

Britbet Racing LLP

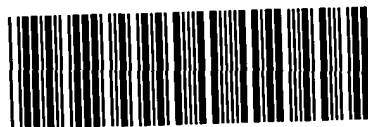
Report to Members and Financial Statements

Year Ended

31 December 2022

LLP Number OC413330

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Britbet Racing LLP

Report and Financial Statements for the year ended 31 December 2022

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Designated members

Jockey Club Racecourses Limited
Arena Racing Corporation Limited
Goodwood Racecourse Limited

Registered office

c/o 4th Floor, Alaska House, Dunnings Bridge Rd, Bootle L30 4AB

LLP number

OC0413330

Independent Auditor

MHA, Rutland House, 148 Edmund Street, Birmingham, B3 2FD

Britbet Racing LLP

Members' Report for the year ended 31 December 2022

The members are pleased to present their report and the audited financial statements of the Limited Liability Partnership (the 'LLP') for the year ended 31 December 2022.

Principal activity and review of the business including future developments

The principal activities of the business is the operation of pool betting arrangements for its members, specifically as exclusive provider of pool betting services at the racecourses operated by members.

The members are satisfied with the performance of the business in 2022 and considered the business to be well placed heading in to 2023. 2022 was the first year since 2019 where on course attendance hasn't been restricted as a result of the COVID pandemic. Crowds returned in similar levels to pre pandemic and spend per head remained strong. In addition the business used the down time created by the pandemic to deliver some operational efficiencies and new initiatives which have had the impact of both increasing turnover and reducing delivery costs. The members consider the business to be operating in line with broad expectations and with a sustainable business model. The cash position remains strong.

In addition to its principal activities, the entity has contracts in place with a third party in relation to the provision of off course pool betting (including in association with the distribution of member's media rights outside of Great Britain and Ireland).

The statement of comprehensive income is set out on page 7 and shows the profit for the year.

Going Concern

After reviewing the company's forecasts and projections for not less than 12 months from the date of approval of these financial statements and taking into account current financial resources, the members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties that give rise to significant doubt as to the LLP's ability to continue to prepare its financial statements on a going concern basis. Further details regarding the members' considerations in drawing this conclusion are provided in note 1 to the financial statements.

Designated Members

The designated members of the LLP from incorporation and throughout the year were:

Jockey Club Racecourses Limited
Arena Racing Corporation Limited
Goodwood Racecourse Limited

Members' capital, interests and drawings

Initial capital contributions of each of the members are set out in the LLP agreement. Further members shall contribute upon admission to the LLP such capital as determined by the Board. Capital contributions are repayable on or before 30 June 2023. No member can withdraw or receive back any part of their capital contributions account earlier than the commitment period except for in specific circumstances as detailed in the LLP deed and approved by the Board. Members' capital may be repaid to leaving members subject to the conditions as set out in the LLP agreement.

The allocation of profits or losses to those who were members during the financial year occurs at the end of each month based on the terms of the LLP agreement and are detailed in note 1 to the financial statements. The Management body may offset any losses in members current account against amounts on the members capital account at its sole discretion.

Drawings represent payments on account of profits which may be allocated to members. Subject to agreed limits, and otherwise appropriate members' approvals and adequate provisions for foreseeable working capital requirements, and applicable covenants or similar undertakings, the Management Board may determine and distribute to each member an amount on account of its share of profits, such that each member receives an equal percentage of its share of profits available for distribution.

Britbet Racing LLP

Members' Report for the year ended 31 December 2022 (continued)

Members' responsibilities

The members are responsible for preparing the members' report and the financial statements in accordance with applicable law and regulations.

Company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) the members 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 LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Limited Liability Partnership's transactions, disclose with reasonable accuracy at any time the financial position of the Limited Liability Partnership, and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each of the persons who are members at the time when this Members' report is approved has confirmed that:

- so far as that member is aware, there is no relevant audit information of which the LLP's auditor is unaware, and
- that member has taken all the steps that ought to have been taken as a member in order to be aware of any relevant audit information and to establish that the LLP's auditor is aware of that information.

Auditor

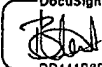
MHA MacIntyre Hudson was appointed as auditor during the year following a competitive tender. Following a rebranding exercise on 15 May 2023 the trading name of the company's independent auditor changed from MHA MacIntyre Hudson to MHA. A resolution to reappoint MHA as independent auditor will be proposed at the next Annual General Meeting.

Britbet Racing LLP

Members' Report for the year ended 31 December 2022 (*continued*)

Approval

This Members' Report was approved by order of the Board on 13th July 2023

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B D Hunt

**On behalf of Arena Racing Corporation Limited
Designated Member**

Britbet Racing LLP

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF BRITBET RACING LLP

Opinion

We have audited the financial statements of Britbet Racing LLP (the 'LLP') for the year ended 31 December 2022, which comprise the Statement of comprehensive income, the Balance sheet, the Reconciliation of members' interests, the Statement of cash flows and the related notes, including significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2022 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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 LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the Members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the LLP's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The members are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

Britbet Racing LLP

Independent auditor's report

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or

Responsibilities of members

As explained more fully in the Members' responsibilities statement set out on page 2, the members 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 members 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 members are responsible for assessing the LLP'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 members either intend to liquidate the LLP 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management around actual and potential litigation and claims;
- Enquiry of management to identify any instances of non-compliance with laws and regulations;
- Reviewing correspondence with the Gambling Commission for evidence of non-compliance with laws and regulations
- Reviewing legal and other professional fees incurred by the LLP for evidence of undeclared contingent liabilities;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness;
- Reviewing accounting estimates for evidence of management bias; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

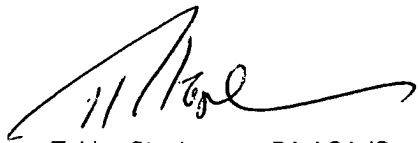
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Britbet Racing LLP

Independent auditor's report

Use of our report

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied by Part 12 of The Limited Liability Partnerships (Accounts and Audit) (Applications of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Tobias Stephenson BA ACA (Senior statutory auditor)
for and on behalf of MHA, Statutory auditor
Birmingham, United Kingdom

Date: 14 July 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

Britbet Racing LLP

Statement of comprehensive income for the year ended 31 December 2022

	Note	2022 £'000	2021 (as restated – note 20) £'000
Amounts Wagered		72,978	30,148
Revenue		12,602	5,810
Operating expenses		(13,754)	(11,409)
License fee		(534)	(413)
Statutory betting levy		(1,005)	(498)
Other operating income	3	8,319	10,341
Operating profit	4	5,628	3,831
Interest payable and similar charges	5	(291)	(330)
Profit for the financial year before members' remuneration and profit shares		5,337	3,501
Members remuneration charged as an expense	7	(5,337)	(3,501)
Profit for the financial year available for discretionary division among members		-	-

There was no other comprehensive income for the year (2021 - £nil).

The notes on pages 12 to 24 form part of these financial statements.

Britbet Racing LLP


Balance sheet at 31 December 2022

Registered number OC413330	Note	2022 £'000	2022 £'000	(As restated – note 20)	
				2021 £'000	2021 £'000
Fixed assets					
Intangible assets	9		1,701		1,967
Tangible assets	10		1,193		2,566
			2,894		4,533
Current assets					
Debtors	11	4,881		4,270	
Cash at bank and in hand	14	5,243		5,878	
		10,124		10,148	
Creditors: amounts falling due within one year	12	(7,115)		(8,093)	
Net current assets/(liabilities)			3,009		2,055
Total assets less current liabilities			5,903		6,588
Creditors: amounts falling due after more than one year	13		(332)		(1,549)
Net assets attributable to members			5,571		5,039
Represented by:					
Loans and amounts due to members within one year					
Members' capital classified as a liability	15		4,750		-
Loans and amounts due to members after more than one year					
Members' capital classified as a liability	15		-		4,564
Other amounts	15		724		192
			5,474		4,756
Members' other interests					
Other reserves classified as equity			97		283
			5,571		5,039
Total members' interests					
Amounts due from members	11		(2,957)		(2,601)
Loans and other debts due to members	15		5,474		4,756
Members' other interests			97		283
			2,614		2,438

Britbet Racing LLP

**Balance sheet
at 31 December 2022**

The financial statements were approved by the Board of Members and authorised for issue on 13th July 2023

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B D Hunt
On behalf of Arena Racing Corporation Limited
Designated Member

The notes on pages 12 to 24 form part of these financial statements.

Britbet Racing LLP

Reconciliation of members' interests for the year ended 31 December 2022

	Loans and other debts due to members less any amounts due from members in debtors				
	Members' capital classified as equity £'000	Members' capital classified as liability £'000	Other amounts £'000	Other reserve (equity) £'000	Total members' interests £'000
At 31 December 2020 – as originally stated	957	4,387	-	(483)	4,861
Prior year adjustments (note 20)	(957)	-	(4,728)	943	(4,742)
At 31 December 2020 – as restated	-	4,387	(4,728)	460	119
Members remuneration charged as an expense	-	-	3,501	-	3,501
Drawings	-	-	(1,359)	-	(1,359)
Unwind of discount on member loans	-	177	-	-	177
Transfer of discount on member loans	-	-	177	(177)	-
At 31 December 2021 – as restated	-	4,564	(2,409)	283	2,438
Members remuneration charged as an expense	-	-	5,337	-	5,337
Drawings	-	-	(5,347)	-	(5,347)
Unwind of discount on member loans	-	186	-	-	186
Transfer of discount on member loans	-	-	186	(186)	-
At 31 December 2022	-	4,750	(2,233)	97	2,614

The notes on pages 12 to 24 form part of these financial statements

Britbet Racing LLP

Statement of cash flows for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Profit/(loss) for the year		-	-
Members' remuneration charged as an expense		5,337	3,501
Depreciation		1,564	1,730
Amortisation		555	534
Increase in trade and other debtors		(255)	(466)
Increase/(decrease) in creditors		(770)	944
Unwind of discount on members' loan		186	177
Interest paid		105	153
Net cash generated from/(used in) operating activities		6,722	6,573
Cash from Investing activities			
Purchase of intangible fixed assets	9	(289)	-
Purchase of tangible fixed assets	10	(191)	(309)
Net cash (used in)/generated from investing activities		(480)	(309)
Cash from financing activities			
Interest paid		(105)	(153)
Drawings paid		(5,347)	(1,359)
Repayment of finance leases		(1,425)	(1,925)
Net cash used in financing activities		(6,877)	(3,437)
Net increase/(decrease) in cash and cash equivalents		(635)	2,827
Cash and cash equivalents at beginning of year	14	5,878	3,051
Cash and cash equivalents at the end of the year	14	5,243	5,878
Cash and cash equivalents at the end of the year comprise:			
Cash at bank and in hand		5,243	5,878

The notes on pages 12 to 24 form part of these financial statements

Britbet Racing LLP

Notes forming part of the financial statements for the year ended 31 December 2022

1 Accounting policies

Britbet Racing LLP is a Limited Liability Partnership ('LLP') incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the contents page and the nature of the LLP's operations and its principal activities are set out in the members report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, including the Statement of Recommended Practice (2022), 'Accounting by Limited Liability Partnerships'.

Going Concern

The Partnership's principal revenue streams are dependent on British horseracing and, in particular, on-course betting activity.

2022 performance was reasonably in line with expectations and 2023 has started well. On course customers continue to engage with the product and whilst attendances are likely to be slightly down on previous years the spend per head from the customers in attendance remains strong.

From a financial reporting perspective, the Members are required to make an assessment of the appropriateness of using the going concern assumption in preparing these financial statements. Cash flow forecasts under a number of scenarios have been prepared to support their considerations.

After reviewing the company's forecasts and projections for not less than 12 months from the date of approval of these financial statements, and taking into account current financial resources, the members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that give rise to significant doubt as to the LLPs ability to continue to operate as a going concern. The LLP therefore continues to adopt the going concern basis in preparing its financial statements.

Revenue

The fair value of revenue is total amounts wagered less amounts payable to winning customers. Amounts wagered comprises gross stakes in respect of individual bets placed on betting products in the period whether taken by the LLP as principal or agent.

Retail turnover represents the amounts wagered by customers in respect of individual bets placed at Licensed Betting Offices (LBOs), less the amounts paid to winning customers.

Revenue on pool betting represents the amounts wagered, less pay outs to customers in relation to pool betting from the LLP's Betting shops through on-course electronic terminals at UK racecourses.

The release of sleepers (winning bets not claimed), are classified as a credit to revenue once a period of six months has elapsed since the bet was placed.

Other Operating Income

Other operating income includes a third-party revenue share pertaining to the integrated pool betting arrangement for both on course and off course operations. This income is recognised across the life of the third-party contract and in line with the delivery of the commitments within the contract. Payments received in advance of performance are held in deferred income.

Britbet Racing LLP

Notes forming part of the financial statements for the year ended 31 December 2022

1 Accounting policies (*continued*)

Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit and loss at the same time as the depreciation on the assets to which the grant relates. The deferred element of the grant is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

Foreign currency translation

Items included in the financial statements of the LLP are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'sterling', which is the LLP's functional and presentation currency.

Foreign currency transactions are translated into the LLP's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation on assets is charged from the date that the assets are bought into use as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Furniture, Fittings and equipment - 3 years or the life of the lease

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income.

Website development costs

Where the LLP's websites are expected to generate future revenues in excess of the costs of developing those websites and all other capitalisation criteria are met, expenditure on the functionality of the website is capitalised and treated as an intangible fixed asset included within software development costs. Expenditure incurred on maintaining websites and expenditure incurred on developing websites used only for advertising and promotional purposes are expensed as incurred.

Intangible assets – Software development costs

Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised to administrative expenses on a straight-line basis over their expected useful economic life, ranging from 3-5 years from launch.

The expected useful economic life of development costs are estimated based on business plans which set out the development plan and time to market for the associated project.

Britbet Racing LLP

Notes forming part of the financial statements for the period ended 31 December 2022 (*continued*)

1 Accounting policies (*continued*)

Current and deferred taxation

Taxation on a members' share of the LLP's profits is solely the personal liability of the individual members and consequently is not dealt with in these financial statements.

Financial assets

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the LLP's cash management.

Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Finance lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

For a substantial modification of the terms of an existing financial liability or a part of it the modification is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Where changes to the terms of a finance lease do not result in a reclassification, the revised minimum lease payments are discounted at the internal rate of return of the original lease with and adjustment to the carrying value of the liability being reflected in the carry value of the assets.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Pension costs

Contributions to the group's defined contribution pension scheme are charged to profit or loss in the period in which they become payable.

Britbet Racing LLP

Notes forming part of the financial statements for the period ended 31 December 2022 (*continued*)

1 Accounting policies (*continued*)

Members' capital

Initial capital contributions and additional capital contributions (together "capital contributions") of each of the members are amounts as set out in the LLP agreement. Further members shall contribute upon admission to the LLP such capital as determined by the Board. Capital contributions are repayable by the LLP on or before 30 June 2023. Capital contributions, net of fair value adjustments on initial recognition for non-market interest charged, are therefore classified as a liability. Fair value adjustments on initial recognition are classified as members' equity.

No member can withdraw or receive back any part of their capital contributions account earlier than the commitment period except for in specific circumstances as detailed in the LLP deed and approved by the Board. Members' capital may be repaid to leaving members subject to the conditions as set out in the LLP agreement.

Profit allocations

A division of profits is the mechanism by which the profits of the LLP become a debt due to members. A division may be automatic or discretionary, may relate to some or all of the profits for a financial period and may take place during or after the end of a financial period.

An automatic division of profits is one where the LLP does not have an unconditional right to avoid making a division of an amount of profits based on the members' agreement in force at the time, whereas a discretionary division of profits requires a decision to be made by the LLP, which it has the unconditional right to avoid making.

The allocation of profits or losses to those who were members during the financial year occurs at the end of each month based on the terms of the Members' agreement. The results of the LLP pool betting arrangements are allocated to members' current accounts based on the gross betting turnover derived from all distribution channels from races taking place at each individual participating racecourse, less direct and indirect costs. Other results not derived from the pool betting agreement or from racing taking place on racecourses which participate in the pool betting arrangement shall be allocated amongst the members on a systematic basis determined by the management board and agreed with the members. Other results not derived from the oncourse pool betting operations (the other operating income) is allocated to the members either in line with their relevant members' interest or in line with how the income was derived by the third parties whose revenue share the income pertains to.

Automatic divisions of profits, including those deriving from pool betting arrangements and from other results where the method of allocation is pre-determined and agreed with the members are recognised as 'Members' remuneration charged as an expense' in the Statement of comprehensive income.

The Management body may offset any losses in members' current account against amounts on the members capital account at its sole discretion.

Distributions and drawings

Drawings represent payments on account of profits which may be allocated to members. Subject to agreed limits, and otherwise appropriate members' approvals and adequate provisions for foreseeable working capital requirements, and applicable covenants or similar undertakings, the Management Board may determine and distribute to each member an amount on account of its share of profits, such that each member receives an equal percentage of its share of profits available for distribution. Unallocated profits are included within members' other interests, classified as equity, advanced drawings in excess of allocated profits are included within 'Amounts due from members' in debtors, and allocated profits in excess of drawings are included within 'Amounts due to members' as a liability.

Britbet Racing LLP

Notes forming part of the financial statements for the period ended 31 December 2022 (*continued*)

1 Accounting policies (*continued*)

Reserves

The LLP has the following reserves at the reporting date:

Members capital classified as a liability - represents capital paid in by the members' classified as a liability where there is an obligation to repay this to members.

Loans and other debts due to members – represents undrawn profits allocated to members net of amounts due from members in debtors.

Other reserves classified as equity - represents the amount of the unwound discount on members' capital loans which has not yet been charged through the statement of comprehensive income as imputed interest on members' capital.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the members have made the following judgements:

- Determine whether there are indicators of impairment of the LLP's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether the profits of the LLP allocated to members should be shown as remuneration charged as an expense or equate to a discretionary division among members as required under the Statement of Recommended Practice. Factors taken into account include any pre-determined mechanism for dividing these profits and the extent to which the members have pre-determined expectations of how their profit share will be calculated, and the amount of discretion management have to change the allocation post year end. As detailed in the accounting policy note 1 "Profit Allocations", it has been concluded that all divisions of profit meet the definition to be treated as remuneration charged as an expense.

Other key sources of estimation uncertainty

- *Intangible fixed assets (see note 9)*

Intangible assets are amortised over their useful lives. The expected useful life of intangible assets is assessed annually and is based on management's experience and business forecasts.

- *Tangible fixed assets (see note 10)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

- *Discount on member loans*

In assessing the fair value of members' capital loans introduced, an estimate was made of the market rate of interest of a similar debt instrument at the time the loans were made to the LLP. Inputs into the assessment included the bank base rate of interest at the time the loan agreements were signed and the loan terms and repayment dates. Loans are shown in members' capital at the discounted amount, the discount included within other reserves, and an interest charge imputed each year and charged to the statement of comprehensive income and which is transferred against the other reserves balance on an annual basis.

Britbet Racing LLP

Notes forming part of the financial statements for the period ended 31 December 2022 (continued)

3	Other operating income	2022	2021
		£'000	£'000
	Third party on and off course pool betting revenue share	8,268	8,125
	Government support grants	51	2,216
		<hr/>	<hr/>
		8,319	10,341
		<hr/>	<hr/>
4	Operating profit / (loss)	2022	2021
		£'000	£'000
	This is arrived at after charging:		
	Depreciation of tangible fixed assets	1,564	1,730
	Amortisation of intangible assets	555	534
	Operating lease expense	77	73
	Fees payable to the LLP's auditor for the audit of the LLP's annual accounts	69	79
	Fee payable to the LLP's auditor for non-audit services	16	16
		<hr/>	<hr/>
5	Interest	2022	2021
		£'000	£'000
	Interest payable on finance leases	108	153
	Unwinding of discount on member loans	183	177
		<hr/>	<hr/>
		291	330
		<hr/>	<hr/>
6	Employees	2022	2021
		£'000	(as restated)
	Staff costs consist of:		£'000
	Wages and salaries	5,663	4,783
	Social security costs	397	286
	Pension costs	184	135
		<hr/>	<hr/>
		6,244	5,204
		<hr/>	<hr/>

Agency staff costs included in the income statement amounted to £346k (2021 - £31k).

The prior year staff costs have been restated to include bonuses of £206k which were omitted from the prior year disclosures.

Britbet Racing LLP

Notes forming part of the financial statements for the period ended 31 December 2022 (*continued*)

6 Employees - continued

The LLP has 52 full-time staff (2021 – 47) and a pool of part-time staff subject to zero hours contracts used at individual race meetings held during the year. The number of staff utilised during the year was 1237 (2021 – 734).

The full-time equivalent number of employees was 184 (2021 – 180).

7 Members' remuneration

Profits are shared among the members in accordance with agreed profit sharing arrangements. The amount of profit sharing arrangements as set out within the LLP agreement (see note 1).

The amount of profit attributable to the member with the largest entitlement was £1,869,000 (2021 - £1,517,000)

The average number of members during the year was 27 (2021 – 27).

8 Taxation on profit on ordinary activities

Taxation on a members' share of the LLP's profits is solely the personal liability of the individual members and consequently is not dealt with in these financial statements.

9 Intangible assets

Group	Software development costs £'000
<i>Cost</i>	
At 1 January 2022	3,735
Additions	289
	<hr/>
At 31 December 2022	4,024
	<hr/>
<i>Depreciation</i>	
At 1 January 2022	(1,768)
Charge for the year	(555)
	<hr/>
At 31 December 2021	(2,323)
	<hr/>
<i>Net book value</i>	
At 31 December 2022	1,701
	<hr/>
At 31 December 2021	1,967
	<hr/>

Britbet Racing LLP

Notes forming part of the financial statements
for the period ended 31 December 2022 *(continued)*

10 Tangible fixed assets

	Furniture, Fittings and equipment £'000	Total £'000
<i>Cost</i>		
At 1 January 2022	8,859	8,859
Additions	191	191
	<hr/>	<hr/>
At 31 December 2022	9,050	9,050
	<hr/>	<hr/>
<i>Depreciation</i>		
At 1 January 2022	(6,293)	(6,293)
Charge for the year	(1,564)	(1,564)
	<hr/>	<hr/>
At 31 December 2022	(7,857)	(7,857)
	<hr/>	<hr/>
<i>Net book value</i>		
At 31 December 2022	1,193	1,193
	<hr/>	<hr/>
At 31 December 2021	2,566	2,566
	<hr/>	<hr/>

11 Debtors

	2022	2021 (as restated – note 20)
	£'000	£'000
Trade debtors	1,567	1,419
Amounts due from members	2,957	2,601
Other debtors	10	67
Prepayments	347	183
	<hr/>	<hr/>
	4,881	4,270
	<hr/>	<hr/>

Loans due from members are interest free and repayable on demand.

Britbet Racing LLP

Notes forming part of the financial statements for the period ended 31 December 2022 (continued)

12 Creditors: amounts falling due within one year	2022	2021
	£'000	£'000
Trade creditors	624	464
Other creditors	694	872
Accruals and deferred income	3,750	4,544
Obligations under finance leases	1,260	1,468
Tax and social security	787	745
	7,115	8,093
Obligations under finance leases are secured against the assets to which they relate.		
13 Creditors: amounts falling due after more than one year	2022	2021
	£'000	£'000
Obligations under finance leases	333	1,549
Obligations under finance leases are secured against the assets to which they relate.		
14 Cash and cash equivalents	2022	2021
	£'000	£'000
Cash at bank and in hand	5,243	5,878
15 Loans and other amounts due to members	2022	2021
	£'000	£'000
Members capital treated as debt		
As at 1 January	4,564	4,387
Unwinding of discount in the year	186	177
As at 31 December	4,750	4,564
Members capital treated as debt	4,750	4,564
Other amounts	724	192
Total loans and other amounts due to members	5,474	4,756
Amounts due within one year	5,474	192
Amounts due after more than one year	-	4,564
Total loans and other amounts due to members	5,474	4,756

Britbet Racing LLP

Notes forming part of the financial statements for the period ended 31 December 2022 (continued)

15 Loans and other amounts due to members - continued

Loans due to members (capital contributions as defined in the partnership agreement) are interest free and repayable in accordance at 30 June 2023 in accordance with the terms of the LLP agreement.

16 Members' Interests

Other than members' capital classified as debt, all amounts due to members rank *pari passu* with unsecured creditors in the event of a winding up. At 31 December 2022, no amounts are subordinated to unsecured creditors.

Subject to members' agreement, there are no restrictions on the ability for the Board of members to reduce Members' other interests.

17 Related party disclosures

There is no ultimate controlling party of Britbet Racing LLP.

The LLP received loans from members as per the LLP agreement as included in note 15. Loans granted to members are interest free and repayable on demand.

With the exception of loans due to members, and loans due from members, all other transactions with members are made under normal market conditions. During the year, the LLP was charged a total of £152,372 (2021 - £175,616) of racecourse fees from members.

During the year, the LLP was charged for services and racecourse fees from Arena Racing Corporation Limited, designated member, to the value of £93,875 (2021 - £89,535), and from Jockey Club Racecourses Limited, designated member, to the value of £159,809 (2021 - £87,177). At the year end, there was a balance due to Arena Racing Corporation Limited of £15,390 (2021 - £1,140) included in trade creditors and due from Jockey Club Racecourses Limited of £12,415 (2021 - £2,095) included in trade debtors, with accrued amounts of £22,445 (2021 - £41,030) for Arena Racing Corporation Limited and £134,120 (2021 - £69,506) for Jockey Club Racecourses Limited.

Key management personnel include all designated members and a number of senior members and senior managers who together have authority and responsibility for planning, directing and controlling the activities of the LLP. The total compensation paid to key management personnel for services provided to the LLP was £389,000 (2021 - £341,000).

18 Pension commitments

The LLP operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the LLP in an independently administered fund. The pension cost charge represents contributions payable by the LLP to the fund and amounted to £184,000 (2021 - £135,000). Contributions totalling £30,991 (2021 - £20,774) were payable to the fund at the balance sheet date and are included in creditors..

Britbet Racing LLP

Notes forming part of the financial statements for the period ended 31 December 2022 (*continued*)

19 Analysis of net debt

	At 1 January 2022 £'000	Cash movements £'000	Other non-cash changes £'000	At 31 December 2022 £'000
Cash at bank and in hand	5,878	(635)	-	5,243
Finance leases	(3,017)	1,425	-	(1,592)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net funds (before members' debt)	2,861	790	-	3,651
Members' capital – amounts due within one year	-	-	(4,750)	(4,750)
Members' capital – amounts due after more than one year	(4,564)	-	4,564	-
Other amounts due to members	(192)	(532)	-	(724)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net funds	(1,895)	258	(186)	(1,823)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Non-cash changes relate to the movement between amounts due after more than one year and amounts due within one year, and the unwinding of the discount on members' capital.

Britbet Racing LLP

Notes forming part of the financial statements for the period ended 31 December 2022 (continued)

20 Prior year adjustments

It has been determined that the treatment of the division of profits, which is considered automatic, members' current accounts, and the presentation of the discount on member capital loans has not been correctly reflected in previous years financial statements and as a result, prior year adjustments have been made to the opening amounts as at 31 December 2020 and 31 December 2021 in the Reconciliation of members' interests, and the comparative figures at 31 December 2021 in the Balance sheet and the Statement of comprehensive income. None of these adjustments impact on the reported Profit for the financial year before members' remuneration as shown in the Statement of Comprehensive Income.

A prior year adjustment has been processed in which the Members' Remuneration Charged as an Expense in the Statement of Comprehensive Income has increased from £nil to £3,501,000. This has resulted in a £Nil profit available for discretionary division amongst members for the year ended 31 December 2021 with the same treatment being followed in the current financial year. The adjustment has been necessary to correctly reflect Members Remuneration in accordance with the LLP agreement with regard to the automatic division of profits.

The Members' remuneration Charged as an Expense in the Reconciliation of Members' interests has increased by the same amount.

The amounts due from members at 31 December 2021 as shown in note 11 has reduced from £4,742,000 to £2,601,000 to reflect the correct split of members with overdrawn current accounts, which have been amended to reflect the automatic division of accumulated profits to members which have been credited to their current accounts. The net assets attributable to members has reduced from £7,180,000 to £5,039,000 as a result.

Loans and other debts due to members – other amounts as at 31 December 2021 has increased from £nil to £192,000 to reflect the correct split of members with credit balances in their current accounts after division of profits.

Members' capital classified as equity at 31 December 2021 has reduced from £957,000 to £nil to correctly reflect the fact that this amount represents the discount on interest free member capital loans treated as debt, which are shown net of the discount at a market rate of interest which should have been treated as other reserves.

Other reserves classified as equity at 31 December 2021 has reduced from £1,659,000 to £283,000 to correctly reflect the fact that there were no unallocated profits at 31 December 2021, but instead, this amount represents the amount of discount on member capital loans which has not been unwound through additional interest charges to the statement of comprehensive income.

Britbet Racing LLP

Notes forming part of the financial statements for the period ended 31 December 2022 (continued)

The reconciliation of members interests at 31 December 2021 has been restated as follows:

	Members' capital classified as equity £'000	Members' capital classified as liability £'000	Loans and other debts due to members less any amounts due from members in debtors Other amounts £'000	Other reserve (equity) £'000	Total members' interests £'000
At 31 December 2021 – as originally stated	957	4,564	-	1,659	7,180
Prior year adjustments as noted above:	(957)	-	(2,409)	(1,376)	(4,742)
At 31 December 2021 – as restated	-	4,564	(2,409)	283	2,438

The opening balances as at 31 December 2020 in the Reconciliation of members' interests have been adjusted as follows:

	Members' capital classified as equity £'000	Members' capital classified as liability £'000	Loans and other debts due to members less any amounts due from members in debtors Other amounts £'000	Other reserve (equity) £'000	Total members' interests £'000
At 31 December 2020 – as originally stated	957	4,387	-	(483)	4,861
Prior year adjustments:					
Re-presentation of discount on member capital loans	(957)	-	-	957	-
Transfer of cumulative interest charged on member capital loans	-	-	497	(497)	-
Re-classification of cumulative drawings in excess of allocated profit	-	-	(483)	483	-
Inclusion of amounts due from members	-	-	(4,742)	-	(4,742)
At 31 December 2020 – as restated	-	4,387	(4,728)	460	119