

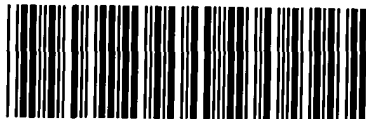
**Company Registration number: 03369723**

**BSI Speedway Limited**

**Annual report and financial statements**

**For the year ended 31 December 2017**

FRIDAY



L37

\*L7FEWCUX\*

28/09/2018

#100

COMPANIES HOUSE

# **BSI Speedway Limited**

## **Contents**

## **Page**

**Officers and professional advisers**

**1**

**Strategic report**

**2**

**Directors' report**

**4**

**Statement of directors' responsibilities**

**6**

**Independent auditor's report**

**7**

**Statement of comprehensive income**

**10**

**Statement of financial position**

**11**

**Statement of changes in equity**

**12**

**Notes to the financial statements**

**13**

# **BSI Speedway Limited**

## **Officers and professional advisers**

Directors	Mr T Olsen	
	Mr P Bellamy	(Appointed 1 April 2017)
	Mr R Armstrong	(Resigned 1 April 2017)
Company Secretary	Mr J Cooper	
Registration number	03369723	
Registered office	Building 6 Chiswick Park 566 Chiswick High Road London W4 5HR United Kingdom	
Independent Auditor	Deloitte LLP Statutory Auditor 2 New Street Square London, EC4A 3BZ United Kingdom	

# **BSI Speedway Limited**

## **Strategic report**

### **For the year ended 31 December 2017**

The directors present their strategic report on the affairs of BSI Speedway Limited, together with the financial statements and auditor's report, for the year ended 31 December 2017.

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

#### **Principal activities**

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

#### **Review of the business**

The company generated a profit for the financial year of £544,981 (2016: £342,078)

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

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

Cost of sales includes event implementation cost, track building cost, television production costs, television commission and licence fee. Cost of sales have increased due to an increase in licence fees.

Administrative expenses increased mainly due to the new transfer pricing policy which was implemented with an effective date 1 January 2017 and resulted in an increased intercompany charge.

#### **Key performance indicators**

##### **Tickets sales**

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

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

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

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

# **BSI Speedway Limited**

## **Strategic report (continued)**

**For the year ended 31 December 2017**

### **Principal risks and uncertainties**

#### **Market risk**

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

#### **Loss of contracts**

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

#### **Credit risk**

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

#### **Exchange rate fluctuations**

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

#### **Liquidity risk**

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

#### **Future developments**

The directors expect the general level of activity to remain consistent with 2017 in the forthcoming year. This is as a result of operating in a fairly mature market. The directors aim to grow the company's revenue by reaching out into new markets and audiences.

Approved by the Board and signed on its behalf by:



T Olsen

28 September 2018

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

# **BSI Speedway Limited**

## **Directors' report**

### **For the year ended 31 December 2017**

The directors present their annual report and audited financial statements for the year ended 31 December 2017

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 £544,981 (2016: £342,078).

The company paid a dividend of £nil in the year (2016: £3,255,882)

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

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

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

#### **Going concern**

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

#### **Political and charitable donations**

The company made no political or charitable donations during the year

#### **Directors**

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

Mr T Olsen

Mr R Armstrong (Resigned 1 April 2017)

Mr P Bellamy (Appointed 1 April 2017)

#### **Director's indemnities**

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

#### **Employees**

The company had no employees during the current year (2016: Nil)

## BSI Speedway Limited

### Directors' report (continued)

For the year ended 31 December 2017

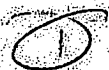
#### Auditor

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

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

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

Approved by the Board and signed on its behalf by:



T Olsen

28 September 2018

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

# **BSI Speedway Limited**

## **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

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

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



# **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 2017 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 statement of comprehensive income;
- the statement of financial position,
- 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.

### **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.

## **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 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.

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

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

#### **Opinion 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

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

28 September 2018

## BSI Speedway Limited

### Statement of comprehensive income For the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	2	9,355,289	8,608,299
Cost of sales		<u>(4,824,360)</u>	<u>(4,231,720)</u>
Gross profit		4,530,929	4,376,579
Administrative expenses	4	<u>(4,241,912)</u>	<u>(3,953,928)</u>
Operating profit		289,017	422,651
Net finance costs	3	<u>403,246</u>	<u>12,000</u>
Profit on ordinary activities before taxation		692,263	434,651
Tax on profit on ordinary activities	6	<u>(147,282)</u>	<u>(92,573)</u>
Profit for the year and total comprehensive income		<u><u>544,981</u></u>	<u><u>342,078</u></u>

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

The notes form an integral part of these financial statements on pages 13 to 21

# BSI Speedway Limited

## Statement of financial position As at 31 December 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	7	114,901	158,540
		<u>114,901</u>	<u>158,540</u>
<b>Current assets</b>			
Debtors	8	12,216,056	10,418,204
Cash at bank and in hand		571,299	670,935
		<u>12,787,355</u>	<u>11,089,139</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(9,618,397)</u>	<u>(8,508,801)</u>
<b>Net current assets</b>		<u>3,168,958</u>	<u>2,580,338</u>
<b>Total assets less current liabilities</b>		<u>3,283,859</u>	<u>2,738,878</u>
<b>Net assets</b>		<u>3,283,859</u>	<u>2,738,878</u>
<b>Capital and reserves</b>			
Called-up share capital	11	1,300,000	1,300,000
Profit and loss account	12	1,983,859	1,438,878
<b>Shareholders' funds</b>		<u>3,283,859</u>	<u>2,738,878</u>

The financial statements of BSI Speedway Limited (registered number - 03369723) were approved by the board of directors and authorised for issue on 28 September 2018. They were signed on its behalf by:

  
T Olsen  
Director

## BSI Speedway Limited

### Statement of changes in equity At 31 December 2017

	Called up Share capital £	Profit and loss account £	Total £
At 1 January 2016	1,300,000	4,352,682	5,652,682
Profit for the year	-	342,078	342,078
Dividend paid	-	(3,255,882)	(3,255,882)
At 31 December 2016	<u>1,300,000</u>	<u>1,438,87</u>	<u>2,738,87</u>
At 1 January 2017	1,300,000	1,438,878	2,738,878
Profit for the year	-	544,981	544,981
At 31 December 2017	<u>1,300,000</u>	<u>1,983,859</u>	<u>3,283,859</u>

# **BSI Speedway Limited**

## **Notes to the financial statements For the year ended 31 December 2017**

### **1. Accounting Policies**

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

#### **Basis of preparation**

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

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

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

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

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

#### **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 (2016: none).

The company had no employees during the current year (2016: none).

#### **Foreign currency**

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

# **BSI Speedway Limited**

## **Notes to the financial statements (continued) For the year ended 31 December 2017**

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

#### **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.

##### **Financial assets**

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

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

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

##### **Finance Leases**

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

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

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



# **BSI Speedway Limited**

## **Notes to the financial statements (continued) For the year ended 31 December 2017**

### **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 is measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

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

#### **Critical accounting judgements**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

# BSI Speedway Limited

## Notes to the financial statements (continued) For the year ended 31 December 2017

### 1. Accounting Policies (continued)

#### Key source of estimation uncertainty

The Company assesses its doubtful debt allowance at each reporting date. Key assumptions applied are the estimated debt recovery rates and the future market conditions that could affect recovery. During the year the doubtful debt provision was £50,697 (2016: £28,816).

### 2. Turnover and revenue

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

		2017 £		2016 £
Turnover :				
UK	25.2%	2,354,552	30.7%	2,643,979
Continental Europe	68.7%	6,412,471	63.8%	5,489,822
Asia Pacific	4.0%	372,940	3.5%	299,202
Other	2.1%	215,326	2.0%	175,296
	100%	<u>9,355,289</u>	100%	<u>8,608,299</u>

### 3. Net finance costs

	2017 £	2016 £
Interest receivable derived from group undertakings	267,893	31,945
Foreign exchange gain/(loss) in respect of non-trading activities	135,353	(19,945)
	<u>403,246</u>	<u>12,000</u>

### 4. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charges

	2017 £	2016 £
Depreciation of tangible fixed assets		
- owned by the company	144,739	128,204
- leased assets	6,855	9,140
Gains/(losses) on foreign exchange	<u>135,353</u>	<u>(19,945)</u>

### 5. Auditor's remuneration

Fees payable to Deloitte LLP for the audit of the Company's annual financial statements were £17,500 (2016: £23,400).

# BSI Speedway Limited

## Notes to the financial statements (continued) For the year ended 31 December 2017

### 6. Tax on profit on ordinary activities

	2017 £	2016 £
The tax charge comprises:		
UK corporation tax		
Current tax on income for the year	151,418	93,094
Adjustments in respect of prior years	2,063	3,627
Foreign tax		
Current tax on income for the year	1,488	2,722
<b>Total current tax</b>	<b>154,969</b>	<b>99,443</b>
Deferred tax		
Origination and reversal of timing differences	(7,687)	(6,870)
<b>Total tax on profit on ordinary activities</b>	<b>147,282</b>	<b>92,573</b>

#### Factors affecting current tax charge

The tax charge for the year is higher (2016: higher) than the standard rate of corporation tax in the UK 19.25% (2016: 20%)

	2017 £	2016 £
<b>Profit on ordinary activities before tax</b>	<b>692,263</b>	<b>434,651</b>
<b>Total tax at 19.25% (2016: 20%)</b>	<b>133,261</b>	<b>86,930</b>
Effects of:		
- Expenses not deductible for tax purposes	10,941	1,252
- Rate changes	1,017	763
- Adjustments to tax charge in respect of previous years	2,063	3,627
- Foreign tax		
<b>Total tax charge for the year</b>	<b>147,282</b>	<b>92,573</b>

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 (continued) For the year ended 31 December 2017

#### 7. Tangible fixed assets

	Fixtures, fittings & equipment £	Total £
<b>Cost or valuation</b>		
At 1 January 2017	788,307	788,307
Additions	101,100	101,100
Disposals	-	-
<b>At 31 December 2017</b>	<b>889,407</b>	<b>889,407</b>
<b>Depreciation</b>		
At 1 January 2017	629,767	629,767
Charge for the year	144,739	144,739
Disposals	-	-
<b>At 31 December 2017</b>	<b>774,506</b>	<b>774,506</b>
<b>Net book value</b>		
At 31 December 2017	114,901	114,901
At 31 December 2016	158,540	158,540

#### Assets held under finance leases

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

#### 8. Debtors

	2017 £	2016 £
<b>Amounts falling due within one year.</b>		
Trade debtors	392,042	26,300
Intercompany notes receivable-long term	11,445,843	10,141,433
Other debtors	113,982	99,674
Prepayments and accrued income	203,713	98,009
Deferred tax asset (see note 9)	60,476	52,788
	<b>12,216,056</b>	<b>10,418,204</b>

Notes owed by parent company and fellow subsidiaries attract a market rate interest of 5.2%. Interest accrued in FY17 was £317,538.

## BSI Speedway Limited

### Notes to the financial statements (continued) For the year ended 31 December 2017

#### 9. Deferred tax asset

The elements of deferred taxation are as follows:

	2017 £	2016 £
Balance at 1 January	52,789	45,918
Profit and loss account	7,687	6,870
Balance at 31 December	<u>60,476</u>	<u>52,788</u>

The deferred tax asset of £60,476 (2016: £52,788) is made up as follows:

	2017 £	2016 £
Excess of capital allowances over depreciation	60,476	52,788
	<u>60,476</u>	<u>52,788</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.

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

	2017 £	2016 £
Trade creditors	158,233	99,642
Amounts owed to group undertakings repayable on demand	6,402,934	7,213,259
Other taxation and social security	96,451	163,904
Intercompany notes payable-long term	1,431,732	
Accruals and deferred income	1,529,047	1,031,996
	<u>9,618,397</u>	<u>8,508,801</u>

Notes owed to parent company and fellow subsidiaries attract a market rate interest of 5.2%. Interest accrued in FY17 was £55,918.

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

	2017 £	2016 £
Allotted, called-up and fully-paid		
A 500,000 ordinary shares of £0.10 each	50,000	50,000
B 500,000 ordinary shares of £0.10 each	50,000	50,000
1,200,000 Redeemable preference shares of £1 each	1,200,000	1,200,000
	<u>1,300,000</u>	<u>1,300,000</u>

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

# BSI Speedway Limited

## Notes to the financial statements (continued) For the year ended 31 December 2017

### 12. Reserves

	Profit and loss account £
At 1 January 2017	1,438,878
Profit for the financial year	544,981
Dividends	-
At 31 December 2017	<u>1,983,859</u>

### 13. Financial commitments

At 31 December 2017, 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:

	2017 £	2016 £
Within one year	2,089,617	2,373,357
Within two to five years	6,730,452	10,312,814
After five years	-	-
	<u>8,820,069</u>	<u>12,686,171</u>

### 14. Related party transactions

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

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

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

## **BSI Speedway Limited**

### **Notes to the financial statements (continued)**

#### **For the year ended 31 December 2017**

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

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

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

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

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