

Registration number 03369723

# BSI Speedway Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018



## **BSI Speedway Limited**

### **Contents**

<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2 to 4</b>
<b>Directors' Report</b>	<b>5 to 6</b>
<b>Statement of Directors' Responsibilities</b>	<b>7</b>
<b>Independent Auditor's Report</b>	<b>8 to 10</b>
<b>Profit and Loss Account</b>	<b>11</b>
<b>Balance Sheet</b>	<b>12</b>
<b>Statement of Changes in Equity</b>	<b>13</b>
<b>Notes to the Financial Statements</b>	<b>14 to 24</b>

## **BSI Speedway Limited**

### **Company Information**

<b>Directors</b>	Mr T Olsen (resigned 30 September 2019) Mr P Bellamy Mr N Leishman (appointed 30 September 2019) Mr A S Matharu (appointed 30 September 2019)
<b>Company secretary</b>	Mr J Cooper
<b>Registered office</b>	Building 6 Chiswick Park 566 Chiswick High Road London W4 5HR
<b>Independent Auditor</b>	Deloitte LLP Statutory Auditor 1 New Street Square London, EC4A 3HQ United Kingdom

## **BSI Speedway Limited**

### **Strategic Report for the Year Ended 31 December 2018**

The directors present their strategic report for the year ended 31 December 2018. The purpose of the Strategic report is to inform members of the company and help them assess how the directors have performed their duty under section 172 of the Companies Act 2006 (duty to promote success of the company)

#### **Principal activity**

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

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

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

Cost of sales includes event implementation cost, track building cost, television production costs, television commission and licence fee

#### **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.

Turnover is used as main financial KPI. The decrease in turnover for the current year is due to a decrease in the number of events held throughout 2018 in comparison of 2017.

Turnover 2018 was £8,579,455 (2017 £9,355,289), an decrease of 8.3%

The profit for the financial year after taxation was £693,303 (2017 £544,981), an increase of 27%. This is largely due to a decrease in administrative expenses

## **BSI Speedway Limited**

### **Strategic Report for the Year Ended 31 December 2018 (continued)**

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

The principal risks and uncertainties facing the Company are.

- **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 contracts and clients** – The Company may lose contracts and/or clients due to mergers or acquisitions, business failures, contract expirations or strategic reassessments by clients to take services 'in-house'. Such a loss may have a material impact on the Company's 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 long term knowledge of the business which reduces the credit risk.
- **Foreign exchange risk** – The Company currently operates in several countries and is, and will continue to be, exposed to foreign currency rate fluctuations. The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes. The Company uses external advice on currency dealings with its bank. Where possible natural hedges are used.
- **Liquidity risk** – The Company believes that future cash flows from operations and availability under existing credit facility with the parent Company will be sufficient to meet its ongoing operations and future developments. Under senior management's supervision, the Company manages its liquidity according to financial forecasts and expected cash flows.

The current economic conditions with Brexit may create some uncertainty about future demand in businesses in the United Kingdom. In noting this, the company benefits from a number of medium to long term contracts with clients and customers which reduce their short term exposure to such conditions and in turn short term volatility in the company's performance.

## BSI Speedway Limited

### Strategic Report for the Year Ended 31 December 2018 (continued)

#### Future developments

It is expected that the directors will look to improve gross margins via new business wins, continued new business initiatives associated with the positive long-term industry trends and continuing focus on cost-reduction.

Approved by the Board on 02/10/19 and signed on its behalf by:



Mr N Leishman (appointed 30 September 2019)  
Director

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

## **BSI Speedway Limited**

### **Directors' Report for the Year Ended 31 December 2018**

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

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 ££693,303 (2017: ££544,981).

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.

#### **Dividends**

No dividends were paid in 2018 (2017: £nil)

#### **Directors of the company**

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

Mr T Olsen (resigned 30 September 2019)

Mr P Bellamy

Mr N Leishman (appointed 30 September 2019)

Mr A S Matharu (appointed 30 September 2019)

#### **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 (2017: Nil)

#### **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

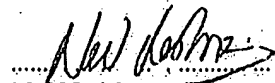
the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

**BSI Speedway Limited**

**Directors' Report for the Year Ended 31 December 2018 (continued)**

Approved by the Board on 02/10/19 and signed on its behalf by.



Mr N Leishman (appointed 30 September 2019)  
Director

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



## **BSI Speedway Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities 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 FRS102 "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 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.

## **BSI Speedway Limited**

### **Independent Auditor's Report to the Members of BSI Speedway Limited**

In our opinion the financial statements of BSI Speedway Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 14

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)

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate, or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue

We have nothing to report in respect of these matters.

#### **Other information**

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

## **BSI Speedway Limited**

### **Independent Auditor's Report to the Members of BSI Speedway Limited (continued)**

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

We have nothing to report in respect of these matters.

#### **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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Report on other legal and regulatory requirements**

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

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

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

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 or the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

## BSI Speedway Limited

### Independent Auditor's Report to the Members of BSI Speedway Limited (continued)

We have nothing to report in respect of these matters.

#### 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.

*Sandy Sullivan*

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

London  
United Kingdom

Date: 2 October 2019

# BSI Speedway Limited

## Profit and Loss Account for the Year Ended 31 December 2018

	Note	2018 £	2017 £
Turnover	2	£8,579,455	£9,355,289
Cost of sales		<u>(£4,313,156)</u>	<u>(£4,824,360)</u>
Gross profit		£4,266,299	£4,530,929
Administrative expenses		<u>(£4,015,398)</u>	<u>(£4,241,912)</u>
Operating profit		<u>£250,901</u>	<u>£289,017</u>
Finance costs (net)	3	<u>£611,358</u>	<u>£403,246</u>
		<u>£611,358</u>	<u>£403,246</u>
Profit before tax	4	£862,259	£692,263
Tax on profit	6	<u>(£168,956)</u>	<u>(£147,282)</u>
Profit for the financial year		<u>£693,303</u>	<u>£544,981</u>

The above results were derived from continuing operations

The company has no recognised gains or losses for the year other than the results above

# BSI Speedway Limited

(Registration number: 03369723)  
Balance Sheet as at 31 December 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	7	£183,822	£114,901
<b>Current assets</b>			
Debtors	8	£12,159,532	£12,216,056
Cash at bank and in hand		<u>£602,079</u>	<u>£571,299</u>
		£12,761,611	£12,787,355
Creditors: Amounts falling due within one year	9	<u>(£8,968,271)</u>	<u>(£9,618,397)</u>
Net current assets		<u>£3,793,340</u>	<u>£3,168,958</u>
Net assets		<u>£3,977,162</u>	<u>£3,283,859</u>
<b>Capital and reserves</b>			
Called up share capital	10	£1,300,000	£1,300,000
Profit and loss account	11	<u>£2,677,162</u>	<u>£1,983,859</u>
Total equity		<u>£3,977,162</u>	<u>£3,283,859</u>

Approved and authorised by the Board on 02/10/19 and signed on its behalf by:



Mr N Leishman (appointed 30 September 2019)  
Director

# BSI Speedway Limited

## Statement of Changes in Equity for the Year Ended 31 December 2018

	Share premium £	Profit and loss account £	Total £
At 1 January 2018	£1,300,000	£1,983,859	£3,283,859
Profit for the year	-	£693,303	£693,303
Total comprehensive income	-	£693,303	£693,303
At 31 December 2018	<u>£1,300,000</u>	<u>£2,677,162</u>	<u>£3,977,162</u>
	Share premium £	Profit and loss account £	Total £
At 1 January 2017	£1,300,000	£1,438,878	£2,738,878
Profit for the year	-	£544,981	£544,981
Total comprehensive income	-	£544,981	£544,981
At 31 December 2017	<u>£1,300,000</u>	<u>£1,983,859</u>	<u>£3,283,859</u>

The notes on pages 14 to 24 form an integral part of these financial statements.

## **BSI Speedway Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018**

#### **1 Accounting policies**

##### **Introduction to Accounting Policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### **General information and basis of accounting**

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 9th 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 and for related party transactions.

##### **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.



## **BSI Speedway Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

#### **1 Accounting policies (continued)**

##### **Interest revenue**

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

##### **Directors' remuneration and employees**

No director received any remuneration during the year in respect of their services to the company (2017: none)  
The company had no employees during the current year (2017: none)

##### **Foreign currencies**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

##### **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

##### **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.

## **BSI Speedway Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

#### **1 Accounting policies (continued)**

##### **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.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

## BSI Speedway Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 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 period 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 for the Year Ended 31 December 2018 (continued)

#### 2 Turnover

The analysis of the company's revenue for the year from continuing operations is as follows.

	2018 £	2017 £
Rendering of services	<u>£8,579,455</u>	<u>£9,355,289</u>

#### 3 Finance Costs (Net)

	2018 £	2017 £
Foreign exchange profit in respect of non-trading activities	£165,244	£135,353
Interest receivable	<u>£446,114</u>	<u>£267,893</u>
	<u>£611,358</u>	<u>£403,246</u>

Interest receivable from group companies were £435,598 (2017: £261,620)

#### 4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charges.

	Notes	2018 £	2017 £
Depreciation of tangible fixed assets	7	£95,372	£144,739
Foreign exchange profit/(loss) in respect of non-trading activities		<u>(£165,244)</u>	<u>(£135,353)</u>

#### 5 Auditors' remuneration

Fees payable to Deloitte LLP for the audit of the Company's annual financial statements were £17,500 (2017: £17,500)

## BSI Speedway Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 6 Tax on profit on ordinary activities

Tax charged in the income statement

	2018 £	2017 £
<b>Current taxation</b>		
UK corporation tax	£160,499	£151,418
UK corporation tax adjustment to prior periods	<u>£327</u>	<u>£2,063</u>
	£160,826	£153,481
Foreign tax	<u>£2,060</u>	<u>£1,488</u>
Total current income tax	<u>£162,886</u>	<u>£154,969</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	£4,369	(£7,687)
Arising from changes in tax rates and laws	£2,565	-
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>(£864)</u>	<u>-</u>
Total deferred taxation	<u>£6,070</u>	<u>(£7,687)</u>
Tax expense in the income statement	<u>£168,956</u>	<u>£147,282</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19% (2017:19.25%).

The differences are reconciled below:

	2018 £	2017 £
Profit before tax	<u>£862,259</u>	<u>£692,263</u>
Corporation tax at standard rate	£163,829	£133,261
Effect of expense not deductible in determining taxable profit (tax loss)	£3,099	£10,941
UK deferred tax expense relating to changes in tax rates or laws	£2,565	£1,017
Increase in UK and foreign current tax from unrecognised temporary difference from a prior period	£327	£2,063
Decrease in UK and foreign current tax from adjustment for prior periods	<u>(£864)</u>	<u>-</u>
Total tax charge	<u>£168,956</u>	<u>£147,282</u>

In the Finance (No. 2) Act 2015, it was substantively enacted that the UK corporation tax rate would be effective from 1 April 2017. Finance act 2016 introduced further legislation to reduce the main rate of 17% from 1 April 2020 and these rates have therefore been used to measure deferred tax assets and liabilities where applicable

# BSI Speedway Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 6 Tax on profit on ordinary activities (continued)

Deferred tax  
Deferred tax assets and liabilities

The elements of deferred taxation are as follows:

	2018 £	2017 £
Balance at 1 January	£60,476	£52,789
Profit and loss account	(£6,070)	£7,687
Balance at 31 December	<u>£54,406</u>	<u>£60,476</u>

The deferred tax asset of £54,406 (2017: £60,476) is made up as follows.

2018	Asset £
Excess of capital allowance over depreciation	<u>£54,406</u>
	<u>£54,406</u>

2017	Asset £
Excess of capital allowance over depreciation	<u>£60,476</u>
	<u>£60,476</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.

## BSI Speedway Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 7 Tangible assets

	Furniture, fittings and equipment £	Total £
<b>Cost or valuation</b>		
At 1 January 2018	£889,407	£889,407
Additions	£164,293	£164,293
Disposals	(£34,293)	(£34,293)
At 31 December 2018	<u>£1,019,407</u>	<u>£1,019,407</u>
<b>Depreciation</b>		
At 1 January 2018	£774,506	£774,506
Charge for the year	£95,372	£95,372
Eliminated on disposal	(£34,293)	(£34,293)
At 31 December 2018	<u>£835,585</u>	<u>£835,585</u>
<b>Carrying amount</b>		
At 31 December 2018	<u>£183,822</u>	<u>£183,822</u>
At 31 December 2017	<u>£114,901</u>	<u>£114,901</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 £Nil at the year end (2017: £6,855)

#### 8 Debtors

	Note	2018 £	2017 £
Trade debtors		£243,452	£392,042
Receivables from related parties		£1,036,640	-
Intercompany notes receivable		£10,577,481	£11,445,843
Other debtors		£74,777	£113,982
Accrued income		£172,776	£203,713
Deferred tax assets	6	<u>£54,406</u>	<u>£60,476</u>
		<u>£12,159,532</u>	<u>£12,216,056</u>

## BSI Speedway Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 8 Debtors (continued)

Notes owed by parent company and fellow subsidiaries attract a market rate interest of 5.2% and are repayable on demand. Interest accrued in 2018 was £507,185 (2017: £317,538).

The amounts owed by related parties relate to transactions with other companies within the group.

#### 9 Creditors

	2018 £	2017 £
<b>Due within one year</b>		
Trade creditors	£31,407	£158,233
Amounts owed to group undertakings repayable on demand	£6,077,304	£6,402,934
Intercompany notes payable-long term	£1,503,319	£1,431,732
Social security and other taxes	£25,050	£96,451
Accruals	£1,331,191	£1,529,047
	<u>£8,968,271</u>	<u>£9,618,397</u>

Notes owed by parent company and fellow subsidiaries attract a market rate interest of 5.2% and are repayable on demand. Interest accrued in 2018 was £71,587 (2017: £55,918).

The amounts owed to group undertakings relate to transactions with other companies within the group.

#### 10 Share capital

Allotted, called up and fully paid shares

	2018 £	2017 £
500,000 A Ordinary shares of £0.10 each	50,000	50,000
500,000 B 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 for the Year Ended 31 December 2018 (continued)

#### 11 Reserves

	Profit and loss account £
At 1 January 2018	£1,983,859
Profit for the financial year	<u>£693,303</u>
At 31 December 2018	<u><u>£2,677,162</u></u>

#### 12 Commitments

At 31 December 2018, 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.

	2018 £	2017 £
- within one year	£2,245,748	£2,089,617
- between two and five years	£4,740,410	£6,730,452
	<u>£6,986,158</u>	<u>£8,820,069</u>

#### 13 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 Endeavor Operating Company, 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 for the Year Ended 31 December 2018 (continued)**

#### **14 Parent and ultimate parent undertaking**

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.

As at 31 December 2018, BSI Speedway Limited is a wholly-owned subsidiary of Endeavor Operating Company, LLC (doing business as Endeavor) (formerly WME Entertainment Parent, LLC), a company formed and located in the United States of America. Endeavor Operating Company, LLC is the immediate parent company, ultimate parent company and controlling party. The parent undertaking's registered address is Corporation Service Company, 251 Little Falls Drive, Wilmington, DE, 19808.

Endeavor Operating Company, LLC is the largest and smallest group of which the company is a member and for which group financial statements are prepared. The company's parent undertaking, Endeavor Operating Company, LLC, includes the company in its consolidated financial statements.

Requests for financial information should be addressed to Seth Krauss, 11 Madison Avenue, New York, NY 10010.