operations	Ordinary	100.00
Arena Leisure Racing (Southwell) Limited*	England and Wales	Operator of Southwell racecourse	Ordinary	100.00
The Doncaster Racecourse Management Company Limited*	England and Wales	Operator of Doncaster racecourse	Ordinary	81.00
Emina Estates Limited*	England and Wales	Hotel operator	Ordinary	100.00
Ffos Las Racecourse Limited*	England and Wales	Operator of Ffos Las racecourse	Ordinary	100.00
Folkestone Race Course Limited*	England and Wales	Dormant	Ordinary	100.00
Galleon Hotels Limited*	England and Wales	Hotel operator	Ordinary	100.00
GRA Ltd	England and Wales	Operator of greyhounds tracks	Ordinary	100.00
Lingfield Park Limited*	England and Wales	Operator of Lingfield racecourse and resort	Ordinary	100.00
Nottingham Greyhound Stadium Limited	England and Wales	Operator of Nottingham Greyhound Stadium	Ordinary	100.00
The Racing Partnership*	England and Wales	Selling and provision of media rights	Ordinary	86.00
The Regal Sunderland Stadium Limited	England and Wales	Operator of Sunderland Greyhound Stadium	Ordinary	100.00
Team Greyhounds (Brough Park) Limited	England and Wales	Operator of Newcastle Greyhound Stadium	Ordinary	100.00
Windsor Racing Limited*	England and Wales	Operator of Royal Windsor racecourse	Ordinary	100.00
Wingrove Properties Limited*	England and Wales	Property investment	Ordinary	100.00

# ARENA RACING CORPORATION LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 14 Subsidiaries

(Continued)

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
Wolverhampton Racecourse Limited*	England and Wales	Operator of Wolverhampton racecourse	Ordinary	100.00
Worcester Racecourse Limited*	England and Wales	Operator of Worcester racecourse	Ordinary	81.00

\*Companies held through subsidiary undertakings  
Registered office addresses (all UK unless otherwise indicated):

Millbank Tower, 21-24 Millbank, London, SW1P 4QP

### 15 Associates

Details of associates at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Attheraces Holdings Limited	England & Wales	Racing Broadcaster	Ordinary	46
I-Neda Limited	England & Wales	Technology provider	Ordinary	45
Britbet Racing LLP	England & Wales	Pool betting arrangements	Ordinary	34

The registered address of Attheraces Holdings limited is Millbank Tower, 21-24 Millbank, London, SW1P 4QP. The registered address of I-Neda Limited is The Hub Fowler Avenue, Iq Farnborough, Farnborough, Hampshire, GU14 7JP. The registered address of Britbet Racing LLP is 75 High Holborn, London, W1U 7EU.

### 16 Joint ventures

Details of joint ventures at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Interest held	% Held Direct
Racecourse Data Company Limited	England and Wales	Licensing and control of pre-raceday data	Ordinary	9.09

The registered address of the above company is 10th Floor, The Met Building, 22 Percy Street, London, W1T 2BU.

# ARENA RACING CORPORATION LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 17 Acquisition of subsidiary undertakings

During the year, the group purchased the entire issued share capital of Cearnsport Limited for £4,029,687.

	Book and fair value £
Net assets at date of acquisition	
Fixed assets	197,525
Stocks	3,140
Debtors	324,875
Cash	230,726
Creditors	(258,056)
Net assets	498,210
Goodwill arising on acquisition	3,531,477
	<u>4,029,687</u>
Discharged by:	
Cash	3,941,405
Deferred settlement	68,572
Costs associated with the acquisition	19,710
	<u>4,029,687</u>

### 18 Stocks

	Group 2021 £	2020 £	Company 2021 £	2020 £
Finished goods and goods for resale	890,872	463,310	-	-

### 19 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
<b>Amounts falling due within one year:</b>				
Trade debtors	12,350,669	9,487,252	-	-
Corporation tax recoverable	995,204	2,529,938	-	-
Amounts owed by group undertakings	-	-	2,466,230	81,320
Amounts owed by related undertakings	9,865,855	18,202,646	-	-
Other debtors	4,475,070	2,961,432	1	(1)
Prepayments and accrued income	10,375,731	7,710,136	-	-
	<u>38,062,529</u>	<u>40,891,404</u>	<u>2,466,231</u>	<u>81,319</u>
Deferred tax asset (note 25)	871,115	665,600	-	-
	<u>38,933,644</u>	<u>41,557,004</u>	<u>2,466,231</u>	<u>81,319</u>

# ARENA RACING CORPORATION LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	23	23,693	106,929	-	-
Obligations under finance leases	24	3,125	43,723	-	-
Trade creditors		7,551,144	5,998,471	-	-
Amounts owed to group undertakings		-	-	24,157,720	292,365
Amounts owed to related undertakings		1,863,319	1,163,935	-	-
Other taxation and social security		1,858,856	3,583,853	-	-
Government grants	22	52,764	-	-	-
Other creditors		3,580,849	3,430,233	20,000	20,000
Accruals and deferred income		14,154,196	9,019,888	1,130,251	325,000
		<u>29,087,946</u>	<u>23,347,032</u>	<u>25,307,971</u>	<u>637,365</u>

Amounts owed to related undertakings are interest free and repayable on demand.

### 21 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans and overdrafts	23	39,469	-	-	-
Obligations under finance leases	24	6,063	-	-	-
Other borrowings	23	370,431,623	364,263,765	341,606,155	336,107,924
Government grants	22	2,316,580	2,388,934	-	-
		<u>372,793,735</u>	<u>366,652,699</u>	<u>341,606,155</u>	<u>336,107,924</u>

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	<u>363,225,574</u>	<u>-</u>	<u>-</u>	<u>-</u>
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### 22 Government grants

	Group 2021 £	2020 £	Company 2021 £	2020 £
Arising from government grants	<u>2,369,344</u>	<u>2,388,934</u>	<u>-</u>	<u>-</u>



# ARENA RACING CORPORATION LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 22 Government grants

(Continued)

Deferred income is included in the financial statements as follows:

Current liabilities	52,764	-	-	-
Non-current liabilities	2,316,580	2,388,934	-	-
	<u>2,369,344</u>	<u>2,388,934</u>	<u>-</u>	<u>-</u>

Deferred income represents two government grants:

The Objective One grant is being amortised over the life of the assets to which it relates at Doncaster racecourse. The initial grant received was £980,000. At year end, the balance amounted to £685,652 (2020: £705,242).

The Department of Environment grant is being released over the life of the assets to which it relates at Wolverhampton racecourse. The initial grant received was £2,639,000. At year end, the balance amounted to £1,683,692 (2020: £1,736,456).

### 23 Loans and overdrafts

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	39,469	-	-	-
Bank overdrafts	23,693	106,929	-	-
Other loans	370,431,623	364,263,765	341,606,155	336,107,924
	<u>370,494,785</u>	<u>364,370,694</u>	<u>341,606,155</u>	<u>336,107,924</u>
Payable within one year	23,693	106,929	-	-
Payable after one year	370,471,092	364,263,765	341,606,155	336,107,924
	<u>370,494,785</u>	<u>364,370,694</u>	<u>341,606,155</u>	<u>336,107,924</u>

The loans are secured by fixed charges over the assets of the group.

### 24 Finance lease obligations

	Group 2021 £	2020 £	Company 2021 £	2020 £
Future minimum lease payments due under finance leases:				
Within one year	3,125	43,723	-	-
In two to five years	6,063	-	-	-
	<u>9,188</u>	<u>43,723</u>	<u>-</u>	<u>-</u>

# ARENA RACING CORPORATION LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 25 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Assets 2021 £	Assets 2020 £
<b>Group</b>		
Accelerated capital allowances	471,319	(59,181)
Tax losses	26,016	727,781
Revaluations	373,780	(3,000)
	<u>871,115</u>	<u>665,600</u>

The company has no deferred tax assets or liabilities.

	Group 2021 £	Company 2021 £
<b>Movements in the year:</b>		
Asset at 1 January 2021	(665,600)	-
Credit to profit or loss	(205,515)	-
Asset at 31 December 2021	<u>(871,115)</u>	<u>-</u>

### 26 Retirement benefit schemes

	2021 £	2020 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>318,433</u>	<u>484,542</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 27 Share capital

	2021 Number	2020 Number	2021 £	2020 £
<b>Group and company</b>				
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

# ARENA RACING CORPORATION LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 28 Reserves

Called up share capital  
Represents the nominal value of equity shares issued.

Profit and loss account  
Retained earnings represent the company's cumulative net gains and losses.

### 29 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	787,435	997,000	-	-
Between two and five years	1,834,748	3,750,000	-	-
In over five years	21,812,465	23,959,000	-	-
	<u>24,434,648</u>	<u>28,706,000</u>	<u>-</u>	<u>-</u>

### 30 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Acquisition of tangible fixed assets	-	871,863	-	-
	<u>-</u>	<u>871,863</u>	<u>-</u>	<u>-</u>

### 31 Related party transactions

#### Transactions with related parties

The company has taken advantage of the exemption available in FRS 102 whereby it has not disclosed transactions with any wholly owned group companies.

During the year the group entered into the following transactions with related parties:

	Recharged income		Recharged costs	
	2021 £	2020 £	2021 £	2020 £
The Doncaster Racecourse Management Company Limited	4,362,248	4,694,000	(276,651)	251,000
Worcester Racecourse Limited	2,270,002	46,000	(129,626)	82,000
	<u>6,632,250</u>	<u>4,740,000</u>	<u>(406,277)</u>	<u>333,000</u>

# ARENA RACING CORPORATION LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 31 Related party transactions

(Continued)

	Management charges		Interest	
	2021	2020	2021	2020
	£	£	£	£
The Doncaster Racecourse Management Company Limited	1,552,526	439,000	2,235,440	2,244,000
Worcester Racecourse Limited	194,781	14,000	330,541	293,000

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2021	2020
	£	£
The Doncaster Racecourse Management Company Limited	41,208,000	41,208,000
Worcester Racecourse Limited	7,942,000	7,942,000

The directors receive remuneration for their services to the group from companies outside of the group. It is not practicable to allocate the proportion of their remuneration that relates to this group.

The group owns an equity share in Attheraces Holdings Limited (ATR), an associated company. During the year, the group made sales to ATR amounting to £35,095,559 (2020: £22,44,200). At the year end £893,681 (2020: £1,591,141) was due from ATR. The group also received a cash dividend during the year of £2,430,579 (2020: £1,458,000).

Included in debtors is an amount of £7,701,039 (2020: £11,523,000) due to NR Acquisitions Topco, a group controlled by the ultimate holding company. Cost of sales from NR Acquisitions Topco amounted to £8,439,640 (2020: £7,733,000).

Included in creditors is an amount of £nil (2020: £364,264,000) due to TFB (Mortgages) Designated Activity Company, a related company. Interest of £2,013,783 (2020: of £24,877,000) was charged and has been capitalised on this amount.

Included in creditors is an amount of £363,225,574 (2020: £nil) due to Hightower Finance (Jersey) Limited, a related company. Interest of £2,013,783 (2020: of £nil) was charged on this amount.

Included in creditors is an amount of £7,206,049 (2020: £nil) due to Hightower Finance Limited, a related company. Interest of £119,691 (2020: of £nil) was charged on this amount.

During the year ended 31 December 2021, the group paid rent of £148,000 (2020: £148,000) to Millbank Tower Limited, a company under common control.

Included within creditors is an amount of £1,102,121 (2020: £1,089,782) due to Isle Properties Limited.

Amount of £1,126,952 (2020: £4,733,000 - debtor) is included in creditors which is due to Aldersgate Investments Limited, a related company.

# ARENA RACING CORPORATION LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 32 Controlling party

The company's immediate parent company is Racing Holdings Limited, a company registered in the British Virgin Islands. The company's ultimate parent company is Omaha Business Holdings Corp., a company registered in the British Virgin Islands.

The registered address and principal place of business of Omaha Business Holdings Corp. and Racing Holdings Limited is 2nd Floor, O'Neal Marketing Associates Building, PO Box 3174, Wickham's Cay II, Road Town, Tortola, British Virgin Islands.

### 33 Cash generated from group operations

	2021 £	2020 £
Loss for the year after tax	(16,998,288)	(27,097,026)
<b>Adjustments for:</b>		
Share of results of associates and joint ventures	(3,335,265)	(1,325,615)
Taxation charged	1,219,835	335,655
Finance costs	25,597,332	24,877,113
Investment income	(272)	(88)
Loss on disposal of tangible fixed assets	2,382	-
(Gain)/loss on disposal of intangible assets	-	3,296
Amortisation and impairment of intangible assets	7,734,820	7,531,191
Depreciation and impairment of tangible fixed assets	6,735,240	6,829,219
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(427,562)	649,690
Decrease in debtors	1,294,141	6,361,533
Increase/(decrease) in creditors	5,921,368	(12,249,568)
(Decrease)/increase in deferred income	(19,590)	2,388,934
<b>Cash generated from operations</b>	<b>27,724,141</b>	<b>8,304,334</b>

### 34 Analysis of changes in net debt - group

	1 January 2021 £	Cash flows £	31 December 2021 £
Cash at bank and in hand	8,627,009	(2,740,628)	5,886,381
Bank overdrafts	(106,929)	83,236	(23,693)
	8,520,080	(2,657,392)	5,862,688
Borrowings excluding overdrafts	(364,263,765)	(6,207,327)	(370,471,092)
Obligations under finance leases	(43,723)	34,535	(9,188)
	(355,787,408)	(8,830,184)	(364,617,592)