British Horseracing Authority Limited

(A company limited by guarantee)

Annual report and consolidated financial statements

Registered number 02813358

31 December 2021

Contents

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2021.

Strategic report

Principal activities

The principal activity of British Horseracing Authority Limited ("the Company" or "the BHA") is to be the governing and regulatory authority for horseracing in Great Britain.

The principal activities of Great British Racing Limited ("the Company" or "GBR") are the promotion of horseracing in Great Britain and the commercialisation of data to third parties. The principal activity of British Horseracing Database Limited ("BHD") is the maintenance and licensing of the Database.

BHA, GBR and BHD, together form "the Group".

Overview

2021 was a more financially straight forward year than 2020 as we operated a normal fixture list and race programme, furloughing was very minimal and many activities suspended in 2020 were able to resume, albeit remotely. As such our income increased to levels much nearer to those in 2019, whilst our normal operating costs (i.e. excluding the ABP settlement) increased, the fact that activity, can now be delivered remotely ensured costs rose more slowly, this led to a surplus.

Our financial performance in 2021 is summarised as:

- On a management reporting basis, excluding accounting adjustments required under FRS102, we started 2021 with a budgeted £0.85m deficit and ended the year with an operating surplus of £0.8m *(2020: £1.0m loss).* We believe this surplus accurately reflects the operating activities of the company.
- When adjusting for (i) FRS102 adjustments required for defined benefit pensions which requires the removal of cash contributions and inclusion of actuarial profits or losses and interest cost, and (ii) the capitalisation of staff costs, the total comprehensive income was £12.4m. *(2020: £4.6m loss)*
- The £10.4m arising from the remeasurement of the net defined benefit activity shows the impact of the change in actuarial assumptions for measuring the pension liability. The discount rate has increased by 0.6% which leads to circa £9.0m reduction in liabilities as the discount rate is used to discount future liabilities back to their current value.
- Company net current assets are £5.4m *(2020: £3.9m)*, this reflects BHAs working capital which has increased during the year due to changes in debtors and creditors.
- We invested £0.7m in a new joint venture and have impaired part of that investment relating to operating costs that may not be recoverable in due course leaving a carrying value of £0.6m at year end
- We continued to make savings across our cost base as we retained many of the improvements and remote ways of working we adopted during 2020.

Managing cash remains extremely important, our cash balances reduced as expected as we paid over our deferred VAT liability. We have cash outflows in terms of loans to our new joint venture and ongoing ABP settlement payments therefore whilst we operated a surplus in 2021 and aim to achieve a small surplus in 2022, these surpluses are essential to ensure our ongoing financial commitments are able to be met.

Headline numbers for 2020 and 2021 – Company Only

	2020	**2021**
	£'000	**£'000**
Income (including other operating income)	**33,778**	**35,129**
Administrative costs	(34,831)	(34,374)
Operating (deficit) / surplus	(1,053)	755
Interest	15	11
(Deficit) / surplus before statutory adjustments and tax	**(1,038)**	**766**

Strategic report *(continued)*

Group Turnover

Turnover for the year was £36.9m (*2020: £34.1m)*. The increase in turnover was a result of 2021 having no periods of no racing compared to a circa 10 week gap in 2020, this meant higher income from owners and racecourses more in keeping with 2019 levels as shown in the table below with the budgeted contraction in activity not materialising.

	2019	**2020**	**2021**
	£'000	£'000	£'000
Racecourses	22,712	21,836	22,997
Owners	8,571	7,521	8,563
Other participants inc publications	1,216	1,133	1,120
Other	1,713	1,515	1,827
Subsidiary turnover	3,329	2,111	2,390
Total	**37,541**	**34,116**	**36,897**

Group Administrative expenses

Costs for the Group as a whole, which also include Financial Reporting Standard ('FRS') 102 adjustments for pension scheme costs, amount to £34.8m *(2020: £35.0m)* for the year ended 31 December 2021.

2020 costs included a large provision for holiday pay and a one off charge for ABPs, once these have been removed like for like costs increased. This was as expected as activity in many areas returned to pre pandemic levels. The costs of servicing the fixture list went back to previous levels, although overall travel and subsistence costs were lower than 2019 as we sought to take advantage of process improvements made through the pandemic and many more meetings were held remotely including those of the judicial panel which not only saved costs but saved participants time in not having to travel to London.

The new 10 year agreement with Weatherbys was signed in July 2021 and this delivers ongoing savings, as does the full impact of the new lease on our head office signed in 2020.

The £0.5m holiday pay accrual at the end of 2020 reduced by £0.2m during 2021.

Some specific covid related expenditure remained with the Covid helpdesk running for much of 2021 and social distancing officers continuing throughout.

Our legal costs increased in 2021 as a result of high profile disciplinary cases, large safeguarding cases and leak investigation costs related to a high profile disciplinary case.

The Company also agreed its triennial valuation results for the pension scheme with reduced long term contributions achieved through a one off payment in 2021. This payment removes any future inflation increases in the deficit payments. Deficit payments of £1.2m are expected to run to 2026.

We invested through loan contributions in Racing Digital and impaired those contributions not linked directly to the capital spend in that company, with a £0.15m charge made to the profit and loss account in the year. This investment is funded from savings elsewhere in the business and reserves.

Strategic report *(continued)*

Performance vs budget – company only results

Taking the Company profit and loss account in isolation, the table below reconciles between the statutory profit before tax and profit used by management to monitor the business, which excludes statutory adjustments for pensions and capitalisation of internal staff time. Management use this performance measure as cash contributions paid during the year rather than the FRS102 prescribed accounting treatment, in management's view, provides a better reflection of the costs of running the business.

Proforma (company only) Financials	2020	2021
	£'000	£'000
Statutory profit before taxation	216	2,056
Adjustments in respect of FRS102 for pensions – removal of cash contributions	(1,331)	(1,353)
Adjustments in respect of FRS102 for pensions – past service cost	6	-
Adjustments in respect of FRS102 for pensions – interest cost	161	143
Adjustments in respect of FRS102 - capitalise internal development costs	(90)	(80)
Management accounts (loss) / profit before tax	**(1,038)**	**766**

Balance sheet

The Group has net current assets of £9.1m *(2020: £9.3m)* of which £14.4m *(2020: £17.0m)* is in cash with the balance in debtors and creditors.

The decrease in cash at bank and in hand of £2.6m *(Company: £2.9m reduction)*, which as shown in the group cash flow is primarily a result of settlement of the deferred VAT liability, loans to Racing Digital and payments of the ABP liability, offset by overall positive performance.

It is noted that of the £14.4m group cash (Company: £11.7m), £4.7m is held at Weatherby's for the purposes of ongoing funds flow within the Racing cycle, £0.8m is held on term deposit and £2.0m is ring-fenced, again for commitments within the Racing cash flow cycle. Removing these items the directors therefore consider year end 'operating' cash available of £6.9m (group) and £4.2m (company) respectively to be a better reflection of available cash. At this level cash fell by £1.8m for the company during the year and represents approximately 4-6 weeks of normalised operating expenditure.

Taking into account the pension liability, which is a long term liability of £1.0m *(2020: £12.6m)*, overall group net assets are £8.3m *(2020: net liabilities of £4.1m)*. The pension liability has reduced significantly due to an increase in the discount rate which is used to value the liabilities and a decrease in life expectancy assumptions.

Taxation

BHA submitted claims to HMRC for Research and Development (R&D) tax credits for expenditure incurred in veterinary and medical research. This 2020 claim was processed and £181,000 was received from HMRC in 2022.

Based upon the 2021 results, it is anticipated that we will be making a claim for R&D tax credits in 2021 which will be traded for cash at 14.5%. A deferred tax debtor of £9,000 is included in the Company balance sheet.

Strategic report *(continued)*

Capital spend

The Group spent £0.2m on capital items (intangible and tangible) in 2021. The largest elements were office refurbishments, internal development capitalised costs and IT equipment.

Investment in Racing Digital

During the year the Company invested £706,000 through loans in Racing Digital Limited, a joint venture company. This money is being invested by Racing Digital in developing a new improved racing administration system, a project whose initial phase is three years.

The recovery of the loans are assessed against the assets of Racing Digital – for example any capitalised software that has been developed – and any amount not supported by assets is impaired. The impairment in 2021 was £153,000 leaving a carrying value of £553,000. Racing Digital is unlikely to generated returns sufficient to repay all stakeholder loans and therefore this approach is a prudent one adopted by the directors.

KPIs

The Company uses various informal key performance indicators across the business to monitor internal performance. The key financial KPI is performance against budget - the results of which are discussed above. It does not currently use formal KPIs on which to monitor the overall strategic objectives.

Strategic report *(continued)*

Environmental Reporting

Effective from 1 April 2019, The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 introduced the requirement for annual energy and carbon reporting. We have applied the financial control method. 2020 numbers have been restated and updated to include air miles and related emissions.

Greenhouse Gas emissions are set out below.

		2021		2020	
		Units	tCO2e	Units	tCO2e
Electricity	KWh	275,523	58.50	263,298	61.39
Company cars	Miles	1,517,214	402.07	1,260,606	353.94
Non company cars	Miles	1,147,835	312.11	862,000	236.69
Flights	Miles	38,992	5.28	55,410	8.05
Total			**777.96**		**660.07**
Intensity ratio (tCO2e per £m of turnover)			**21.08**		**19.36**

Methodology

The following methodology for converting raw data to the above have been applied consistently year on year.

- Electricity is measured directly in KwH and converted to Kg Co2e using a factor of 0.21233 compared to a conversion factor of 0.23314 in 2020.
- The Company car fleet is split 50% diesel, 35% petrol and 15% hybrid, with average engine size of 1640cc. Company car mileage is therefore converted using a weighted average of these for medium sized cars, with hybrids treated as petrol.
- Non company car business mileage is converted using a weighted average of medium diesel (83%), medium petrol (17%) based upon miles travelled.
- Air journeys are calculated in miles and converted to CO2 emissions through an online calculator.

Energy efficiency

Where appropriate the Group takes steps to ensure it reduces its GHG emissions and will consider what additional steps can be taken. 2021 emissions were higher as 2020 numbers were impacted by COVID and the shutdown of racing for 2.5 months.

There is a maximum limit placed on CO2 emissions for company cars, with electric and hybrid cars included on the list offered. Raceday staff are encouraged to car share to reduce mileage and CO2e. The central London offices use motion triggered lighting to ensure optimal usage.

Other areas

In our position as Governing body, we have also recently undertook a wider piece of work looking at sustainability across the industry and an industry wide questionnaire has been commissioned and circulated. This work will help us define the industry knowledge of this area plus set a wider strategy for delivering change.

Strategic report *(continued)*

Principal risks and uncertainties

The Company maintains a risk register which is reviewed by both the Audit Committee and Board. This includes BHA operational risks and industry risks in areas where BHA has leadership responsibilities. Key risks are detailed below:

Risk identified	Further details
Coronavirus related issues impacting racing and overall income and cashflow in both short and long term	The largest issue remains the longer term impact the pandemic has on the wider racing industry. Whilst we have not yet seen a significant contraction in activity, the threats of sustained higher inflation could create issues for attracting investment. The continued threat of Government restrictions may also impact wider income as was seen in Scotland and Wales at the end of 2021. We continue to ensure reserves are maintained to mitigate any short term impacts and the wider executive committee is working on a plan for ensuring the industry can bounce back and grow in the medium term.
Public engagement being damaged as a result of equine welfare arising from changing social & political attitudes both here and internationally.	We have significantly increased the resource required to deliver the Horse Welfare Board strategy with 5 heads now employed. This resource will deliver the aftercare strategy and progress wider equine welfare projects. In addition we undertook an extensive review of the whip through a public consultation, and made changes to the rules to react to issues raised by Panorama to remove thoroughbreds from the food chain.
Major integrity or regulatory related incident which causes the sport reputational damage	An annual threat assessment process helps identify key issues and prioritise resources. Specific teams are in place to monitor intelligence and access emerging threats. Action is taken where required to prosecute specific incidents that are identified.
Regulatory changes arising from Gambling Act review impact Racing's income, including affordability checks, advertising and sponsorship, and on course betting activity	2022 will see significant consultation on changes to the Gambling Act which could impact negatively on Racing's overall income. Racing is committed to socially responsible gambling but equally believes that Racing, as a game of skill, is different than games are chance. Introducing affordability checks and increased regulation would have a significant and permanent impact on Racing through significantly reducing its income generation through the levy. We continue to engage with Government and politicians and responded on behalf of racing to previous reviews.
Major safeguarding issue within the sport creates reputational and commercial damage.	Created dedicated safeguarding team including specialist practitioners, investigators and lawyers. Implemented a bespoke education programme for jockey coaches, trainers, racing staff and jockeys. A new code of conduct will be introduced in 2022.
Significant outbreak of equine disease impacting animal movement or suspension of racing.	Throughout 2021 the Animal Health Trust monitoring activities successfully transferred to Rossdales, and research contract to Cambridge University. 2022 will see the Introduction of enhanced regulatory framework around the vaccination requirements of Thoroughbreds against Equine Influenza.
Impact of Brexit in relation to free movement of horses, people and appropriate tax treatment.	Dealing with DEFRA and international authorities to put in place short term arrangements to assist horse movement. Longer term, pursuing digital technology integration with government systems as well as implementing a successor to the tripartite agreement using provisions from the UK's trade deal with the EU. Developing industry proposals to present to HMRC which would negate need to make deposits on temporary imports. Also, aiming for reciprocal treatment when British trained horses travel abroad.

Strategic report *(continued)*

Section 172 statement

Introduction

The Board believes that, individually and together, it acts in a way it considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, while having regard to the stakeholders and factors set out in section 172 (1) (a-f) ('S172') of the Companies Act 2006.

In order for the BHA to comply with its section 172 obligations, the BHA considers relevant stakeholders to include not only the members themselves, but also Government, employees and key suppliers.

How the BHA engages with stakeholders

Members

Formal communication with the BHA's member bodies is via the Members' Committee (representation at Chair level) and the Executive Committee (representation at Chief Executive level), as well as through the BHA Board, which contains four member-nominated directors.

BHA member bodies are also represented on several standing committees of the BHA Board, i.e. the Audit Committee, executive committees i.e. the Fixtures and Funding Group, and via industry level committees i.e. the Diversity in Racing Steering Group.

In 2020 the BHA introduced a consultation model, which sets out the circumstances and methods in which the BHA must formally consult with its member bodies in accordance with the Members' Agreement as well as how the model could be applied to circumstances in which the BHA is not contractually obliged to formally consult, but consultation would still be desirable in order to encourage transparency and collaboration in its decision making.

For the first time in 2021, the BHA presented its financial results in a bespoke session aimed specifically to stakeholder groups.

Employees

There are over 250 employees in the BHA Group, located across the entire country, working in various teams. With this type of disparate workforce, communication is very important to ensure information is shared quickly, effectively and consistently. Therefore, the BHA uses the following approaches to communicate with its workforce.

- Workplace, Facebook's business platform, is used as a communication hub for disseminating messages and communicating directly with staff.
- Annual staff roadshows are held at different locations across the country to communicate with staff and to bring people together from different teams and different locations. In 2021, these will were held online due to Covid-19 restrictions.
- Regular "all staff calls" to update all staff on relevant issues, with an opportunity to ask questions live or by way of follow up.
- There are also some more structured communication and consultation forums in certain parts of the business. Many of the raceday teams are included under a joint bargaining agreement signed between the company and Unite the Union, which together form a Joint Negotiating Board ('JNB'). Whilst exact numbers are not known, it is believed that the JNB represents over 50% of the salaried employees. This group is primarily used to agree annual payrises.

Strategic report (continued)

Section 172 statement *(continued)*

Government

The Company, through its Communications and Corporate Affairs team, leads on engagement with the UK and Devolved Governments, Parliamentarians and Government agencies on behalf of British racing across a range of policy issues.

Under the terms of the 2015 Members Agreement, Government Relations policy is a Category B Tripartite matter on which unanimous agreement is required on strategy and approach.

In order to facilitate this, an industry-wide Public Affairs Group meets regularly to act as a forum for discussion, information sharing and agreement of Government Relations strategy.

Responsibilities of this group include:

- Proposing and implementing an annual public affairs strategy for British racing – to be agreed by the Members' Committee
- Discussing strategy and tactics for engagement to effect various policy objectives as agreed by relevant industry committees
- Agreeing roles and responsibilities of members of the group in delivering the strategy, including appraising their stakeholder groups of its objectives and tactics

Key suppliers

The BHA meets regularly with its key service providers through a series of operational and strategic delivery groups.

Approval of 2022 budget and financial performance reporting

Throughout 2021 the Board received regular updates on the Company's financial position. Cashflow forecasts have been completed through to the end of 2023 to ensure any financial commitments made can be seen over the next 2 years.

In approving the 2022 Budget, the Board (and the Audit and Risk Committee) understood the key income drivers and sensitivities in the business, including fixture levels, field sizes, ownership, horses in training, higher than usual inflation and made decisions over how these might impact activity levels in 2022.

Set out below are three key strategic decisions made by the Board in 2021 that illustrate how the Board took into account the factors set out in section 172 of the Companies Act 2006:

Strategic report (continued)

Section 172 statement *(continued)*

Key Board Decisions

Significant event / decision	Actions and impact
The strategy and structures review over what the BHA does and how it is structured to deliver this	The BHA's previous multi-year business plan covered the period 2017-2019. The Pandemic was the main focus from early 2020 and responding to Covid during 2020 was our only strategic priority with longer term planning difficult at that time, with this in mind the Board felt it inappropriate to set the new long-term strategy before the new CEO had taken office in January 2021. The Board wanted the new CEO to play their part in setting such strategy and to lead on its implementation, including a possible BHA restructure to deliver the agreed strategic objectives. We engaged specific resource to support and develop this plan alongside the existing BHA Executive team. The overall strategic objectives, enablers and related structures will be completed in 2022 and will form the basis of the 2023 budget. This process has identified certain gaps which will need to be filled to fully deliver the strategy – most notably in business planning and transformation.
Impact on the long-term sustainable success of BHA and the wider industry	The Board considered that reviewing the BHA's structure and cost base in line with its agreed long term strategic objectives should ensure stakeholders and wider member bodies are more aware of the role of the BHA and its running costs, thus making agreeing annual budgets and future activity more straightforward. This process should also identify efficiencies in processes and areas where there may be replication or overlap with the hope of reducing costs in certain areas and allowing for investment in other areas in the longer term.
Stakeholder considerations	Stakeholders have been fully involved in the process either formally through the BHA Board or through separate individual meetings and workshops to ensure that any strategy developed is understood and agreed by the wider sport as far as possible. Employees, who are also key stakeholders in the process, have been included at Executive level, with specific input from other key areas to determine specialist information, i.e. the cost of any changes. A separate group of other senior managers was also created to provide a sounding board for the project manager and CEO. Wider employees are kept updated through all staff calls and the Senior Leadership Team. Throughout the process, the Board has considered the impact on employee morale. Employees have been assured that whilst the BHA is looking to achieve efficiencies in its operating model, the aim of the process is not to cut jobs.

Strategic report (continued)

Section 172 statement *(continued)*

Significant event / decision	Actions and impact
The public consultation looking to establish potential policy reforms relating to the use of the racing whip and any associated rules and/or regulatory changes	Following on from the agreed strategy produced by the Horse Welfare Board – "A Life Well Lived", as at February 2022, the BHA is undertaking a public consultation on the use of the whip. The consultation has been divided into two phases. The first phase encompassed an open engagement with industry participants, non-industry stakeholders and wider public audiences through an online consultation. Over 2,000 responses were received through this method. Separately, a series of focus groups were conducted by an experienced moderator from the market research agency Trinity McQueen. They will further assess viewpoints and gather qualitative data obtained during the initial phase. The analysis and recommendation process of the consultation is currently being carried out by the BHA in collaboration with a Steering Group (SG). The SG members and other relevant individuals will ensure any specific recommendations have been discussed with the parties who will be most affected by any changes. Once any recommendations are approved by the BHA Board the implementation process will commence.
Impact on the long-term sustainable success of BHA and the wider industry	The Board considers it important to ensure the rules and penalties around the use of the whip are appropriate is important in light of evolving social attitudes and the views of the participants and racegoers of the future. An open consultation allows the BHA to understand views of those both in and outside of the sport, and to evaluate the relative strength of, and rationale for, these views. If changes are made, they will take account of the full range of often complex considerations and potential consequences, ensuring they are appropriate, proportionate and in the interests of racing's long term sustainability.
Stakeholder considerations	All relevant stakeholders were able to feed in via the online questionnaire and focus groups. The steering group reflects a range of relevant stakeholders including trainers, jockeys, media, owners, bloodstock agents, studs, racecourses, vets, welfare organisations, politicians and racing staff.

Strategic report (continued)

Section 172 statement *(continued)*

Significant event / decision	Actions and impact
Following the performance of British trained racehorses at Cheltenham 2021, a group was established to suggest ways in which the BHA could strengthen the performance of British Jump racing at the top end of the pyramid	The Quality Jump Racing Review Group (QJRRG) was formed in May 2021 to assess these issues and develop recommendations. The five aims are of the group were: 1.To see Britain's best horses more regularly running against each other outside of the Cheltenham Festival. 2.To make Britain's best horses and stables more competitive against those representing Ireland. 3.To encourage more of the sport's highest-investing owners to have their horses trained in Britain. 4.To neutralise prize money as a consideration for owners when decisions are taken about whether a horse is trained in Britain or Ireland. 5.To produce a race programme that is consistently more engaging to punters, fans, the media and racegoers. And to help achieve these aims, it was recommended that the sport must: 1.Incentivise greater competition between the sport's leading horses in all divisions by implementing some potentially significant changes to the Jump Pattern and Listed programme, focusing primarily on the enhancement and refinement of Britain's Graded and Listed races. 2.Deliver a significant prize money increase for British Jump racing, with suggested measures to include the setting of increased minimum prize money levels that encourage owners and trainers to run horses and also reward those racecourses most willing to invest in purses.
Impact on the long-term sustainable success of BHA and the wider industry	The impact on the long- term sustainable success of British Jump racing is clear as set out above in the 5 aims and 2 recommendations, which the Board believes will create longer term sustainable success for the sport as a whole.
Stakeholder considerations	The QJRRG brought together owners, trainers, racecourses, broadcasters, and bookmaker representatives to discuss how the BHA can better support British Jump racing to ensure Great Britain is competitive on the biggest stages, whilst also strengthening the development pathways that propel our horses towards that top end. The QJRRG does not have the authority or remit to allocate or review prize money models, or to amend the Jumps programme. However, the Board has approved the overarching objectives in principle, which means discussions can now progress on how to deliver the recommendations. It is proposed that, as well as seeking detailed input from existing industry groups such as the Jump Pattern Committee and the Fixtures and Funding Group, the BHA Executive will work with the relevant racecourses and participant representatives, and other interested parties, to develop the proposals and an implementation plan for the 2022/23 Jump season to be approved by the Board.

Strategic report (continued)

Section 172 statement *(continued)*

Corporate governance

Although neither the Group nor the BHA are listed and do not voluntarily comply with the UK Corporate Governance Code, the directors, mindful of BHA's position as the governing and regulatory body for horseracing in Great Britain, believe in good corporate governance as evidenced by the following:

- a separate Chairman and Chief Executive;
- laid down procedures;
- a Nominations and Remuneration Committee;
- an Audit Committee;
- the use of clearly defined authorities for all expenditure;
- adherence to the principles of better regulation and regular independent scrutiny of compliance;
- formal consultation processes with stakeholders on all matters of regulation and governance;
- a directors' code of practice adopted by the Board;
- regular monitoring by the Board of directors;

In particular, the directors have developed and maintained an effective system of internal control over the financial management of the Group, to provide reasonable assurance that its assets are safeguarded and that proper accounting records are kept. The systems, which are kept under review, include comprehensive budgeting systems with an annual budget approved by the Board and the regular consideration of actual results compared with budgets and forecasts.

Julie Harrington.

24 May 2022

J A Harrington

Director

75 High Holborn
London
WC1V 6LS

Directors' report

Members
The members of the Company are:

- Racecourse Association Limited
- Racehorse Owners Association Limited
- Thoroughbred Breeders Association
- The Licensed Personnel Member ('LPM')

The LPM is jointly the National Trainers Federation, Professional Jockeys Association, and National Association of Racing Staff.

Political contributions
The Group made no political donations or incurred any political expenditure during the year *(2020: £nil)*.

Directors

A Phelps CBE	
NJ Rust OBE	Resigned 3 January 2021
DJ Armstrong	
MAM Carver CBE	Resigned 30 September 2021
LM Cumani	
JA Harrington	Appointed 4 January 2021
DSJ Jones	Appointed 1 January 2021
CM Parker	
R Parker	Appointed 1 January 2022
JW Saumarez Smith	
Sir Paul R Stephenson	Resigned 1 January 2022
WT Walsh	Appointed 1 October 2021
DL Whyte	

Certain directors benefitted from qualifying third party indemnity provisions in place and qualifying pension scheme indemnity provisions during the financial year and at the date of this report.

Dividends and transfers to reserves

The profit for the year of £2.0m *(2020: profit of £0.5m)* has been transferred to reserves. The BHA is not permitted under its Memorandum of Association to pay dividends.

Future Developments

The group produced a 2022 budget which details a small operating profit which will be invested in Racing Digital with an overall cash outflow in 2022. The budget includes some prudent downside assumptions to activity which may or may not be required. Any cash outflow in 2022 can be managed from reserves.

The Board and relevant stakeholders continue to discuss the remit and structure of the Company, especially in relation to separation of regulation and governance activities. The Board remain mindful that as a national governing body any changes need to reflect appropriate modernisation.

Directors' report *(continued)*

Employees

The group is an equal opportunities employer and is fully committed to treating all employees and applications equally.

The group will take all reasonable steps to employ, train and promote employees on the basis of their experience, abilities and qualifications, without regard to race, religion, sexual orientation, nationality, belief, gender, age, marital status or disability. We will also take reasonable steps to provide a working environment in which all employees are treated with dignity and respect and that is free from harassment or discrimination.

Further details on employee engagement are set out in the strategic report.

Statement as to disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he / she ought to have taken as a director to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The Company's auditor, BDO LLP, have expressed their willingness to be re-appointed and will be deemed to be re-appointed in accordance with Section 487 of the Companies Act 2006.

By order of the Board

Julie Harrington.

JA Harrington
Director

24 May 2022

75 High Holborn
London
WC1V 6LS

Statement of directors' responsibilities in respect of the Annual report and financial statements

The directors are responsible for preparing the Strategic Report, the Directors' 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 they 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 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 group and company and of the profit or loss of the group and 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;
- 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 BRITISH HORSERACING AUTHORITY LIMITED

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of British Horseracing Authority Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the consolidated and company profit and loss accounts, the consolidated and company statements of comprehensive profit and loss, the consolidated and company balance sheets, the consolidated statement of cash flows, the consolidated and company statements of changes in equity and notes to the financial statements, including a summary of 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 (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' 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 Group's and Parent Company'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 Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report and Financial Statements 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. 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.

Other Companies Act 2006 reporting

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 Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Group or the Parent 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

- obtaining an understanding of the legal and regulatory frameworks that are applicable to the Group and Parent Company. These include, but are not limited to, compliance with the Companies Act, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.
- reviewing minutes of the board of directors in order to identify any instances of fraud or non-compliance with laws and regulations.
- making enquires of other personnel with roles relevant to compliance with laws and regulations
- making enquiries of management of the Group policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and

  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur in the financial statements and any potential indicators of fraud. We identified potential for fraud in the following areas and performed the following procedures:
  - management override of controls: we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates and judgements. Audit procedures performed included:
    - challenging assumptions made by management in their significant accounting estimates in particular in relation to actuarial assumptions, the recognition of a deferred tax asset, recoverability of receivables, and discount rates used for non-current receivables and payables;
    - identifying and testing journal entries, in particular any journal entries to revenue which are not in line with expectations and reviewing journal entries for journals inconsistent with the usual transactions of the Group.
  - revenue recognition: application of cut off at, and measurement of accrued income to, and deferred from, the year-end. We reviewed transactions pre and post year end to check that the associated revenue is reflected in the correct period
  - communicating relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Ian Clayden
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Ian Clayden (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London,UK

31 May 2022

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

Consolidated profit and loss account
for the year ended 31 December 2021

	Note	**2021 £000**	2020 £000
Group turnover	*2*	**36,897**	34,116
Administrative expenses		**(34,694)**	(35,046)
Other operating income	*7*	**11**	1,281
Operating profit	*5*	**2,214**	351
Share of losses of joint venture	*13*	**(153)**	-
Interest on loans receivable	*6*	**71**	85
Other interest receivable and similar income	*8*	**18**	20
Interest payable and similar expenses	*9*	**(143)**	(161)
Profit before taxation		**2,007**	295
Taxation on profit	10	**(54)**	227
Profit for the financial year		**1,953**	522

The profit in the above profit and loss account relate entirely to continuing operations. The notes on pages 27 to 55 form part of these financial statements.

Consolidated statement of comprehensive profit / (loss)

for the year ended 31 December 2021

	Note	**2021 £000**	2020 £000
Profit for the financial year		**1,953**	522
Other comprehensive income / (loss)			
Remeasurement of the net defined benefit liability	*19*	**10,440**	(5,068)
Total comprehensive profit / (loss) for the year		**12,393**	(4,546)

Company profit and loss account

for the year ended 31 December 2021

	Note	**2021 £000**	2020 £000
Turnover	*2*	**35,118**	32,524
Administrative expenses		**(32,941)**	(33,416)
Other operating income	*7*	**11**	1,254
Operating profit	*5*	**2,188**	362
Other interest receivable and similar income	*8*	**11**	15
Interest payable and similar expenses	*9*	**(143)**	(161)
Profit before taxation		**2,056**	216
Taxation on profit	*10*	**(65)**	237
Profit for the financial year		**1,991**	453

The profit in the above profit and loss account relate entirely to continuing operations. The notes on pages 27 to 55 form part of these financial statements.

Company statement of comprehensive profit / (loss)

for the year ended 31 December 2021

	Note	**2021 £000**	2020 £000
Profit for the financial year		**1,991**	453
Other comprehensive loss			
Remeasurement of the net defined benefit liability	*19*	**10,440**	(5,068)
Total comprehensive profit / (loss) for the year		**12,431**	(4,615)

Consolidated balance sheet
at 31 December 2021

	Note	**2021**		2020	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	*11*		**357**		435
Tangible assets	*12*		**523**		587
Investments	*13*		**553**		-
			1,433		1,022
Current assets					
Debtors (including £2,034,000 *(2020: £3,001,000)* due after more than one year)	*14*	**9,198**		10,002	
Cash at bank and in hand	*15*	**14,403**		17,049	
		23,601		27,051	
Creditors: amounts falling due within one year	*16*	**(14,549)**		(17,760)	
Net current assets			**9,052**		9,291
Total assets less current liabilities			**10,485**		10,313
Creditors: amounts falling due after more than one year	*17*		**(1,182)**		(1,753)
Provisions for liabilities					
Pension and similar obligations	*19*		**(970)**		(12,620)
Net assets / (liabilities)			**8,333**		(4,060)
Capital and reserves					
Capital reserve			**19**		19
Profit and loss account			**8,314**		(4,079)
Shareholders' funds			**8,333**		(4,060)

The notes on pages 27 to 55 form part of these financial statements.

These financial statements were approved by the board of directors on 24 May 2022 and were signed on its behalf by:

Julie Harrington.

J A Harrington
Director

Company balance sheet
at 31 December 2021

	Note	**2021**		2020	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	*11*		**357**		435
Tangible assets	*12*		**509**		569
Investments	*13*		**4,009**		3,456
			4,875		4,460
Current assets					
Debtors (including £1,226,000 *(2020: £1,892,000)* due after more than one year)	*14*	**7,935**		8,562	
Cash at bank and in hand	*15*	**11,693**		14,596	
		19,628		23,158	
Creditors: amounts falling due within one year	*16*	**(14,223)**		(17,548)	
Net current assets			**5,405**		5,610
Total assets less current liabilities			**10,280**		10,070
Creditors: amounts falling due after more than one year	*17*		**(1,182)**		(1,753)
Provisions for liabilities					
Pension and similar obligations	*19*		**(970)**		(12,620)
Net assets / (liabilities)			**8,128**		(4,303)
Capital and reserves					
Capital reserve			**19**		19
Profit and loss account			**8,109**		(4,322)
Shareholders' funds			**8,128**		(4,303)

The notes on pages 27 to 55 form part of these financial statements.

These financial statements were approved by the board of directors on 24 May 2022 and were signed on its behalf by:

Julie Harrington.

J A Harrington
Director

Consolidated cash flow statement

for the year ended 31 December 2021

	Note	**2021** **£000**	2020 £000
Cash flows for operating activities			
Profit for the financial year		**1,953**	522
Adjustments for:			
Depreciation, amortisation and impairment		**388**	604
Impairment of fixed asset investment		**153**	-
Interest income receivable and similar income		**(18)**	(20)
Gain on financial assets at fair value through profit and loss		**(71)**	(85)
Interest payable and similar expenses		**143**	161
Pension scheme current service cost		**-**	6
Loss on sale of fixed assets		**3**	1
Taxation		**54**	(227)
		2,605	962
Decrease / (increase) in trade and other debtors		**230**	(1,338)
(decrease) / Increase in trade and other creditors		**(3,773)**	5,216
Cash contributions to defined benefit pension scheme		**(1,353)**	(1,331)
Net cash from operations		**(2,291)**	3,509
Taxation			
Corporation tax reclaimed in respect of prior periods		**224**	56
Corporation tax paid in the period		**(9)**	(3)
Net cash from operating activities		**(2,076)**	3,562
Cash flows from investing activities			
Development expenditure		**(97)**	(102)
Acquisition of tangible fixed assets		**(152)**	(122)
Interest received		**18**	20
Net cash from investing activities		**(231)**	(204)
Cash flows from financing activities			
Loans repayments from associated undertakings		**367**	365
Loans made to joint ventures		**(706)**	-
Net cash from financing activities		**(339)**	365
Net increase in cash and cash equivalents	*23*	**(2,646)**	3,723
Cash and cash equivalents at beginning of year		**17,049**	13,326
Cash and cash equivalents at end of year		**14,403**	17,049

The notes on pages 27 to 55 form part of these financial statements.

Consolidated statement of changes in Equity

	Capital reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2020	19	467	486
Total comprehensive income for the year			
Profit	-	522	522
Other comprehensive income	-	(5,068)	(5,068)
Balance at 31 December 2020	19	(4,079)	(4,060)

	Capital reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2021	19	(4,079)	(4,060)
Total comprehensive income for the year			
Profit	-	1,953	1,953
Other comprehensive profit	-	10,440	10,440
Balance at 31 December 2021	**19**	**8,314**	**8,333**

Company statement of changes in Equity

	Capital Reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2020	19	293	312
Total comprehensive income for the year			
Profit	-	453	453
Other comprehensive income	-	(5,068)	(5,068)
Balance at 31 December 2020	19	(4,322)	(4,303)

	Share Capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2021	19	(4,322)	(4,303)
Total comprehensive income for the year			
Profit	-	1,991	1,991
Other comprehensive profit	-	10,440	10,440
Balance at 31 December 2021	19	8,109	8,128

The notes on pages 27 to 55 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

British Horseracing Authority Limited (the "Company") is a private company limited by guarantee and incorporated, registered and domiciled in the UK. The registered number is 02813358 and the registered office is 75 High Holborn, London, WC1V 6LS.

The Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time; and
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 17 in relation to the fair value assessment of financial instruments.

Measurement convention

The financial statements are prepared on the historical cost basis with the exception of certain financial instruments which have been measured at fair value.

1 Accounting policies *(continued)*

Going concern

Whilst Covid-19 continues to impact daily life, for the most part the activities undertaken by the Company and wider within the horseracing industry have returned to near normal. Crowds have returned to racecourses and many pre pandemic activities have recommenced.

The Company's revenue streams which were impacted in 2020 with the temporary cessation of Racing in all its forms have rebounded and performed ahead of budget with levels of new ownership exceeding expectations and other related income following a similar path. This, alongside sensible cost control under hybrid working, have ensured the Company and Group delivered an operational surplus in 2021.

From a financial reporting perspective, the Directors are required to make an assessment over the appropriateness of using the going concern assumption in preparing these financial statements. The Directors have produced cash flow forecasts to support their conclusions, modelling various scenarios of how liquidity could be impacted.

Our overall result when removing certain FRS102 statutory adjustments (see page 5) shows a profit before tax of £766,000, this has helped replenish reserves which were impacted by the pandemic. Our usage of Government funding through CJRS was small in 2021 at £11,000 compared to £1,254,000 as all staff returned to work.

Our 2022 budget shows a budgeted surplus, and even allowing for some funding for Racing Digital, a new joint venture between BHA and Weatherbys Limited, we anticipate cash balances at the end of 2022 to be more than sufficient. Operating cash at the end of 2021 remains strong and sufficient for ongoing operational needs.

However, if further economic or industry wide setbacks occur, such as further government mandated lockdowns, and the impacts of Covid-19 exceed expectations, we have a template to ensure long term sufficiency of the Company based upon out experience in 2020.

The directors believe their current assumptions are reasonable and include appropriate contingencies, and that they have taken all reasonable steps to secure the Company's financial position, and enable the Company and Group to meet their ongoing liabilities as they fall due. The Directors have therefore concluded that it remains appropriate to prepare the financial statements on a going concern basis.

1 Accounting policies *(continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2021.

A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Company does not own all the shares in its subsidiary, British Horseracing Database Limited ('BHD'), with the minority shareholders holding 3 'B' and 3 'C' shares each, compared to the Company's holding of 4,003,932 'A' shares. No minority interests are shown in the consolidated accounts of the Company as (i) under the provisions contained within the Articles of BHD the 'A' shareholder is the only shareholder entitled to a distribution, if and when a distribution is declared by the Board and (ii) on a winding up the assets are distributed in accordance with the number of shares held in all classes.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significance influence is presumed to exists when the investors holds between 20% and 50% of the equity voting rights.

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

In the parent financial statements, investments are carried at cost less impairment.

Intangible and tangible fixed assets

The cost of intangible and tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Internally generated intangible assets relate to computer development on new systems and are capitalised based upon asset cost including the staff costs of the internal development team calculated on an hourly basis.

Intangible assets are also reviewed for impairment and the assets determined to have positive future benefit which is in excess of their net book value.

Depreciation/amortisation is provided so as to write off the cost of tangible and intangible fixed assets on a straight line basis over the estimated useful economic lives of the assets concerned. The rates of depreciation / amortisation are as follows:

Leasehold improvements	3-5 years or lease term, if shorter
Contract computer development	7 years
Other computer development	4 years
Fixtures fittings and office equipment	3-5 years
Intangible assets	3-5 years
Specific Covid related assets	18 months

The Company holds a licence for use of the Database of pre-race data for governance and regulatory purposes. In accordance with FRS 102, no amounts have been capitalised in the balance sheet in respect of these rights. The cost of acquiring this asset is written off to the profit and loss account as incurred.

1 Accounting policies *(continued)*

Fixed asset investments

Fixed asset investments in joint ventures and subsidiaries are held at cost less any provision for impairment in the financial statements of the Company.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss

Investments in subsidiaries, jointly controlled entities and associates

These are separate financial statements of the company. Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an initial term of less than 3 months. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Reserves

The group's and company's reserves are as follows:

- Capital reserve represents the amounts that the members guarantee to contribute towards the debts of the company
- Profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

1 Accounting policies *(continued)*

Turnover

Turnover, which excludes value added tax (‘VAT’), represents the invoiced value of goods and services supplied in connection with the administration of horseracing in Great Britain. The Company’s income is invoiced and recognised when these services are delivered to racecourses and other participants.

In addition, included within Group turnover are amounts (excluding VAT) derived from income from signed licence agreements with third parties. The licence income streams derived by the Group are recognised in the period they relate to.

Interest receivable and interest payable

Other interest receivable and similar income include interest receivable on funds invested. Interest income is recognised in the profit or loss as it accrues.

Interest payable and similar expenses include interest payable, and net interest expenses in relation to pension scheme assets and liabilities. Interest payable is recognised in profit or loss as it accrues.

Related party disclosure

Related Party Disclosures requires the disclosure of the details of material transactions between the Group and any related parties, as defined. Details of material related party transactions are included in note 24 to the financial statements.

Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

1 Accounting policies *(continued)*

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense/income on the net defined benefit liability/asset for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/asset taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of, the entity's obligations. A valuation is performed triennially by a qualified actuary and the position updated annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit scheme assets and liabilities are recognised in other comprehensive income in the period in which they occur.

Termination benefits

Termination benefits are recognised as an expense when the entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Other Operating Income

Other operating income relates to income from the Coronavirus Job Retention Scheme and is recognised on an accruals basis.

Notes *(continued)*

1 Accounting policies *(continued)*

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determining whether leases are operating or finance leases based upon whether the risks and rewards of ownership have been transferred from the lessor to the lease on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's fixed assets. Factors taken into consideration include the economic viability and expected future financial performance of the assets and its ability to continue to be of use to the company's business activities.

Other key sources of estimation uncertainty

- Intangible and Tangible fixed assets (notes 11 and 12)

Tangible and intangible fixed assets are depreciated over their useful economic lives taking into account any residual values where appropriate. The useful economic lives are assessed at time brought into use, and reviewed at each year end to determine if these assumptions have changed. Any intangibles which do not generate future cash flows or are not in use by the business are written off.

The creation of certain intangible assets is based upon costs of the IT development staff involved, the hours completed on a project and the hourly rate of pay. No additional management time is included in the capitalised costs. Given there is no formal timesheet system, this calculation requires judgement.

- Defined benefit pension scheme (note 19)

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future levels of inflation, mortality and investment returns. Due to the complexity of the valuation, the underlying assumptions and the long term nature of the liabilities, such estimates are subject to significant uncertainty. The discount rate is determined using appropriate corporate bonds as specified under FRS102, the mortality rates are based upon mortality tables and the future rates of inflation are based upon market conditions and expectations.

- Taxation, including deferred taxation (note 10)

The taxation charge and related provision for corporation tax relies upon a series of estimates and judgements regarding disallowable items and reliefs. It also uses estimates for likely research and development tax credits which are estimated based upon research spend and the anticipated amount which will be exchanged for cash. This is shown as deferred tax.

Deferred tax assets are only recognised to the extent that these are expected to be offset against future taxable profits. Significant management judgement is exercised in determining the level of tax assets that can be recognised, taking into account future forecasts and likely R&D credits, with a prudent approach taken should their existence not be considered probable.

- Debtors, specifically loans (note 14)

The group holds two loans which require judgement. Their future recoverability is determined through viewing payment compliance versus agreed payment dates and loanee's future business model and financial forecasts. Where sufficient uncertainty exists, a provision is made. Judgement is also required in determining the fair value of the loan which is calculated using appropriate assessments of comparable market rates.

Notes *(continued)*

2 Segmental information – Group and Company

	Racing administration 2021 £000	Commercial 2021 £000	Total 2021 £000
Turnover			
United Kingdom and Republic of Ireland	34,507	2,390	36,897
Total sales - Group	**34,507**	**2,390**	**36,897**
Intra group revenue (Company only)	**611**		
Total sales - Company	**35,118**		
Total operating profit / (loss) before interest and taxation	**2,179**	**(118)**	**2,061**
Net (liabilities) / assets	**8,225**	**108**	**8,333**

	Racing administration 2020 £000	Commercial 2020 £000	Total 2020 £000
Turnover			
United Kingdom and Republic of Ireland	32,005	2,111	34,116
Total sales – Group	32,005	2,111	34,116
Intra group revenue (Company only)	519		
Total sales - Company	32,524		
Total operating profit / (loss) before interest and taxation	**369**	**(18)**	**351**
Net assets	**(4,198)**	**138**	**(4,060)**

The Group has two classes of business, commercial (operated via GBR) and racing administration, both of which originate in the UK. It is not possible to split the operating profit before interest and taxation or the net assets / liabilities by geographical destination.

Notes *(continued)*

3 Remuneration of directors and key management

The remuneration payable to each of the directors of British Horseracing Authority Limited for the year was:

	2021	2020
	£000	£000
JA Harrington	**321**	-
NJ Rust OBE	**7**	352
A Phelps CBE	**100**	95
AWK Merriam	**-**	26
DL Whyte	**27**	26
JW Saumarez Smith	**27**	13
AS Duncan	**-**	23
Sir Paul R Stephenson	**35**	33
MAM Carver CBE	**20**	26
DJ Armstrong	**27**	26
NG Cooper	**-**	12
LM Cumani	**27**	26
CM Parker	**27**	13
DSJ Jones	**27**	-
WT Walsh	**7**	-
Total	**652**	671

The costs of JA Harrington, who was Chief Executive, are also represented within the costs included in note 4. The cost of employers NI for the above directors was £72,000 *(2020: £80,000).*

	Number of directors	
	2021	2020
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**1**	1

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £321,000 (*2020: £352,000*), and Company pension contributions of £37,000 (*2020: £10,000*) were made to a money purchase scheme on their behalf.

Key management personnel compensation for the group for the year which includes the total costs of the Board plus Executive team was £2,342,000 *(2020: £2,310,000).*

Notes *(continued)*

4 Staff numbers and costs

The average number of persons employed by the Company is shown below:

	Group and Company		Company*	
	2021	2020	**2021**	2020
	Number	Number	**Number**	Number
Directors	**11**	11	**10**	10
Permanent staff	**263**	268	**250**	257
Sessional staff	**15**	14	**14**	14
Equine Welfare Board (inc paid members)	**5**	3	**5**	3
	294	296	**279**	284

The aggregate payroll costs of these persons were as follows:

	Group		Company	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Wages and salaries	**13,217**	13,073	**12,623**	12,577
Pension costs	**1,577**	1,622	**1,536**	1,567
Social security costs	**1,455**	1,456	**1,389**	1,399
	16,249	16,151	**15,548**	15,543

All staff in the group are employed by the company, however their costs are allocated between the company and Great British Racing Limited depending upon the activities they perform. Separately identified in headcount are the staff employed who work on activities for the Equine Welfare Board as they are employees of the Company and their costs are included in our profit and loss account.

5 Operating profit - Group

	2021	2020
	£000	£000
Included in operating profit are the following:		
Depreciation/amortisation charge for the year:		
Tangible owned fixed assets	**213**	246
Intangible owned fixed assets	**175**	358
Loss on disposal of fixed assets	**3**	3
Operating leases:		
Building rentals (including SDLT)	**814**	919
Car leases	**397**	403
Impairment of fixed asset investment	**153**	-
Impairment and write off of debtor balances	**19**	27

Auditor's remuneration:

Audit of these financial statements	**51**	50
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries of the company	**13**	12
Taxation compliance services	**-**	-
Other tax advisory services	**-**	-
All other services	**-**	-

Notes *(continued)*

6 Interest on loans receivable - Group

	2021	2020
	£000	£000
Effective interest on fair value of BCS loan	**38**	52
Contractual interest on BCS loan	**33**	33
	71	85

7 Other operating income - Group

	2021	2020
	£000	£000
Coronavirus Job Retention Scheme	**11**	1,281
	11	1,281

The group income from the CJRS represents income for BHA and GBR allocated staff. BHA also makes claims on behalf of Racing to School (RtS), as these staff are jointly contracted and paid under the BHA PAYE scheme. Income received in relation to these staff has been passed fully to RtS in the same way their costs are passed to them and are excluded from the numbers shown above.

Other operating income - Company

	2021	2020
	£000	£000
Coronavirus Job Retention Scheme	**11**	1,254
	11	1,254

Notes *(continued)*

8 Other interest receivable and similar income - Group

	2021 £000	2020 £000
Bank interest	**18**	20
	18	20

Other interest receivable and similar income - Company

	2021 £000	2020 £000
Bank interest	**11**	15
	11	15

9 Interest payable and similar expenses – Group and Company

	2021 £000	2020 £000
Interest on assets	**(1,016)**	(1,530)
Interest on liabilities	**1,159**	1,691
Net interest expense on net defined benefit liabilities	**143**	161

Notes *(continued)*

10 Taxation - Group

	2021	2020
	£000	£000
Analysis of current tax recognised in profit and loss		
UK corporation tax at 19% *(2020:19%)*		
Current tax		
Tax on profit for the year	**2**	13
Adjustment in respect of prior periods	**61**	16
Total current tax	**63**	29
Deferred tax credit for the year	**(9)**	(256)
Total tax charge / (credit)	**54**	(227)

Reconciliation of effective tax rate

	2021	2020
	£000	£000
Profit excluding taxation	**2,007**	295
Tax using the UK corporation tax rate of 19% *(2020:19%)*	**381**	56
Effects of:		
Expenses not deductible for tax purposes	**46**	12
Pension costs not immediately deductible	**(230)**	(221)
R&D tax credits exchanged for cash	**(171)**	(99)
Brought forward trading losses used	**-**	(2)
Over provided in prior year	**61**	16
Depreciation (less than) / in excess of capital allowances	**(33)**	11
Total tax charge / (credit) (see above)	**54**	(227)

The Company has claimed R&D tax credits for 2020 which were exchanged for cash. This amount of £182,000 *(2020: £224,000)* was received in January 2022, £74,000 lower than accrued for. The Group will continue to seek to claim these going forward, where appropriate, and will include an appropriate amount in determining the current year tax charge, both in offsetting trading profits but also as a cash-in value. Claims in respect of 2021 have been included above.

Factors that may affect future tax charges:
A deferred tax asset of £9,000 *(2020: £256,000)* has been recognised in the balance sheet in respect of anticipated R&D credits. In addition, £141,000 *(2020: £1,830,000)* has not been recognised on the Group's pension scheme liability. This is due to the uncertainty of there being sufficient taxable profits in future years to enable such tax deductions to be claimed. There are also unrecognised trading losses of £383,000 *(2019: £383,000)* which again are unable to be recognised due to insufficient taxable profits in future to use them against.

Under the Finance Act 2015, the main rate of corporation tax reduced from 20% to 19% effective from 1 April 2017. The Finance Act 2016, which was substantively enacted on 6 September 2016, provided a further reduction to the main rate of corporation tax to 17% from 1 April 2020, however this reduction to 17% was reversed back to 19% and substantively enacted on 17 March 2020. Therefore the tax rate remains at 19% for the Balance Sheet date of 31 December 2021 and the deferred tax balances at this date have been measured at 14.5%, the rate at which the deferred tax asset is expected to reverse. Given the Company's expectation that it will continue to make small taxable profits, the impact of a reduction in future corporation rates is expected to be minimal.

Notes *(continued)*

10 Taxation - Company

	2021 £000	2020 £000
Analysis of current tax recognised in profit and loss		
UK corporation tax at 19% *(2020:19%)*		
Current tax		
Adjustment in respect of prior years	**74**	19
Total current tax	**74**	19
Deferred tax credit for the year	**(9)**	(256)
Total tax charge / (credit)	**65**	(237)

	2021 £000	2020 £000
Reconciliation of effective tax rate		
Profit excluding taxation	**2,056**	216
Current tax at 19 % (*2020:19 %)*	**391**	41
Effects of:		
Expenses not deductible for tax purposes	**33**	9
Pension costs not immediately deductible	**(230)**	(221)
R&D tax credits exchanged for cash	**(171)**	(99)
Over provided in prior year	**74**	19
Capital allowances (more) / less than depreciation	**(32)**	14
Total tax credit (see above)	**65**	(237)

The Company has claimed R&D tax credits for 2020 which were exchanged for cash. This amount of £182,000 *(2020: £224,000)* was received in January 2022, £74,000 lower than accrued for. The Group will continue to seek to claim these going forward, where appropriate, and will include an appropriate amount in determining the current year tax charge, both in offsetting trading profits but also as a cash-in value. Claims in respect of 2021 have been included above.

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Notes *(continued)*

11 Intangible fixed assets – Group and Company

	Development costs £000	Total £000
Cost		
At 1 January 2021	2,383	2,383
Additions	97	97
Disposals	-	-
At 31 December 2021	**2,480**	**2,480**
Amortisation		
At 1 January 2021	1,948	1,948
Charge for the year	175	175
Disposals	-	-
At 31 December 2021	**2,123**	**2,123**
Net book value		
At 31 December 2021	**357**	**357**
At 1 January 2021	435	435

These costs relate to racing specific software and system development commissioned from third parties or developed internally and are either amortised over 4 years for external development or over the remaining life of the contract to which the development relates. This method of amortisation is believed to be fair and appropriate and represent the useful economic life of the asset in the most appropriate manner. The amortisation charge is included with administrative expenses.

Notes *(continued)*

12 Tangible fixed assets – Group

	Leasehold improvements £000	Fixtures, fittings and office equipment £000	Total £000
Cost			
At 1 January 2021	1,289	2,026	3,315
Additions	-	152	152
Disposals	-	(19)	(19)
At 31 December 2021	**1,289**	**2,159**	**3,448**
Depreciation			
At 1 January 2021	1,273	1,455	2,728
Charge for the year	5	208	213
Disposals	-	(16)	(16)
At 31 December 2021	**1,278**	**1,647**	**2,925**
Net book value			
At 31 December 2021	**11**	**512**	**523**
At 1 January 2021	16	571	587

Tangible fixed assets – Company

	Leasehold improvements £000	Fixtures, fittings and office equipment £000	Total £000
Cost			
At 1 January 2021	1,289	1,978	3,267
Additions	-	150	150
Disposals	-	(19)	(19)
At 31 December 2021	**1,289**	**2,109**	**3,398**
Depreciation			
At 1 January 2021	1,273	1,425	2,698
Charge for the year	5	202	207
Disposals	-	(16)	(16)
At 31 December 2021	**1,278**	**1,611**	**2,889**
Net book value			
At 31 December 2021	**11**	**498**	**509**
At 1 January 2021	16	553	569

Notes *(continued)*

13 Fixed asset investments – Company

	Shares in Group Undertakings	Shares in Joint Ventures	Loans to Joint ventures	Total
	£000	£000	£000	£000
Cost				
At 1 January	4,004	-	-	4,004
Additions	-	-	706	706
At 31 December 2021	4,004	-	706	4,710
Provision				
At 1 January 2021	(548)	-	-	(548)
Impairment charge for the year	-	-	(153)	(153)
At 31 December 2021	(548)	-	(153)	(701)
Net book value				
At 31 December 2021	**3,456**	**-**	**553**	**4,009**
At 1 January 2021	**3,456**	**-**	**-**	**3,456**

The Company has the following direct investments:

	Country of incorporation	Number of shares	Class of shares held	Ownership 2021	Ownership 2020
British Horseracing Database Limited	UK	4,003,932	Ordinary	99.99985%	99.99985%
British Horseracing Limited*	UK	2	Ordinary	100%	100%
British Horseracing Board Limited*	UK	2	Ordinary	100%	100%
Racing Digital Limited	UK	1	Ordinary 'A'	50%	50%
Horseracing Regulatory Authority Limited*	UK	1,000	Ordinary	100%	100%

The three companies marked with * are all dormant companies and no longer trade. All of the above companies have their registered office at 75 High Holborn, London, WC1V 6LS.

The Company has the following indirect investments through its subsidiaries:

	Country of incorporation	Number of shares	Class of shares held	Ownership 2021 %	Ownership 2020 %
Great British Racing Limited	UK	4,003,831	Ordinary	100%	100%
British Champions Series Limited	UK	150	Ordinary	15.0%	15.0%

All of the above companies have their registered office at 75 High Holborn, London, WC1V 6LS.

Fixed asset investments – Group

	Shares in Joint Ventures £000	Loans to Joint ventures £000	Total £000
Cost			
At 1 January	-	-	-
Additions	-	706	706
At 31 December 2021	-	706	706
Provision			
At 1 January 2021	-	-	-
Impairment charge for the year	-	(153)	(153)
At 31 December 2021	-	(153)	(153)
Net book value			
At 31 December 2021	**-**	**553**	**553**
At 1 January 2021	**-**	**-**	**-**

Racing Digital was created as a Joint Venture between the Company and Weatherbys Limited in July 2021. The above represents the long term loans made to the Joint Venture during the year offset by impairment where the carrying value is not supported by the net assets of the joint venture or by future profits. The impairment represents the Group's share of the operating losses for the year.

Notes *(continued)*

14 Debtors

	Group		Company	
	2021	2020	**2020**	2019
	£000	£000	**£000**	£000
Trade debtors	**1,731**	2,066	**1,731**	2,066
Amounts owed by group undertakings	**-**	-	**372**	162
Corporation tax asset	**193**	224	**182**	224
Deferred tax asset	**9**	256	**9**	256
Other debtors	**4,714**	4,983	**4,714**	4,983
VAT	**41**	-	**-**	-
Loan owed by BCS Limited	**1,180**	1,476	**-**	-
Prepayments and accrued income	**1,330**	997	**927**	871
	9,198	10,002	**7,935**	8,562
Due within one year	**7,164**	7,001	**6,709**	6,670
Due after one year	**2,034**	3,001	**1,226**	1,892
	9,198	10,002	**7,935**	8,562

The above loan balance of £1,180,000 represents an amount drawn down by BCS Limited and accrued interest. This loan will be repaid between 1 January 2016 and 31 December 2025 over which time interest of £486,000 will have been earned. The interest rate charged varies according to which element of the loan it relates to and in accordance with FRS102 using the effective interest method, £71,000 is recognised in 2021 with £33,000 being contractual interest and £38,000 being effective interest on the fair value of the loan. The next repayment of £372,000 is scheduled for December 2022 at which stage a further £56,000 of total interest will be recognised. £1,474,000 has been repaid to date.

The loan to BCS Limited is stated at fair value calculated using a market rate ‘top-up’ discount over and above the interest rate implicit in the loan agreement based upon the timing and value of the repayments.

All other financial instruments are held at amortised cost as they are repayable on demand.

15 Cash and cash equivalents – Group and company

	Group		Company	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Cash at bank and in hand	**8,932**	9,826	**6,222**	7,373
Short term deposit	**799**	776	**799**	776
Ring fenced cash	**4,672**	6,447	**4,672**	6,447
	14,403	17,049	**11,693**	14,596

Notes *(continued)*

16 Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Trade creditors	**1,663**	1,773	**1,422**	1,607
Amount owed to group undertakings	**-**	-	**-**	36
Corporation tax	**-**	10	**-**	-
Other taxes and social security	**884**	2,396	**871**	2,378
Other creditors	**9,628**	11,354	**9,556**	11,300
Accruals and deferred income	**2,374**	2,227	**2,374**	2,227
	14,549	17,760	**14,223**	17,548

17 Creditors: amounts falling due after more than one year

	Group		Company	
	2021	2020	**2020**	2020
	£000	£000	**£000**	£000
Other creditors	**1,182**	1,753	**1,182**	1,753
	1,182	1,753	**1,182**	1,753

18 Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	Group		Company	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Assets measured at amortised cost	**17,356**	19,127	**13,829**	15,354
Liabilities measured at amortised cost	**14,730**	17,107	**14,417**	16,923

Financial assets measured at amortised cost comprise cash at bank, trade debtors, amounts owed by group undertakings, other debtors and loan owed by BCS Limited.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed by group undertakings, other creditors and accruals.

All of the Group's financial assets, with the exception of the loan from GBR to BCS, are repayable on demand. Similarly all financial liabilities are payable on demand.

In relation to the loan from GBR to BCS the fair value has been determined using a discount rate of 4.82% which is believed to be a reasonable reflection of the market rate of interest.

The directors believe that there is minimal credit risk given the success of BCS and unless the next repayment in 2022 is not made in accordance with the repayment plan then it will continue to take a positive view of the recoverability and therefore fair value of this loan going forward.

Notes *(continued)*

19 Pension scheme

Overview

The Company has a Defined Benefit ('DB') pension scheme for past service. This was closed to future accrual on 31 December 2015. This is operated under a trust agreement.

The Company also operates a Defined Contribution ('DC') scheme through the Legal and General ('LGIM') Master Trust. The LGIM Master Trust is also used for the purposes of auto enrolment.

DB Scheme

The latest full actuarial valuation of the DB Scheme was carried out at 31 December 2020 and was updated for FRS 102 purposes to 31 December 2021 by a qualified independent actuary.

The company will contribute £1,206,000 as an annual deficit repair payment in 2022 and has a recovery plan agreed with the trustees of the Scheme that means these payments remain in place until May 2026. This recovery plan was agreed as a result of the 2020 triennial valuation.

The trustees of the Scheme have a guarantee from the Horserace Betting Levy Board ('HBLB'). This guarantee is effective until 31 December 2032.

In addition the Employer meets the costs of administering the Scheme, the cost of lump sum death in service insurance premiums and Levies payable by the Scheme.

Net pension liability	**Value at 31 December 2021 £000**	Value at 31 December 2020 £000
Defined benefit obligation	**(85,989)**	(97,942)
Plan assets	**85,019**	85,322
Deficit	**(970)**	(12,620)
Related deferred tax asset	**-**	-
Net pension liability	**(970)**	(12,620)

Notes *(continued)*

19 Pension scheme *(continued)*

Movements in present value of defined benefit obligation:

	Value at 31 December 2021 £000	Value at 31 December 2020 £000
At start of year	**97,942**	85,772
Current service cost	**-**	-
Past service cost	**-**	6
Interest cost	**1,159**	1,691
Actuarial losses / (gains) due to assumption changes	**(8,260)**	13,862
Experience (gain) / loss	**(2,120)**	(927)
Contributions by members	**-**	-
Benefits paid	**(2,732)**	(2,462)
At end of year	**85,989**	97,942

Movements in fair value of plan assets:

	Value at 31 December 2021 £000	Value at 31 December 2020 £000
At start of year	**85,322**	77,056
Interest on assets	**1,016**	1,530
Actuarial gain / (loss) on scheme assets	**60**	7,867
Contributions by employer	**1,353**	1,331
Contributions by members	**-**	-
Benefits paid	**(2,732)**	(2,462)
At end of year	**85,019**	85,322

Expense recognised in the profit and loss account:

	31 December 2020 £000	31 December 2020 £000
Current service cost	**-**	-
Past service cost	**-**	6
Net interest on net defined benefit liability	**143**	161
Total expense recognised in profit and loss	**143**	167

The total amount recognised in other comprehensive income is a profit of £10,440,000 *(2020: loss of £5,068,000*).

Cumulative actuarial losses reported in other comprehensive income for accounting periods ending on or after 22 June 2002, are losses of £9,592,000 *(2020*: *£20,032,000*).

Notes *(continued)*

19 Pension scheme *(continued)*

Scheme assets

The fair value of the Scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, were:

	Value at 31 December 2021 £000	Value at 31 December 2020 £000
Equities and other return seeking assets	**11,218**	18,211
Bonds and other defensive assets	**66,795**	61,687
Property	**3,627**	3,354
Cash	**3,379**	2,060
Annuity	**-**	10
Total market value of assets	**85,019**	85,322
Actual return on plan assets	**1,076**	9,397

The major assumptions used in this valuation by the actuary were (in nominal terms):

	31 December 2021	31 December 2020
Discount rate	1.80%	1.20%
Inflation (Consumer Price Index)	3.20%	2.70%
Inflation (Retail Price Index)	3.60%	3.20%
Pension increase (RPI max 5%)	3.30%	3.10%
Pension increase (RPI max 2.5%)	2.20%	2.20%
Pension increase (CPI max 2.5%)	2.10%	2.00%

In valuing the liabilities of the pension fund at 31 December 2021, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.4 years (male), 24.7 years (female). (2020: 22.5 years (male), 24.6 years (female))
- Future retiree, currently aged 45, upon reaching 65: 23.7 years (male), 26.1 years (female). (2020: 24.0 years (male), 26.1 years (female))

The discounted value of the liabilities is sensitive to the discount rate applied. For reference, a 0.1% change in the discount rate is equivalent to a £1.4m change in liabilities.

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Notes *(continued)*

19 Pension scheme *(continued)*

The history of the plans for the current and prior periods is as follows:

	2021	2020	2019	2018	2017
	£000	£000	£000	£000	£000
Present value of scheme liabilities	**(85,989)**	(97,942)	(85,772)	(78,048)	(91,576)
Fair value of scheme assets	**85,019**	85,322	77,056	69,821	73,661
Deficit	**(970)**	(12,620)	(8,716)	(8,227)	(17,915)

Experience adjustments:

	Year ending 31 December 2021	Year ending 31 December 2020	Year ending 31 December 2019
Difference between the expected and actual return on scheme assets – gain/(loss):			
Amount (£000)	**60**	7,867	7,180
Percentage of year end scheme assets	**0%**	9%	9%
Experience gains and (losses) on scheme liabilities:			
Amount (£000)	**2,120**	927	434
Percentage of year end scheme liabilities	**2.5%**	0.9%	0.5%
Total amount recognised in other comprehensive income – gain/(loss):			
Amount (£000)	**10,440**	(5,068)	(1,581)
Percentage of year end scheme liabilities	**12.1%**	5.2%	1.8%

The DB scheme was closed to future accrual on 31 December 2015 and therefore from 2016 onwards, the only contributions being paid into this section relate to the agreed deficit repair contributions at the rates recommended by the Scheme Actuary. Cash contributions to the DB element amounted to £1,352,500 to the Scheme in 2021 *(2020: £1,331,000)*.

Analysis of amount recognised in other comprehensive income

	Year ending 31 December 2021 £000	Year ending 31 December 2020 £000	Year ending 31 December 2019 £'000
Actuarial gain / (loss) on scheme assets	**60**	7,867	7,180
Changes in actuarial assumptions	**8,260**	(13,862)	(9,195)
Experience gains	**2,120**	927	434
Actuarial (loss) / gain recognised in other comprehensive income	**10,440**	(5,068)	(1,581)

Notes *(continued)*

19 Pension scheme *(continued)*

Analysis of amount recognised in other comprehensive income (continued)

	Year ending 31 December 2018 £'000	Year ending 31 December 2017 £'000
Actuarial gain on scheme assets	(3,938)	2,656
Changes in actuarial assumptions	8,828	(4,116)
Experience (losses) / gains	4,152	(757)
Actuarial (loss) recognised in other comprehensive income	9,042	(2,217)

Defined contribution scheme

The Company's contribution to the defined contribution scheme is charged to the profit and loss account in the period in which they are paid and was £1,536,406 in 2021 *(2020: £1,566,943)*.

Year end balances

The amount payable to the DB pension fund for deficit repair contributions as at 31 December 2021 was £100,500 *(2020: £247,000).* The amount payable to the LGIM Master Trust in respect of DC contributions at 31 December was £145,000 *(2020: 145,000)*.

In addition, the Company paid £24,000 into the personal pension schemes of certain employees *(2020: £23,000)*.

20 Liability of members

The four members of the Company have undertaken to contribute a sum not exceeding £1 each to meet the liabilities of the Company in the event that it is wound up.

Notes *(continued)*

21 Commitments

The Group has a contract with Weatherbys Limited for the provision of substantial racing and general administration services which commenced 12 July 2021 and operates for 10 years. The Company also signed a joint venture agreement on the same date with Weatherbys Limited for maximum cash commitments to Racing Digital over the same 10 year period of £13.7m.

At 31 December 2021 the Group and Company had commitments under non-cancellable operating leases as follows:

	2021		2020	
	Land and buildings	**Other**	Land and buildings	Other
	£000	**£000**	£000	£000
Expiring:				
Within one year	**1,000**	**315**	811	331
Between one and five years inclusive	**430**	**328**	1,151	420
Over five years	**66**	**-**	93	-
	1,496	**643**	2,055	751

Land and buildings includes the lease on 75 High Holborn which runs until 30 April 2030 but with a break clause in April 2023. The above includes rent commitments until the break as well as all penalties and rent free spread equally over the initial 3 year period. The balance relates to commitments with the British Racing School.

The lease commitments included in other relate to motor cars.

22 Net debt reconciliation

	At 1 January 2021	**Cash flow**	**At 31 December 2021**
	£000	£000	£000
Cash at bank and in hand	9,826	(894)	8,932
Ring fenced cash	6,447	(1,775)	4,672
Short term deposits	776	23	799
Net funds	17,049	(2,646)	14,403

Notes *(continued)*

23 Related party transactions

Identity of related parties with which the Company has transacted

The company has transacted with the following related parties, all of which are related by virtue of one of their directors being a member of the Board of the Company, or as a member body of the Company. A full list of related parties is shown in our register of director's interests.

- Racecourse Association Limited
- Racecourse Technical Services Limited
- Racehorse Owners Association Limited
- Thoroughbred Breeders Association
- National Trainers Federation
- Horsemen's Group
- British Champions Series Limited
- British Horseracing Database Limited
- Great British Racing Limited
- Horserace Betting Levy Board

Notes *(continued)*

24 Related party transactions *(continued)*

Other related party transactions

	Sales and recharges to		Administrative expenses incurred from	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Racecourse Association Limited	**2**	-	**-**	-
Racecourse Technical Services Limited	**-**	-	**249**	246
Racehorse Owners Association Limited	**3**	26	**-**	-
Thoroughbred Breeders Association	**18**	52	**-**	-
National Trainers Federation	**1**	1	**-**	-
Horsemen's Group	**-**	-	**-**	-
Horserace Betting Levy Board	**1,237**	1,186	**-**	-
Great British Racing Limited	**1,214**	1,017	**-**	-
British Horseracing Database Limited	**158**	137	**5,356**	5,220
British Champions Series Limited	**380**	402	**-**	-
	3,013	2,821	**5,605**	5,466

Notes *(continued)*

24 Related party transactions *(continued)*

	Receivables outstanding		Creditors outstanding	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Racecourse Association Limited	**-**	-	**-**	-
Racecourse Technical Services Limited	**-**	-	**40**	48
Racehorse Owners Association Limited	**-**	-	**-**	-
Thoroughbred Breeders Association	**18**	-	**-**	-
National Trainers Federation	**-**	-	**-**	-
Horsemen's Group loan	**125**	125	**-**	-
Horsemen's Group loan provision	**(125)**	(125)	**-**	-
Horserace Betting Levy Board	**121**	257	**-**	-
Great British Racing Limited	**363**	156	**-**	-
British Horseracing Database Limited	**9**	-	**-**	30
British Champions Series Limited – trade receivables / payables	**22**	10	**-**	-
British Champions Series Limited - loan	**1,180**	1,517	**-**	-
	1,713	1,940	**40**	78