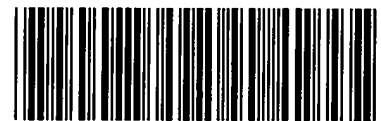


# **BSI SPEEDWAY LIMITED**

## **DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

MONDAY



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COMPANIES HOUSE

## **BSI SPEEDWAY LIMITED**

### **COMPANY INFORMATION**

<b>Director</b>	R Armstrong
<b>Company secretary</b>	J Loffhagen
<b>Registered number</b>	03369723
<b>Registered office</b>	Building 6 Chiswick Park 566 Chiswick High Road London W4 5HR
<b>Independent auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

# **BSI SPEEDWAY LIMITED**

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## **BSI SPEEDWAY LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**

#### **Business review**

Turnover arises principally from commercial television broadcasting rights, promoter's fees, Sponsorship and ticket sales. Turnover over the past year is slightly down due to receiving lower fees for a renewed contract.

Costs have also increased over the year due to more self-promoted events. The effect of an additional promoted event increases our costs on track building material, stadium hire fees, program production and travel. In addition to that, we have had significant foreign exchange losses due to significant changes in euro denominated intercompany balances.

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. The head office recharges include a recharge of management and consulting services provided by senior and central management of IMG UK LTD's London based corporate services. In addition to this, there is a "business system royalty" cost that goes to IMG Worldwide INC (ultimate parent company). This royalty charge is for the use of IMG's intangible properties which includes IMG senior management expertise, financial guarantees and the global trade name and network of IMG.

Operating margins in the current year have dropped due to the extra cost in running a full calendar, additional promoted events and exchange rate losses. It is expected that operating margins can be restored to historical levels as the directors look to improve margins via new business prospects and controlling cost.

#### **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 accounts.

#### **Principal risks and uncertainties**

##### **Market risk**

The company is exposed to a decline in the economic environment impacting ticket sales, sponsorship revenues and event participation. Such conditions may have a material impact on the company's profitability.

##### **Loss of clients**

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 a loss may have a material impact on its profitability.

##### **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 with the result that the company's exposure to bad debts is 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.

##### **Liquidity risk**

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

**BSI SPEEDWAY LIMITED**

**STRATEGIC REPORT (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**Financial key performance indicators**

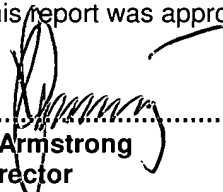
**Tickets sales**

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 daily against past years' trends and senior management are able to react accordingly as and when necessary.

**TV revenue and sponsorship income**

Management tries to secure multiyear deals for the host broadcasters, the series sponsors and elite sponsorship level in order to get a sense of how things are looking for the company in the near future. This is normally secured before the season starts. The smaller deals i.e. Grand prix sponsors are secured as we go through the season.

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

  
.....  
**R Armstrong**  
Director

Date: 8/12/2015

## **BSI SPEEDWAY LIMITED**

### **DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**

The director presents his report and the financial statements for the year ended 31 December 2014.

#### **Principal activities**

The principal activity of the company is that of sports consultancy, rights representation and event management.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,251,627 (2013 - £1,566,585).

The company paid a dividend of £Nil in the year (2013 - £Nil).

#### **Directors**

The directors who served during the year were:

J Raleigh (resigned 1 January 2015)  
R Armstrong

#### **Future developments**

To continue to grow the company's revenue by reaching out to new markets and audiences.

#### **Provision of information to auditor**

The director at the time when this director's report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

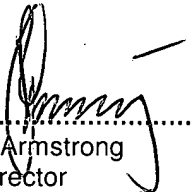
#### **Financial Risk Management**

Financial risk management objectives and exposures have been discussed under principal risks and uncertainties on page 1.

#### **Auditor**

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

  
.....  
R Armstrong  
Director

Date: 8/12/2015

## **BSI SPEEDWAY LIMITED**

### **DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 company and of the profit or loss of the company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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.

## **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 2014 which comprise of the profit and loss account, the balance sheet and the related notes. 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).

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 director and auditor**

As explained more fully in the statement of director's responsibilities, the director is 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **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 2014 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 the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## BSI SPEEDWAY LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BSI SPEEDWAY LIMITED

#### 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.

**BDO LLP**

**Stuart Barnsdall** (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

Date: 14/12/2015

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

**BSI SPEEDWAY LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	<b>Note</b>	<b>2014 £</b>	<b>2013 £</b>
<b>TURNOVER</b>		<b>8,783,989</b>	8,861,274
Administrative expenses		<b>(7,188,834)</b>	(6,800,344)
<b>OPERATING PROFIT</b>	<b>3</b>	<b>1,595,155</b>	2,060,930
Interest receivable and similar income	6	-	9,170
Interest payable and similar charges		-	(2,737)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,595,155</b>	2,067,363
Tax on profit on ordinary activities	7	<b>(343,528)</b>	(500,778)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>1,251,627</b>	1,566,585

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

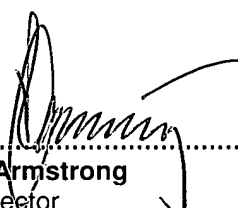
The notes on pages 9 to 16 form part of these financial statements.

**BSI SPEEDWAY LIMITED**  
**REGISTERED NUMBER: 03369723**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2014**

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Tangible assets	8		162,309		131,682
<b>CURRENT ASSETS</b>					
Debtors	9	5,904,175		3,839,395	
Cash at bank		1,948,840		2,042,571	
		<u>7,853,015</u>		<u>5,881,966</u>	
<b>CREDITORS:</b> amounts falling due within one year	10	<u>(3,552,243)</u>		<u>(2,802,194)</u>	
<b>NET CURRENT ASSETS</b>			<u>4,300,772</u>		<u>3,079,772</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,463,081</u>		<u>3,211,454</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		1,300,000		1,300,000
Profit and loss account	13		3,163,081		1,911,454
<b>SHAREHOLDERS' FUNDS</b>	14		<u>4,463,081</u>		<u>3,211,454</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
 .....  
**R Armstrong**  
 Director

Date: 8/12/2015

The notes on pages 9 to 16 form part of these financial statements.

## **BSI SPEEDWAY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**

#### **1. ACCOUNTING POLICIES**

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

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

##### **1.2 Cash flow**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

##### **1.3 Turnover**

Turnover represents event revenues comprising of sponsorship income, domestic and foreign TV sales income, ticket income, promoter 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 revenues from contractual agreements are dependent upon the occurrence of future events, recognition of the revenue is deferred until such events have occurred.

##### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Event fixtures	- 20% straight line
----------------	---------------------

##### **1.5 Operating leases**

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

##### **1.6 Taxation**

Current 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.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

# BSI SPEEDWAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 1. ACCOUNTING POLICIES (continued)

#### 1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

### 2. TURNOVER

	2014 %	2013 %
<b>Geographical location analysis</b>		
UK	23.6	24.1
Continental Europe	72.2	71.6
Asia Pacific	2.7	3.8
Other	1.5	0.5

### 3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	95,969	90,951
Auditor's remuneration	21,500	19,000
Difference on foreign exchange	296,137	(41,553)
	<u>          </u>	<u>          </u>

### 4. STAFF COSTS

	2014 £	2013 £
IMG Group Staff costs recharge	787,522	784,476
	<u>          </u>	<u>          </u>

The company has nil employees (2013: Nil). Staff costs during the year relate to recharges by International Management Group (UK) Limited for staff directly involved with the operations of the company.

**BSI SPEEDWAY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**5. DIRECTOR'S REMUNERATION**

	2014 £	2013 £
Remuneration	<u>143,750</u>	<u>112,500</u>
Company pension contributions to defined contribution pension schemes	<u>10,240</u>	<u>10,128</u>

During the year retirement benefits were accruing to 1 director (2013 - 1) in respect of defined contribution pension schemes.

The directors' remuneration is charged within an intercompany recharge, which has been disclosed in the related parties note 16.

**6. INTEREST RECEIVABLE**

	2014 £	2013 £
Interest receivable from group companies	-	8,999
Other interest receivable	-	171
	<u>-</u>	<u>9,170</u>

**7. TAXATION**

	2014 £	2013 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	359,506	500,176
Adjustments in respect of prior periods	(10,964)	3,957
<b>Total current tax</b>	<u>348,542</u>	<u>504,133</u>
<b>Deferred tax</b> (see note 11)		
Origination and reversal of timing differences	(5,014)	(3,355)
<b>Tax on profit on ordinary activities</b>	<u>343,528</u>	<u>500,778</u>

# BSI SPEEDWAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 7. TAXATION (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>1,595,155</u>	<u>2,067,363</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	342,958	480,662
<b>Effects of:</b>		
Non deductible expenditure	9,269	12,010
Depreciation for the year in excess of capital allowances	5,390	7,504
Adjustments to tax charge in respect of prior periods	(10,964)	3,957
Foreign tax	1,889	-
<b>Current tax charge for the year</b> (see note above)	<u>348,542</u>	<u>504,133</u>

#### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

### 8. TANGIBLE FIXED ASSETS

	Fixtures, fittings & equipment £
<b>Cost</b>	
At 1 January 2014	609,025
Additions	126,596
At 31 December 2014	<u>735,621</u>
<b>Accumulated Depreciation</b>	
At 1 January 2014	477,343
Charge for the year	95,969
At 31 December 2014	<u>573,312</u>
<b>Net book value</b>	
At 31 December 2014	<u>162,309</u>
At 31 December 2013	<u>131,682</u>

**BSI SPEEDWAY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**9. DEBTORS**

	2014	2013
	£	£
Trade debtors	78,763	133,131
Amounts owed by group undertakings	5,576,581	3,369,739
Other debtors	13,763	6,087
Prepayments and accrued income	202,931	303,315
Deferred tax asset (see note 11)	32,137	27,123
	<u>5,904,175</u>	<u>3,839,395</u>

**10. CREDITORS:  
Amounts falling due within one year**

	2014	2013
	£	£
Trade creditors	11,016	28,653
Amounts owed to group undertakings	2,105,436	1,014,585
Corporation tax	25,826	-
Other taxation and social security	20,324	111,222
Other creditors	-	18,688
Accruals and deferred income	1,389,641	1,629,046
	<u>3,552,243</u>	<u>2,802,194</u>

**11. DEFERRED TAX ASSET**

	2014	2013
	£	£
At beginning of year	27,123	23,768
Credited/(released) during the year	5,014	3,355
	<u>32,137</u>	<u>27,123</u>

The deferred tax asset is made up as follows:

	2014	2013
	£	£
Timing differences in respect of capital allowances	<u>32,137</u>	<u>27,123</u>



**BSI SPEEDWAY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**12. SHARE CAPITAL**

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
500,000 'A' ordinary shares shares of £0.10 each	50,000	50,000
500,000 'B' ordinary shares shares of £0.10 each	50,000	50,000
1,200,000 Preference shares shares of £1 each	1,200,000	1,200,000
	<hr/>	<hr/>
	<b>1,300,000</b>	<b>1,300,000</b>
	<hr/>	<hr/>

The 1,200,000 preference shares include no ongoing entitlement to receive any dividend distributions or other income whatsoever. On sale or winding up of the company the gross proceeds shall be applied to the holders of the preference shares in priority to the holders of the ordinary shares up to a maximum of £1,200,000. The balance of any proceeds thereafter shall be applied to the holders of the ordinary shares.

**13. RESERVES**

	<b>Profit and loss account £</b>
At 1 January 2014	1,911,454
Profit for the financial year	1,251,627
	<hr/>
At 31 December 2014	<b>3,163,081</b>
	<hr/>

**14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2014 £	2013 £
Opening shareholders' funds	3,211,454	1,644,869
Profit for the financial year	1,251,627	1,566,585
	<hr/>	<hr/>
Closing shareholders' funds	<b>4,463,081</b>	<b>3,211,454</b>
	<hr/>	<hr/>

# BSI SPEEDWAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### 15. OTHER FINANCIAL COMMITMENTS

At 31 December 2014, 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.

	2014 £	2013 £
Within one year	1,747,660	1,560,450
Within two to five years	7,561,677	6,739,900
After five years	4,173,602	5,727,350
	<hr/>	<hr/>
Total other financial commitments not provided in the financial statements	13,482,939	14,027,700
	<hr/>	<hr/>

### 16. RELATED PARTY TRANSACTIONS

Transactions with group undertakings during the year were as follows:

	2014 £	2013 £
Amounts charged by International Management Group (UK) Limited for staff costs, management fees and rights fees	988,338	901,290
Amounts charged by Trans World International UK Limited for TV rights	531,478	551,765
Royalties charged by International Merchandising Corporation	412,626	415,275
Interest received on loans to IMG GmbH and IMG Sweden	-	8,999
Amounts charged by International Management Group Inc.	87,206	134,071

Balances with group undertakings at year end were as follows:

Amounts (owed to)/due from International Management Group (UK) Limited	(873,818)	-
Amounts due from Trans World International Inc	49,638	3,605
Amounts due from/(owed to) Trans World International UK Limited	(274,348)	(288,272)
Amounts owed to IMG (Sweden) AB	(45,128)	(130,376)
Amounts due from CSI Sports Ltd	5,184,622	3,202,302
Amounts owed to International Merchandising Corporation	(912,142)	(406,918)
Amounts due from/(owed to) IMG New Zealand	342,319	163,832
	<hr/>	<hr/>

**BSI SPEEDWAY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

At 31 December 2014, the company is a wholly owned subsidiary of BSI Speedway (Holdings) Limited. The ultimate parent company is WME Entertainment Parent LLC, which is incorporated in the USA.

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 IMG Center, Suite 100, 1360 East Ninth Street, Cleveland, Ohio, 44114, USA.