

**Company Registration number: 03369723**

**BSI Speedway Limited**

**Annual report and financial statements**

**For the year ended 31 December 2016**

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# **BSI Speedway Limited**

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# **BSI Speedway Limited**

## **Officers and professional advisers**

Directors	Mr T Olsen	(Appointed 1 November 2016)
	Mr P Bellamy	(Appointed 1 April 2017)
	Mr R Armstrong	(Resigned 1 April 2017)
	Mr J Loffhagen	(Resigned 4 October 2016)

Company Secretary	Mr J Cooper	(Appointed 4 October 2016)
	Mr J Loffhagen	(Resigned 4 October 2016)

Registration number	03369723
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Registered office	Building 6 Chiswick Park 566 Chiswick High Road London W4 5HR United Kingdom
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Independent Auditor	Deloitte LLP Statutory Auditor 2 New Street Square London, EQ4A 3BZ United Kingdom
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# **BSI Speedway Limited**

## **Strategic report**

The directors present their strategic report on the affairs of BSI Speedway Limited, together with the financial statements and auditor's report, for the year ended 31 December 2016.

The strategic report forming part of this annual report and audited financial statements includes such matters that are otherwise required under section 416-418 of the Companies Act 2006 to be included in this report of the directors.

### **Principal activities**

The principal activity of BSI Speedway Limited is that of sports consultancy, rights representation and event management in the sport of speedway.

### **Review of the business**

Turnover arises principally from commercial television broadcasting rights, promoter's fees, sponsorship and ticket sales.

The increase in turnover has been through an increase in commercial broadcasting deals which have been renewed or signed in the year.

Cost savings came from stadium hire fees as a result of having less self-promoted events. The effect of doing less self-promoted events during the year decreased our cost on track building material, event accessories and travel as most of these cost are the promoter's responsibility.

Cost of sales have decreased after a series of cost saving measures across the business. The major savings came from stadium hire fees as a result of having less self-promoted events. The effect of doing less self-promoted events during the year decreased our cost on track building material, event accessories and travel as most of these cost are the promoter's responsibility.

Operating expenses consist of cost of sales (this includes event implementation cost, track building cost, television production costs, staff cost, television commission and licence fee), head office and intercompany recharges and depreciation. Operating costs increased mainly due to the new transfer pricing policy which was implemented with an effective date 1<sup>st</sup> January 2016 and resulted in an increased intercompany charge which sits in admin expenses.

Operating margins in the current year have dropped due to the extra cost in running a full calendar, doing additional non-promoted events, the aforementioned new TP charge and exchanges rate losses. It is expected that operating margins can return to historical levels as the directors look to improve margins via new business prospects and controlling cost.

### **Key performance indicators**

#### **Tickets sales**

Ticket sales are a good indicator of how things are doing as we are in charge of the ticket sales of our flagship and self-promoted events. This is monitored weekly and daily nearer to the event date against past years trends and senior management are able to react accordingly.

#### **TV revenue and Sponsorship income**

Management tries to secure multi-year deals for television broadcasters, series sponsors and elite sponsorship in order to get a sense of how things are looking for the company in the future. Other revenue from non-promoted events are normally secured before the season starts and tend to be multi-year deals also. The smaller deals like local grand prix sponsors are secured as we progress through the season.

The company's main area of business is the operation of the Individual Grand Prix and the World Cup Speedway series consisting of 15 events held in various countries.

# **BSI Speedway Limited**

## **Strategic report (continued)**

### **Principal risks and uncertainties**

#### **Market risk**

The company is exposed to decline in the economic environment impacting ticket sales, sponsorship revenues and event participation. These conditions may have an impact on the company's profitability. This risk is mitigated through entering multi year contracts.

#### **Loss of contracts**

The company may lose contracts or clients due to their merger or acquisition, business failure or contract expiration or a strategic reassessment by the client to take services 'in-house'. Such loss may have an impact on its profitability. The company manages this risk through maintaining client relationships.

#### **Credit risk**

The company primarily transacts with large blue chip clients which by their nature assist in reducing credit risk. Invoicing is agreed with the customer in advance and the company does not offer extended credit terms. In addition, trade debtor balances are monitored on an ongoing basis resulting in the company's exposure to bad debts being minimised. Many of the company's key client relationships are characterised by a close working relationship and knowledge of the business which reduces the credit risk.

#### **Exchange rate fluctuations**

The company currently operates in several countries and is and will continue to be exposed to foreign currency rate fluctuations. Where possible natural hedges are used through payment of expenses in the same currency as generated revenue. No foreign exchanges are deliberately used.

#### **Liquidity risk**

The company holds sufficient cash balances to meet its day to day working capital requirements.

#### **Future developments**

The directors expect the general level of activity to remain consistent with 2016 in the forthcoming year. This is as a result of operating in a fairly mature market. The directors aim to grow the company's revenue by reaching out into new markets and audiences.



Approved by the Board and signed on its behalf by:

T Olsen

28 September 2017

Building 6, Chiswick Park  
566 Chiswick High Road  
Chiswick  
London  
W4 5HR

# **BSI Speedway Limited**

## **Directors' report**

The directors present their annual report and audited financial statements for the year ended 31 December 2016.

The strategic report forming part of this annual report and audited financial statements includes such matters that are otherwise required under section 416-418 of the Companies Act 2006 to be included in this report of the directors.

### **Results and dividends**

The company's profit for the year after taxation amounted to £342,078 (2015: £1,189,601).

The company paid a dividend of £3,255,882 in the year (2015: £nil). This was due to an intercompany loan waiver from the group wide intercompany project which is treated as a distribution in kind.

The company's result for the year and the financial position at the end of the year are shown in the attached financial statements. Future development are discussed in the strategic report.

### **Financial risk management objectives and policies**

Financial risk management objectives and exposures have been discussed under principal risk and uncertainties on page 3.

### **Going concern**

The directors have considered the company's budgets and have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparation of the financial statement. See note 1 for more information.

### **Political and charitable donations**

The company made no political or charitable donations during the year.

### **Directors**

The director who served throughout the year and up to the date of this report, except as noted,

Mr R Armstrong	(Resigned 1 April 2017)
Mr T Olsen	(Appointed 1 November 2016)
Mr P Bellamy	(Appointed 1 April 2017)

### **Director's indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### **Employees**

The company had no employees during the current year (2015: Nil).

## **BSI Speedway Limited**

### **Directors' report (continued)**

#### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



T Olsen

28 September 2017

Building 6, Chiswick Park  
566 Chiswick High Road  
Chiswick  
London  
W4 5HR

# **BSI Speedway Limited**

## **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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

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



# **BSI Speedway Limited**

## **Independent auditor's report to the members of BSI Speedway Limited**

We have audited the financial statements of BSI Speedway Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

### **Respective responsibilities of directors and auditor**

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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

## **BSI Speedway Limited**

### **Independent auditor's report to the members of BSI Speedway Limited (continued)**

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

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

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



Sandy Sullivan, FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

28 September 2017

# BSI Speedway Limited

## Statement of comprehensive income For the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	2	8,608,299	7,850,975
Cost of sales		(4,231,720)	(5,161,919)
<b>Gross profit</b>		<b>4,376,579</b>	<b>2,689,056</b>
Administrative expenses		(3,953,928)	(913,263)
<b>Operating profit</b>		<b>422,651</b>	<b>1,775,793</b>
Loss on disposal of fixed assets		-	(14,806)
Net finance costs	3	12,000	(268,826)
<b>Profit on ordinary activities before taxation</b>		<b>434,651</b>	<b>1,492,161</b>
Tax on profit on ordinary activities	8	(92,573)	(302,560)
<b>Profit for the year and total comprehensive income</b>		<b>342,078</b>	<b>1,189,601</b>

All the above results relate to continuing operations. There are no recognised gains or losses other than those reported above.

The notes form an integral part of these financial statements on pages 12 to 21.

# BSI Speedway Limited

## Statement of financial position As at 31 December 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	9	158,540	285,060
		<u>158,540</u>	<u>285,060</u>
<b>Current assets</b>			
Debtors	10	10,418,204	8,021,922
Cash at bank and in hand		670,935	189,782
		<u>11,089,139</u>	<u>8,211,704</u>
<b>Creditors: amounts falling due within one year</b>	12	(8,508,801)	(2,844,082)
<b>Net current assets</b>		<u>2,580,338</u>	<u>5,367,622</u>
<b>Total assets less current liabilities</b>		<u>2,738,878</u>	<u>5,652,682</u>
<b>Net assets</b>		<u>2,738,878</u>	<u>5,652,682</u>
<b>Capital and reserves</b>			
Called-up share capital	13	1,300,000	1,300,000
Profit and loss account	14	1,438,878	4,352,682
		<u>2,738,878</u>	<u>5,652,682</u>
<b>Shareholders' funds</b>		<u>2,738,878</u>	<u>5,652,682</u>

The financial statements of BSI Speedway Limited (registered number - 03369723) were approved by the board of directors and authorised for issue on 28 September 2017. They were signed on its behalf by:



T Olsen  
Director

## BSI Speedway Limited

### Statement of changes in equity At 31 December 2016

	Called up Share capital £	Profit and loss account £	Total £
At 1 January 2015	1,300,000	3,163,081	4,463,081
Profit for the year	-	1,189,601	1,189,601
At 31 December 2015	<u>1,300,000</u>	<u>4,352,682</u>	<u>5,652,682</u>
At 1 January 2016	1,300,000	4,352,682	5,652,682
Profit for the year	-	342,078	342,078
Dividends	-	(3,255,882)	(3,255,882)
At 31 December 2016	<u>1,300,000</u>	<u>1,438,878</u>	<u>2,738,878</u>

# **BSI Speedway Limited**

## **Notes to the Financial Statements** **For the year ended 31 December 2016**

### **1. Accounting Policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the prior year.

#### **Basis of preparation**

BSI-Speedway Limited ('the Company') is a private company limited by shares incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, WME Entertainment Parent LLC., which may be obtained at IMG, 1360 E. 9<sup>th</sup> Street, Suite 100, Cleveland, Ohio, 44114, United States of America.

Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement.

#### **Going concern**

The Company's business activities together with the factors likely to affect its future development, performance and position are discussed in the strategic and directors' reports on pages 2 to 5.

After making enquiries and reviewing company forecasts, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### **Turnover**

Turnover represents events revenue comprising of sponsorship income, domestic and foreign TV income, ticket income, promoters fees and hospitality services, net of Value Added Tax.

Revenue is recorded as earned. Revenue from sports events is earned in the period that the event occurs. When revenue from contractual agreements are dependent upon the occurrence of future events, recognition of the revenue is deferred until such event has occurred.

#### **Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost, net of accumulated depreciation. Depreciation is provided on all tangible fixed assets to write off the cost less estimated residual value, of each asset on a straight-line basis over its expected useful life. The depreciation method used is:

Fixtures, fittings and equipment - range of 12-48 months straight line

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

# **BSI Speedway Limited**

## **Notes to the Financial Statements (continued)**

For the year ended 31 December 2016

### **1. Accounting Policies (continued)**

#### **Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

#### **Financial assets**

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### **Finance Leases**

Leases where the company has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the balance sheet and included in "trade and other receivables". The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

# BSI Speedway Limited

## Notes to the Financial Statements (continued) For the year ended 31 December 2016

### 1. Accounting Policies (continued)

#### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors of the company consider there to be no significant judgements, estimates or assumptions made about carrying amounts of assets and liabilities in the preparation of these financial statements.



# BSI Speedway Limited

## Notes to the Financial Statements (continued) For the year ended 31 December 2016

### 2. Turnover and revenue

An analysis of the Company's turnover by geographical market is set out below.

		2016 £		2015 £
<b>Turnover :</b>				
UK	30.7%	2,643,979	21%	1,648,705
Continental Europe	63.8%	5,489,822	75%	5,888,231
Asia Pacific	3.5%	299,202	3%	235,529
Other	2%	175,296	1%	78,510
		<u>100%</u>	<u>100%</u>	<u>7,850,975</u>
		<u>8,608,299</u>		

### 3. Net finance costs

	2016 £	2015 £
Interest receivable	31,945	-
Foreign exchange loss	(19,945)	(268,826)
	<u>12,000</u>	<u>(268,826)</u>

### 4. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charges.

	2016 £	2015 £
Depreciation of tangible fixed assets		
-owned by the company	128,204	126,384
-leased assets	9,140	9,140
Gains/(losses) on foreign exchange	(19,945)	268,826

### 5. Auditor's remuneration

Fees payable to Deloitte LLP for the audit of the Company's annual financial statements were £23,400 (2015: £27,000).

## BSI Speedway Limited

### Notes to the Financial Statements (continued) For the year ended 31 December 2016

#### 6. Staff numbers and costs

	2016 £	2015 £
Group staff costs recharge	-	707,689

As referred to in Note 16, effective 1 January 2016, the Company is now compensated for services performed under the Sales support and Services Agreement. As a result, staff costs are no longer recharged by their employing entities.

#### 7. Directors' remuneration and transactions

	2016 £	2015 £
<i>Directors' remuneration</i>		
Emoluments	-	137,211
Company contributions to money purchase pension schemes	-	9,648
	-	146,859

	2016 No.	2015 No.
<b>The number of directors who:</b>		
Are members of a money purchase pension scheme	-	1

As referred to in Note 16, effective 1 January 2016, the Company is now compensated for services performed under the Sales support and Services Agreement. As a result, staff costs are no longer recharged by their employing entities.

# BSI Speedway Limited

## Notes to the Financial Statements (continued) For the year ended 31 December 2016

### 8. Tax on profit on ordinary activities

	2016 £	2015 £
The tax charge comprises:		
<b>UK corporation tax</b>		
Current tax on income for the year	93,094	306,439
Adjustments in respect of prior years	3,627	6,831
<b>Foreign tax</b>		
Current tax on income for the year	2,722	3,070
<b>Total current tax</b>	99,443	316,340
<b>Deferred tax</b>		
Origination and reversal of timing differences	(6,870)	(13,780)
<b>Total tax on profit on ordinary activities</b>	92,573	302,560

Factors affecting current tax charge

The tax charge for the year is higher (2015: higher) than the standard rate of corporation tax in the UK 20% (2015: 20.25%)

	2016 £	2015 £
<b>Profit on ordinary activities before tax</b>	434,651	1,492,161
<b>Total tax at 20% (2015: 20.25%)</b>	86,930	302,163
Effects of:		
- Expenses not deductible for tax purposes	1,252	2,585
- Rate changes	763	5,161
- Adjustments to tax charge in respect of previous years	3,627	(7,349)
- Foreign tax	-	-
<b>Total tax charge for the year</b>	92,573	302,560

# BSI Speedway Limited

## Notes to the Financial Statements (continued) For the year ended 31 December 2016

### 9. Tangible fixed assets

	Fixtures, fittings & equipment £	Total £
<b>Cost or valuation</b>		
At 1 January 2016	777,483	777,483
Additions	10,824	10,824
Disposals	-	-
At 31 December 2016	<u>788,307</u>	<u>788,307</u>
<b>Depreciation</b>		
At 1 January 2016	492,423	492,423
Charge for the year	137,344	137,344
Disposals	-	-
At 31 December 2016	<u>629,767</u>	<u>629,767</u>
<b>Net book value</b>		
At 31 December 2016	<u>158,540</u>	<u>158,540</u>
At 31 December 2015	<u>285,060</u>	<u>285,060</u>

### Assets held under finance leases

The Company has leased the fencing on leases which are considered to meet the definition of finance leases and are accounted for accordingly. The rental period commenced on delivery of the equipment and shall continue until the last day of the FIM Speedway Prix event in 2019. The carrying value of these leased assets was £6,855 at the year end (2015: £15,995)

### 10. Debtors

	2016 £	2015 £
<b>Amounts falling due within one year:</b>		
Trade debtors	26,300	246,010
Amounts owed by group undertaking repayable on demand	10,141,433	7,502,941
Other debtors	99,674	105,512
Prepayments and accrued income	98,009	121,543
Deferred tax asset (see note 11)	52,788	45,916
	<u>10,418,204</u>	<u>8,021,922</u>

# BSI Speedway Limited

## Notes to the Financial Statements (continued) For the year ended 31 December 2016

### 11. Deferred tax asset

The elements of deferred taxation are as follows:

	2016 £	2015 £
Balance at 1-January---	45,918	32,137
Profit and loss account	6,870	13,780
	<u>52,788</u>	<u>45,917</u>
Balance at 31 December	<u>52,788</u>	<u>45,917</u>

The deferred tax asset of £52,788 (2015:£45,917) is made up as follows:

	2016 £	2015 £
Excess of capital allowances over depreciation	52,788	45,917
	<u>52,788</u>	<u>45,917</u>

There is no expiry date on timing differences, unused tax losses or tax credits.

The net reversal of deferred tax expected to occur next year is not material.

### 12. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	99,642	27,420
Amounts owed to group undertakings	7,213,259	1,435,064
Corporation tax	-	-
Other taxation and social security	163,904	111,142
Accruals and deferred income	1,031,996	1,270,456
	<u>8,508,801</u>	<u>2,844,082</u>

Amounts owed to group undertakings are repayable on demand.

### 13. Called-up share capital and reserves

	2016 £	2015 £
Allotted, called-up and fully-paid		
A 500,000 ordinary shares of £0.10 each	50,000	50,000
B 500,000 ordinary shares of £0.10 each	50,000	50,000
1,200,000 Redeemable preference shares of £1 each	1,200,000	1,200,000
	<u>1,300,000</u>	<u>1,300,000</u>

The Company has two classes of ordinary shares which both carry no right to fixed income.

# BSI Speedway Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2016

### 14. Reserves

	Profit and loss account £
At 1 January 2016	4,352,682
Profit for the financial year	342,078
Dividends	(3,255,882)
At 31 December 2016	<u>1,438,878</u>

### 15. Financial commitments

At 31 December 2016, the company had annual commitments under a commercial rights agreement ("the agreement") until year 2021 with Federation Internationale de Motocyclisme ("FIM"). Under the agreement the amount paid by the company each year to the FIM varies according to the number of events organised by the company to exploit the commercial rights received in the agreement. The agreement may be terminated at any time for valid reasons by either party, including but not limited to, BSI being more than 15 days late with a payment due under the agreement, the television coverage of the events being grossly insufficient or a change in the actual or legal control of BSI.

Financial commitments of the company under the agreement based on the minimum number of events being organised during the term of the agreement are as follows.

	2016 £	2015 £
Within one year	2,373,357	1,895,174
Within two to five years	10,312,814	8,217,490
After five years	-	2,233,241
	<u>12,686,171</u>	<u>12,345,905</u>

### 16. Related party transactions

All related parties with whom the company entered into transactions during the period and with whom balances existed at the end of the period, not already disclosed, were fellow subsidiaries of WME Entertainment Parent LLC.

Effective 1 January 2016, the Company entered into a Sales support and Services Agreement with its parent company International Management Group (U.K.) Limited. Under this agreement the Company acts as a Service Provider to the parent company and is compensated for services provided to the parent.

Advantage has been taken of the qualifying entity exemption not to disclose related party transactions with other group companies.

## **BSI Speedway Limited**

### **Notes to the Financial Statements (continued)**

For the year ended 31 December 2016

#### **17. Ultimate parent company and controlling party**

The immediate parent company is International Management Group (UK) Limited, Building 6, Chiswick Park, 566 Chiswick High Road, London, W4 5HR, United Kingdom, a company registered in England and Wales.

At 31 December 2016, WME Entertainment Parent LLC, 251 Little Falls Drive, Wilmington, DE 19808, USA, is the ultimate parent company and controlling party.

WME Entertainment Parent LLC is the largest and smallest group of which the company is a member and for which group financial statements are prepared.

Requests for financial information should be addressed to Seth Krauss, IMG, 1360 E. 9th Street, Suite 100, Cleveland, Ohio, 44114, United States of America.