

Registration number: 03369723

BSI Speedway Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



BSI Speedway Limited

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BSI Speedway Limited

Company Information

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

BSI Speedway Limited

Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019. 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

During the year the company generated a profit of £529,386 (2018: £693,303). 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. As at 31 December 2019 the company was in a net current assets position of £4,362,374 (2018: 3,793,340). The company continuously monitors its performance by analysing actual results and comparing them to the budget for the year. The companies results for the year and the financial position at the end of the year are shown in the attached financial statements.

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 increase in turnover for the current year is due to a increase in the number of events held throughout 2019 in comparison of 2018.

Turnover 2019 was £8,992,610 (2018: £8,579,455), an increase of 4.8%.

The profit for the financial year after taxation was £529,386 (2018: £693,303), a decrease of 23.6% . This is largely due to an increase in administrative expenses.

BSI Speedway Limited

Strategic Report for the Year Ended 31 December 2019 (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 due to mergers or acquisitions, business failures, contract expirations or, in particular, the strategic reassessment by the license grantor to take services 'in-house' or grant the license to another promotor. Such a loss may have a material impact on the Company's profitability.
- **Credit Risk** - 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. 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.
- **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 global coronavirus pandemic involving the spread of Covid-19 presents a number of different risks to the business. The spread has been sustained and the global economic outlook remains uncertain. Our workforce operate in a wide range of locations and the risks of adverse health and safety, operational and financial impacts arising from the pandemic and the associated governmental responses have been significant.

In particular, the Speedway Grand Prix & Speedway of Nations would normally consist of a total of 14 events spread across eight different countries over a period of six months. In 2020 due to Covid-19 the series was condensed down to run in only Poland & Czech Republic over eight weeks. These events were run with fans in the venues but all had reduced capacities, impacting on the overall profitability of the series. During this period of reduced revenue streams, the Company continues to be supported by the Endeavor group, via the services agreement in place with International Management Group (UK) Ltd (as explained in note 13).

The United Kingdom exited the European Union on 31 January 2020 and currently in the transitional period. Assessment of the impacts of leaving the European Union are in their final stages, we do not expect there to be a material impact to the Company's operations.

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. Details regarding post balance sheet events are included in note 15 on page 26.

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Strategic Report for the Year Ended 31 December 2019 (continued)

Section 172 (1) statement

Section 172 of the Companies Act 2006 requires directors to have regard to the following in performing their duties, and as part of the process are required to consider, where relevant:

- The likely long-term consequences of the decision.
- The interests of the company's employees.
- The need to foster the company's business relationships with suppliers, customers and others.
- The impact of the company's operations on the community and the environment.
- The desire to maintain the company's reputation for high standards of business conduct.
- The need to act fairly between members of the company.

The Directors of the Company consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken in the year ended 31 December 2019.

Operations of the company and decisions made by the company's directors are in line with Endeavor's group strategic goals and the groups Code of Conduct. The Directors of the Company are selected due to their senior positions within the Endeavor group and their leadership roles in business units that significantly impact the operations of the Company. The Board delegates day-to-day management and decision making to its senior management team, and through regular updates from senior management and measurement against long term objectives, the Board monitors that management is acting in accordance with its agreed strategy and the long term interests of key stakeholders.

The Board is committed to behaving responsibly and ensuring that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected of us. Our business model is founded on our ability to nurture our reputation through the delivery of our plan that reflects our responsible behaviour.

The Board of Directors has the intention to behave responsibly towards each of our stakeholders and treat them equally so they can benefit from the successful delivery of our plan.

When decisions are made that impact the Company, at both the group and company level, the following section 172 stakeholders are considered:

Our employees

At Endeavor we are committed to creating an environment of mutual respect that allows all employees to do their very best work. This commitment is set out in our Code of Conduct, and our Respect, Diversity and Inclusion, and Equal Employment Opportunity policy. Regular training is provided on employee welfare topics, including tailored courses for managers, anti-harassment awareness training and communication on whistle-blower policies. Executive communication to employees is regular, with weekly communications highlighting group achievements and informative articles that help maintain and shape the desired group culture. Decisions made by the company's directors are in line with the group's strategy and purpose.

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Strategic Report for the Year Ended 31 December 2019 (continued)

S172 (1) statement (continued)

Our partners - suppliers, customers and others

As a group, Endeavor places high value on the relationships it has with its suppliers and customers. This is demonstrated by our key values of holding ourselves accountable by delivering on our commitments, achieving excellence by going beyond what's expected and acting in the best interests of our clients and customers. Endeavor strives to ensure that all suppliers, including small businesses, businesses owned by minorities, women and/or disabled veterans, and any other under-represented businesses, receive a fair opportunity to earn a share of Endeavor's purchasing volume. Our suppliers must comply with all applicable legal requirements and Endeavor guidelines relating to labour, employment, fair dealing and fair competition, human rights and environment, health and safety, and must treat their workers and others fairly and with dignity and respect. Decisions made by the company's directors are in line with the group's strategy and purpose.

Our communities

The impact of Endeavor on the communities we work in and the impact Endeavor operations on the wider community are integral to Endeavor's strategy and purpose. Our key values of building trust and earning our reputation by operating with integrity, prioritising openness, inclusivity and diversity and treating all people with respect are testament to this. We give back to our communities locally and globally, and invest in the future of the industries we work in. Endeavor operates a policy of encouraging volunteerism through the provision of three volunteering days annually to each employee of the company, as well as a global day of action where employees work in their local communities for deserving causes. Due to the nature of Endeavor's wide ranging and varied businesses the group is keenly aware of its impact on the global narrative, and channels resources into platforms that align with its key values of openness, inclusivity, and diversity. Decisions made by the company's directors are in line with the group's strategy and purpose.

Approved by the Board on 18 December 2020 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 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

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 £529,386 (2018: £693,303).

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

As at the date this financial report is authorised for issue, the directors of the Company have considered the impact of COVID-19 on the basis of the preparation of the financial statements as a going concern. The situation remains fluid in relation to the COVID-19 pandemic as government policy response is continually evolving, and business and customer reactions to the changing restrictions and requirements is also developing. In particular, the directors have considered that the prolonged general conditions arising from COVID-19 will have a negative impact on the operations of the Company in future financial periods, however, the full financial effects of the COVID-19 crisis cannot be reasonably estimated. The recent news regarding the development and approval (in the UK) of vaccines to combat COVID-19 will also have an impact on the assessment of the future operations of the company, and how it is likely to operate in financial year 2021, though this is not able to be determined with any certainty at this early stage.

After consideration of the factors noted above, the directors consider that the company is a going concern including realising its assets and discharging its liabilities in the normal course of business as further discussed in Note 1(s) of the financial report. Accordingly, the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Company not be unable to continue as a going concern.

Events after the reporting date

Events after the reporting date are discussed in note 15.

Political and charitable donations

The company made no political or charitable donations during the year (2018: £nil).

Dividends

The directors do not propose a dividend (2018: £nil).

Directors of the company

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

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.

BSI Speedway Limited

Directors' Report for the Year Ended 31 December 2019 (continued)

Employees

The company had no employees during the current year (2018: 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.

Deloitte LLP have been deemed re-appointed under section 487 of the 2006 Act.

Approved by the Board on 18 December 2020 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 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 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 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

Report on the audit of the financial statements

Opinion

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 2019 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 15.

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.

Conclusion 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.

BSI Speedway Limited

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

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, 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. 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.

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

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.

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

London
United Kingdom

18 December 2020

BSI Speedway Limited

Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	2	£8,992,610	£8,579,455
Cost of sales		<u>(£4,436,137)</u>	<u>(£4,313,156)</u>
Gross profit		£4,556,473	£4,266,299
Administrative expenses		<u>(£5,014,164)</u>	<u>(£4,015,398)</u>
Operating (loss)/profit		<u>(£457,691)</u>	<u>£250,901</u>
Finance costs (net)	3	<u>£1,157,969</u>	<u>£611,358</u>
		<u>£1,157,969</u>	<u>£611,358</u>
Profit before tax	4	£700,278	£862,259
Tax on profit	6	<u>(£170,892)</u>	<u>(£168,956)</u>
Profit for the financial year		<u>£529,386</u>	<u>£693,303</u>

The above results were derived from continuing operations and therefore no statement of other comprehensive income has been presented.

BSI Speedway Limited

(Registration number: 03369723)
Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	7	£144,174	£183,822
Current assets			
Debtors	8	£15,743,204	£12,159,532
Cash at bank and in hand		<u>£169,940</u>	<u>£602,079</u>
		£15,913,144	£12,761,611
Creditors: Amounts falling due within one year	9	<u>(£11,550,770)</u>	<u>(£8,968,271)</u>
Net current assets		<u>£4,362,374</u>	<u>£3,793,340</u>
Net assets		<u>£4,506,548</u>	<u>£3,977,162</u>
Capital and reserves			
Called-up share capital	10	£1,300,000	£1,300,000
Profit and loss account	11	<u>£3,206,548</u>	<u>£2,677,162</u>
Total equity		<u>£4,506,548</u>	<u>£3,977,162</u>

Approved and authorised by the Board on 18 December 2020 and signed on its behalf by:

Neil Leishman

Mr N Leishman (appointed 30 September 2019)
Director

BSI Speedway Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Called-up share capital £	Profit and loss account £	Total £
At 1 January 2019	£1,300,000	£2,677,162	£3,977,162
Profit for the year	-	£529,386	£529,386
Total comprehensive income	-	£529,386	£529,386
At 31 December 2019	£1,300,000	£3,206,548	£4,506,548
	Called-up share capital £	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	£1,300,000	£2,677,162	£3,977,162

The notes on pages 15 to 26 form an integral part of these financial statements.

BSI Speedway Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

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 England and Wales 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 5.

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, Endeavor Operating Company, LLC., which may be obtained at Endeavor Operating Company, LLC, Corporation Service Company, 251 Little Falls Drive, Wilmington, DE, 19808, 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 7.

The financial report has been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

Subsequent to 31 December 2019 the outbreak of the COVID-19 pandemic, and the subsequent strict quarantine measures imposed by many Governments around the world, has caused significant disruption to the Company's operations. This has in turn meant there has been a significant adverse impact on the financial results and financial position of the Company and the wider Endeavor Group in which it belongs.

BSI Speedway Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

1 Accounting policies (continued)

Going concern (continued)

Given the level of uncertainty around the severity and duration of the economic impacts arising from COVID-19, the ability of the Company to continue as a going concern is dependent on the following factors:

1. Continued focus on liquidity and cash management by the Endeavor group to allow the Company to trade through this period of uncertainty, while revenue generation activity is severely impacted by the cancellation of events, sporting fixtures and other knock on effects to the Company's operations;
2. The improvement of the global COVID-19 health crisis allowing easing of social and global travel restrictions which will improve the Company's operating conditions, including the ability to hold events and the restart of global sporting fixtures, to enable the Group to generate positive net cash flows in the future; and
3. The continued financial support of the Company's intermediate parent entity.

The Company has been provided with a letter of financial support from a group parent company, which confirms it will not request repayment of its current investment in and any current financing provided to the Company for a period of at least 12 months from the date of signing the Company's 31 December 2019 financial statements. In addition, the letter confirms the intermediate parent entity's intention to continue to provide funding, if required, to the Company to enable it to pay its debts as and when they fall due for a period of at least 12 months from the date of signing the Company's 31 December 2019 financial statements.

The wider Endeavor group has a track record of positive operating cashflows and is underpinned by long term contracts with customers and suppliers across different geographic areas and sectors. It has also always carefully selected its customers and business partners. The group has performed extensive forecasting activity across all its operations and have planned for downturn scenarios through the next 12 months as part of their going concern forecasting. Whilst any downturn would have an impact on profitability, in these scenarios the group remains able to provide this financial support to its subsidiaries.

The directors believe that the company is well placed to manage its financing and other business risks satisfactorily and have a reasonable expectation that the Group has adequate resources to continue to support the Company as required for at least 12 months from the signing date of these financial statements. They therefore consider it appropriate to adopt the going concern basis of accounting 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.

Directors' remuneration and employees

No director received any remuneration during the year in respect of their services to the company (2018: none).

The company had no employees during the current year (2018: none).

BSI Speedway Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

1 Accounting policies (continued)

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 2019 (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

The company as lessee

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

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 2019 (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 2019 (continued)

1 Accounting policies (continued)

Interest income

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.

2 Turnover

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

	2019 £	2018 £
Rendering of services	<u>£8,992,610</u>	<u>£8,579,455</u>

3 Finance Costs (Net)

	2019 £	2018 £
Foreign exchange profit in respect of non-trading activities	£872,939	£165,244
Interest receivable	<u>£285,030</u>	<u>£446,114</u>
	<u>£1,157,969</u>	<u>£611,358</u>

Interest receivable from group companies were £288,574 (2018: £435,598)

4 Profit on ordinary activities before taxation

Arrived at after charging/(crediting)

	Notes	2019 £	2018 £
Depreciation of tangible fixed assets	7	£88,466	£95,372
Foreign exchange profit in respect of non-trading activities		<u>(£872,939)</u>	<u>(£165,244)</u>

5 Auditor's remuneration

Fees payable to Deloitte LLP were £18,000 (2018: £17,500) for the audit of the Company's annual financial statements and £1,608 (2018: £3,378) for tax compliance.

BSI Speedway Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

6 Tax on profit on ordinary activities

Tax charged in the income statement

	2019 £	2018 £
Current taxation		
UK corporation tax	£142,562	£160,499
UK corporation tax adjustment to prior periods	<u>£24,458</u>	<u>£327</u>
	£167,020	£160,826
Foreign tax	<u>£1,999</u>	<u>£2,060</u>
Total current income tax	<u>£169,019</u>	<u>£162,886</u>
Deferred taxation		
Arising from origination and reversal of timing differences	£2,094	£4,369
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>(£221)</u>	<u>(£864)</u>
Total deferred taxation	<u>£1,873</u>	<u>£6,070</u>
Tax expense in the income statement	<u>£170,892</u>	<u>£168,956</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018:19%). It was announced at the 2020 UK Budget that the UK corporation tax rate was to stay at 19% from 1 April 2020, and not change to 17% as previously announced.

The differences are reconciled below:

	2019 £	2018 £
Profit before tax	<u>£700,278</u>	<u>£862,259</u>
Corporation tax at standard rate	£133,053	£163,829
Effect of expense not deductible in determining taxable profit (tax loss)	£13,602	£3,099
UK deferred tax expense relating to changes in tax rates or laws	-	£2,565
Increase in UK and foreign current tax from unrecognised temporary difference from a prior period	£24,458	£327
Decrease in UK and foreign current tax from adjustment for prior periods	<u>(£221)</u>	<u>(£864)</u>
Total tax charge	<u>£170,892</u>	<u>£168,956</u>

BSI Speedway Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

6 Tax on profit on ordinary activities (continued)

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.

Deferred tax

Deferred tax assets and liabilities

The elements of deferred taxation are as follows:

	2019 £	2018 £
Balance at 1 January	£54,406	£60,476
Profit and loss account	<u>(£1,873)</u>	<u>(£6,070)</u>
Balance at 31 December	<u>£52,533</u>	<u>£54,406</u>

The deferred tax asset of £52,533 (2018: £54,406) is made up as follows:

	Asset £
2019	
Excess of capital allowance over depreciation	<u>£52,533</u>
2018	
Excess of capital allowance over depreciation	<u>£54,406</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 2019 (continued)

7 Tangible assets

	Furniture, fittings and equipment £	Total £
Cost or valuation		
At 1 January 2019	£1,019,407	£1,019,407
Additions	<u>£48,818</u>	<u>£48,818</u>
At 31 December 2019	<u>£1,068,225</u>	<u>£1,068,225</u>
Depreciation		
At 1 January 2019	£835,585	£835,585
Charge for the year	<u>£88,466</u>	<u>£88,466</u>
At 31 December 2019	<u>£924,051</u>	<u>£924,051</u>
Carrying amount		
At 31 December 2019	<u>£144,174</u>	<u>£144,174</u>
At 31 December 2018	<u>£183,822</u>	<u>£183,822</u>

Assets held under finance leases

The Company has leased the fencing on terms 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 (2018: £Nil)

8 Debtors

	Note	2019 £	2018 £
Trade debtors		£412,217	£243,452
Receivables from related parties		£14,597,885	£1,036,640
Intercompany notes receivable		£549,099	£10,577,481
Other debtors		£69,335	£74,777
Accrued income		£62,135	£172,776
Deferred tax assets	6	<u>£52,533</u>	<u>£54,406</u>
		<u>£15,743,204</u>	<u>£12,159,532</u>

BSI Speedway Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

8 Debtors (continued)

Notes owed by parent company and fellow subsidiaries attract a market rate interest of 5% and are repayable on demand. Interest accrued in 2019 was £360,160 (2018: £507,185)

Receivables from related parties relate to non-interest bearing trading balances from normal operations with various intercompany entities. These amounts owed are repayable on demand

9 Creditors

	2019 £	2018 £
Due within one year		
Trade creditors	£144,650	£31,407
Amounts owed to group undertakings repayable on demand	£8,377,652	£6,077,304
Intercompany notes payable-long term	£1,574,906	£1,503,319
Social security and other taxes	£137,287	£25,050
Accruals	£1,316,275	£1,331,191
	<u>£11,550,770</u>	<u>£8,968,271</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 2019 was £71,587 (2018: £71,587).

The amounts owed to group undertakings relate to non-interest bearing trading balances from normal operations with various intercompany entities. These amounts owed are payable on demand.

10 Share capital

Allotted, called-up and fully paid shares

	2019 £	2018 £
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 2019 (continued)

11 Reserves

	Profit and loss account £
At 1 January 2019	£2,677,162
Profit for the financial year	<u>£529,386</u>
At 31 December 2019	<u><u>£3,206,548</u></u>

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

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.

	2019 £	2018 £
- within one year	£2,338,786	£2,245,748
- between two and five years	£2,425,445	£4,740,410
	<u><u>£4,764,231</u></u>	<u><u>£6,986,158</u></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 2019 (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 2019, 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.

The financial statements are available from Seth Krauss, 11 Madison Avenue, New York, NY 10010.

15 Events after the reporting date

No events have occurred after the balance sheet date, which would influence the evaluation of this annual report. We do however draw attention to the outbreak of the COVID-19 pandemic subsequent to the year end, and the resultant strict quarantine measures imposed by many Governments around the world, which has caused significant disruption to the Company's operations. This has in turn meant there has been a significant adverse impact on the financial results and financial position of the Company and the wider Endeavor Group in which it belongs after the year end. The Directors' considers this to be a non-adjusting post balance date event.

In October 2020 it was announced that from 2022 the Company will no longer promote the speedway events belonging to the International Motorcycling Federation. This will have a significant impact on the operations of the company, in particular on turnover and cost of sales lines of the financial statements. The directors continue to look for new trading opportunities for the Company past 2021.