British Horseracing Authority Limited

(A company limited by guarantee)

Annual report and consolidated financial statements

Registered number 02813358

31 December 2023

Contents

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2023.

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 Racing Administration Database.

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

Overview

For the purposes of analysing financial performance in 2023 we ignore the statutory adjustments required under FRS102 for pensions and include the cash contributions instead. On this basis we had a budgeted surplus of £838k, but with a significant cash outflow of circa £1.5m. The reason for this is loan payments to Racing Digital and costs in relation to our office move (i.e. dilapidations costs for 75 High Holborn, rent deposit and stamp duty on Holborn Gate) and release of certain provisions which are positive for the P&L but have no impact on cash. Both profit and cash are monitored regularly including the linkage between the two. We feel this overview is important to enable the reader to properly understand why we budget for a profit but essentially have a cash outflow.

Performance was broadly in line with budget. However income was up on budget by £1m due to ownership activity levels holding up better than expected, more additional fixtures and increased grant funding. This was offset by increased people costs principally in strategy and change related to industry strategy and regulation related to regulatory case work. There were also additional costs for Industry People Board and Horse Welfare Board but these are offset directly by the increased grant income.

We invested £1.9m *(2022: £1.3m)* in Racing Digital and have impaired part of that investment relating to operating costs that may not be recoverable in due course leaving a carrying value of £2.9m *(2022: £1.5m)* at year end. Ensuring this investment fully delivers the technological change and improvements required is a fundamental objective for 2024 with the launch expected in Q1, 2025.

Headline numbers for 2022 and 2023 – Company Only

	2022	**2023**
	£'000	**£'000**
Income (including other operating income)	**36,671**	**39,501**
Administrative costs	(36,442)	(39,093)
Operating surplus	229	408
Interest	56	392
Surplus before statutory adjustments and tax	**285**	**800**

Strategic report *(continued)*

Group Turnover

Turnover for the year was £41.8m (*2022: £39.8m)*. The increase in turnover was due to fee rises of 8%.

	2019	2020	2021	2022	2023
	£'000	£'000	£'000	£'000	£'000
Racecourses	22,712	21,836	22,997	23,603	25,729
Owners	8,571	7,521	8,563	8,333	9,089
Other participants inc publications	1,216	1,133	1,120	1,202	1,329
Other	1,713	1,515	1,827	2,651	2,644
Subsidiary turnover	3,329	2,111	2,390	3,999	2,998
Total	**37,541**	**34,116**	**36,897**	**39,788**	**41,789**

Group Administrative expenses

Costs for the Group as a whole, which also include FRS 102 adjustments for pension scheme costs, amount to £39.7m *(2022: £38.1m)* for the year ended 31 December 2023.

Staff costs were higher than in previous years due to increases in headcount, pay inflation, contract inflation on Weatherbys and LGC and new activities such as the Industry People Board. This was offset by a £900k P&L saving on property, although this was partially inflated by the creation of a dilapidations provision in 2022 and its partial release in 2023 as we negotiated a better settlement than was budgeted for. Going forward steady state savings in property are £0.6m per annum.

Costs of Great British Racing increased due to increased headcount and wider marketing spend to support its income growth.

We also invested through loan contributions in Racing Digital and impaired those contributions not linked directly to the capital spend in that company, with a £0.5m charge made to the group profit and loss account in the year representing our share of their operating losses, we also fully impaired the interest income. This investment is funded from savings elsewhere in the business and reserves.

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, the latter excludes statutory adjustments for pensions and capitalisation of internal staff time. Management use this performance measure as they believe cash contributions paid during the year rather than the FRS102 prescribed accounting treatment provides a better reflection of the costs of running the business.

Proforma (company only) Financials	2022	2023
	£'000	£'000
Statutory profit before taxation	1,485	2,035
Adjustments in respect of FRS102 for pensions – removal of cash contributions	(1,206)	(1,206)
Adjustments in respect of FRS102 for pensions – past service cost	-	-
Adjustments in respect of FRS102 for pensions – interest cost	6	(29)
Management accounts profit before tax	**285**	**800**

Strategic report *(continued)*

Balance sheet

The Group has net current assets of £7.1m *(2022: £8.1m)* of which £15.2m *(2022: £15.0m)* is in cash with the balance in debtors and creditors.

A breakdown of cash is shown in note 15, however given the various elements of cash we seek to analyse and explain the movement below in the way this cash balance translates into our monthly operating cash used to operate the business.

Company cash is £13.5m *(2022: £12.8m)*, however this is due to two increases not linked to our daily operating cash management. A reconciliation of cash at bank to operating cash, used by management to operate the business on a day to day basis is shown below.

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
	£k	£k	£k	£k
Cash at bank and in hand	7,852	8,200	6,118	5,936
Cash on deposit	825	802	825	802
Exclude “registration” income	(3,271)	(2,009)	(3,271)	(2,009)
Operating cash	**5,406**	**6,993**	**3,672**	**4,729**

For statutory purposes, we include the income collected by Weatherbys for racing transactions which sits in an account in our name, but which we do not have access to until this is sent to us 15 days after the month end. For management purposes this is classed as a debtor and is recognised as cash when received by us for use. When you exclude this amount, operating cash has reduced by £1.1m for the company and £1.6m for the group. In management’s view this movement more accurately reflects the available cash on a day to day basis.

The Pension scheme is now showing an accounting surplus, however this accounting surplus is only able to be repaid to the Company when the final scheme member dies and with the trustees targeting buy-out as a long term objective the Company's right to a return of this asset is not considered unconditional and therefore an asset ceiling is applied to give a recognised surplus of £nil (*2022: deficit of £nil)*.The results of the 2023 triennial valuation will be known later in 2024 post signing these accounts.

Taxation

BHA remains in a tax neutral position by virtue of its continued investment in eligible R&D, use of brought forward losses and group relief within the wider Group.

Strategic report *(continued)*

Capital spend

The Group spent £0.3m on capital items (intangible and tangible) in 2023. The largest element was IT equipment.

Investment in Racing Digital

During the year the Company invested £1,920,000 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. At the end of December 2023, we are 30 months into this venture and have invested £3,961,000 in total so far (excluding capitalised loan interest).

The recovery of the loans is 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. All accrued loan interest is also fully impaired.

The impairment (including impairment of interest) in 2023 was £0.8m, taking total impairments to £1.4m and leaving a company carrying value of £2.9m. Racing Digital is unlikely to generate returns sufficient to repay all stakeholder loans and therefore this approach is a prudent one adopted by the directors. Within the wider Group, the impairment is replaced with our share of operating losses.

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 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. Greenhouse Gas emissions are set out below.

		2023		2022	
		Units	tCO2e	Units	tCO2e
Electricity	KWh	145,730	30.18	240,650	46.54
Company cars	Miles	1,676,652	444.39	1,532,673	404.31
Non company cars	Miles	1,196,935	320.37	1,315,944	364.09
Flights	Miles	561,287	74.08	213,236	27.71
Total			**869.02**		**842.65**
Intensity ratio (tCO2e per £m of turnover)			**20.79**		**21.17**

Methodology

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

- Electricity is measured directly in KwH and converted to Kg Co2e using a factor of 0.207074 compared to a conversion factor of 0.19338 in 2022.
- The Company car fleet is converted using appropriate conversion factors for diesel, petrol and hybrid medium sized cars due to the average engine size of 1648cc (2022: 1622cc).
- Non company car business mileage is converted using the same factors as above.
- Air journeys are calculated in miles and converted to CO2 emissions through an online calculator.

Energy efficiency

We have reduced electricity usage in our head office with daily consumption falling from 755 KWH per day in 2021 to 399 KWH per day in 2023 as a result of downsizing and moving to a more energy efficient office space.

There is a maximum limit placed on CO2 emissions for company cars, with electric and hybrid cars included. Raceday staff are encouraged to car share to reduce mileage and CO2e. Whilst the percentage of hybrid cars has remained broadly the same at 18% we have seen a 9% reduction in diesel cars within the company fleet.

The lack of infrastructure to support fully electric cars both across the road network and at racecourses remains one of the reasons why electric cars are not practical. Also, with raceday staff often having to travel more than the range of an electric car to service fixtures it is impractical for them to have these. Overall mileage is almost identical to 2022 which is unsurprising given this is driven mainly by the number of fixtures.

Overall air travel has significantly increased (by 263%). We have set ourselves a target to reduce this in 2024.

As a sport we remain behind other sports in this area. Part of the wider industry strategy which we are leading includes reference to making racing more sustainable over the longer term. We have recently appointed a Head of sustainability to drive this area forward in 2024.

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
Racing Digital project is delayed (requiring increased funding or Weatherbys costs), launches with a poor product (losing industry confidence and creating reputational risk) or impacts BHA's normal operations (due to extra pressure on a small group of specialist staff)	The Racing Digital project which started in July 2021 was meant to be completed by July 2024. With a delay expected until at least November 2024 this could create additional short term funding requirements for BHA. The timetable for roll out of certain elements will commence in the next few months and ensuring these systems are the highest quality is paramount to the investment being a success and that the industry see the improvements made. Certain key individuals and teams are likely to be impacted over the coming months with the launch of Racing Digital. Including their ability to undertake normal operations or other projects and managing this to again ensure minimal disruption is key.
Industry suffers longer term damage and a period of contraction caused by economic factors or lack of interest and engagement in the sport.	The industry strategy will look at ways to address any contraction and to grow the industry over the short, medium and long term through increased levy / levy reform; improving attendances and growing ownership to ensure the industry does not contract – or any contraction is short and shallow. We have launched premier racedays and Sunday evening racing and will monitor the success of these and have increased headcount significantly in both the strategy and change (including data and insight) area and also in GBR. We plan to progress with targeting levy reform and looking at how the sport is marketed to increase the reach.
Regulatory changes arising from Gambling Act review impact Racing's income beyond the impacts already being felt. The risks include invasive and off putting affordability checks, as well as impacts on TV advertising and race sponsorship.	Gambling Strategy Committee established to ensure an industry agreed approach to the Gambling Act review and levy reform. We have made a full submission made to DCMS as part of the Gambling Act review and continue to engage with the betting industry and Government over agreement on levy reform. In relation to affordability checks the impact is already being felt according to bookmakers and responses to BHA and Racing Post survey. The creation of the petition and the parliamentary debate are a big step forward but significant unanswered risks remain over just what action Government will take especially given the upcoming election in 2024. We continue to engage with a wide number of parliamentarians to share our concerns.
Decline in the international competitiveness of British racing reduces the quality and appeal of the sport to investors, participants and customers, with links to levy growth reform required to support growth.	Increased number of higher rated Flat horses are being exported to countries where they can run for significantly more money. The continuing domination of Irish-trained Jump horses highlights problems at the top end of both codes. Creation of a Premier Tier of fixtures from 2024 with an increased share of funding and higher – more internationally competitive – minimum values is a key element of the Future Racing Product workstream. Many trainers and owners are now having more runners overseas in search of higher prize money and the changes we are introducing are essential to combat this. Changes have been made to the Pattern to seek to increase competitiveness. Fewer races rescheduled for same reason. Introduction of 60+ high value development races in 2023, with the aim of extending this in 2024. These changes will not have any overnight impact but we would hope do create a positive change in behaviour over time.

Strategic report *(continued)*

Principal risks and uncertainties (continued)

Public engagement with the sport damaged as a result of equine welfare concerns as social & political attitudes change (i.e. social licence), impacting racecourse attendance and customer / public engagement.	Activity in this area continues to be a focus with the implementation of aftercare strategy and wider ROR strategy being key elements. We continue to review the rules and make changes which may assist with perception and social licence, and encourage ongoing participant education. The focus on this risk has if anything increased in the last 12 months due to the actions of Animal Rising targeting large sporting events, not just horse racing. The disruption of the Grand National and Derby show the lengths they are willing to go to with some people being jailed as a result of their actions. The sport continues to invest in actions and has taken on specific comms agency to promote the positive actions we are taking and have taken to protect horses throughout their life cycle. In 2024 we will also review the HWB to ensure it continues to meet the industry's needs, particularly in relation to independent oversight
Loss of major investors in the sport	Racing has some significant and long standing owners, who if they significantly reduced their investment in the sport would leave a significant downturn in horses and investment. This will always be a risk. Encouraging new owners, shared affordable ownership models and creating a high performing product and experience are all elements which should mitigate the risk. Longer term a more diversified set of owners and trainers can only be good to bring competition to the sport.
Breakdown of relationship with betting companies (levy)	The ongoing discussions with Betting over the levy have been challenging with Racing and Betting not currently able to reach agreement. It is possible that DCMS may need to intervene and arbitrate a solution. It is reasonable to believe that Racing's longer term relationship could be impacted if Betting feel the final position is unjust. Working collaboratively with betting companies to grow the sport's revenues remains important.
An outbreak of equine disease that affects animal movement causing major disruption to the sport, i.e. closure, fixture cancellation.	This will always be a key risk for the sport. We have systems and controls in place to detect and manage this risk including the introduction of enhanced regulatory framework around the vaccination requirements of Thoroughbreds against Equine Influenza. There have been no disruptions to Racing in previous 12 months.
Environmental issues undermine the sustainability of current standard practices, ultimately impacting the sport's traditional model and causing damage to the industry.	The ongoing impact of climate change on Racing has become much more prevalent and is now much higher up Racing's agenda throughout the world as we seek to find solutions that work longer term. BHA is seeking to hire a new Head of Sustainability to help drive this project forward.
Industry workforce and ability to support delivery longer term due to insufficient staffing leading to declining standards/welfare issues. Stretched workforce and long hours creates retention and recruitment issues, all lead to mental health issues.	Industry People Board strategy remains in development with funding sought from HBLB for 2024/25. Inclusion of stable staff as a specialist role on migration advisory list is positive but remains at risk Key regulatory activity, e.g. safeguarding, Code of Conduct, to address any negative welfare and cultural issues. Action taken on individuals where necessary. Payment for Sunday evening trial agreed. Ensuring trainers provide proper time off for staff working evenings and needing to then start work early remains a concern.

Strategic report *(continued)*

Section 172 statement

After due and careful consideration of the requirements set out in S172 (1) of the Companies Act 2006, during the financial year ending 31 December 2023, the directors have acted in a way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole.

Examples of how the directors have had regard to each of the requirements is set out below with reference (where relevant) to information found elsewhere in the Strategic Report.

S172(1)(a) "The likely consequences of any decision in the long term"

Consideration of the likely long- term consequences of a decision permeates the Board's thinking on all issues, with the overall aim being to secure the long-term sustainability of the sport of horseracing in Great Britain. The Board's agreement to the core principles for the 2024 Fixture List was the first phase in the Board's coordination of the cross-industry strategy to grow the sport's fanbase, maximise engagement and generate increased revenues and represents a vital first step in the long-term improvements in the structure, funding and promotion of the racing product. More information on the industry strategy can be found here. https://www.britishhorseracing.com/about/british-horseracings-industry-strategy/

S172(1)(b) "The interests of the company's employees"

The directors maintain a close regard for the interests of the BHA's employees, recognising that they are fundamental to the sport and delivery of the BHA's and industry's strategic ambitions. The directors seek to ensure that the BHA remains a responsible employer, including with respect to pay and benefits, fairness (including gender pay gap reporting), diversity and inclusion, health and safety and the workplace environment. They receive an update from the Head of HR in each Board pack, are kept abreast of the outcome of the BHA's various employee surveys, and all have access to "Workplace", the BHA's employee communications hub. The Board have also designated a director to lead on human welfare and safety, both for employees and registered and licensed personnel.

S172(1)(c) "The need to foster the company's business relationships with suppliers, customers and others"

As with many other sports, horseracing has a complex network of stakeholders. The Board strives to ensure that relations with all stakeholder groups are developed and maintained. Within the industry, stakeholders include the BHA's Members, volunteers, funding bodies, racing charities and industry forums and groups, both at international and national level. Outside the industry, stakeholders include the Government (including DCMS, the Gambling Commission, the Horserace Betting Levy Board, Sport England and individual MPs), horse welfare charities and key suppliers.

Relations between the BHA and Government are particularly crucial at the current time given the Government's ongoing review of both gambling and horserace betting levy legislation.

Since the 2022 Members' Agreement was signed, the Board have overseen the design and implementation of new commercial and regulatory governance structures- both of which follow the classic governance pyramid structure, culminating in Board approval/ oversight of more strategic matters. The BHA's stakeholders were consulted in the design of both new structures, with representation/ coordination/ consultation at various levels. More details of the various committees and groups within the BHA's governance structure can be found on the website. https://www.britishhorseracing.com/about/committees/

The Board committed to review the workings of the new governance structures twelve months from the signature of the 2022 Members' Agreement. This was carried out by way of a formal Member survey in November 2023, the results of which were presented to the Board in January 2024. The results included direct feedback from Members regarding the role of the Board at the apex of the new structures.

Strategic report (continued)

Section 172 statement *(continued)*

S172(1)(d) "The impact of the company's operations on the community and the environment"

Environmental sustainability has been identified as a key pillar within the cross-industry strategy. To that end, the Board have supported the recruitment of a new dedicated Head of Environmental Sustainability, to sit within the BHA, and to scope out a more detailed plan for the BHA and wider sport in this ever-important area.

Through its coordination and cooperation with various horseracing industry charities, platforms initiatives and networks such as Racing to School, Racing Together, National Racehorse Week and Racing with Pride, the BHA engages with the community in both traditional and non-traditional horseracing spheres.

S172(1)9e) "The desirability of the company maintaining a reputation for high standards of business conduct"

The industry Code of Conduct places high importance on standards of conduct, which apply as much to the Board and BHA employees as those working in the wider sport. The BHA also has a Board Code of Conduct that is tailored more specifically to the role of a BHA Board director.

S172(1)(f) "The need to act fairly between members of the company"

The BHA's Members represent a diverse spectrum of individuals and interests, each of whom/ which are inextricably linked. It is paramount for the Board to "hold the ring" to ensure fairness of treatment, even where interests are not fully aligned.

Wherever Members are represented within the BHA's governance structure or otherwise engaged/consulted, Member representation is always carefully considered and is mostly balanced evenly between racecourses and horsemen and women. Reporting lines from the various committees and groups are required to record dissenting views for consideration of the Board and there are two Member Nominated Directors from each of the racecourses and the horsemen/women on the Board itself.

In the table below, we outline some principal decisions made by the Board over the year, how the directors engaged with or in relation to stakeholders, and how stakeholder interests were considered in decision making.

Strategic report (continued)

Section 172 statement *(continued)*

Case Study

What	Who	Why
Approval of a new Safeguarding and Human Welfare Strategy 2024-2027	**Pre- publication** ***Consultation*** Integrity Advisory Committee Thoroughbred Breeders Association RCA – Full racecourse representatives meeting RCA – Designated Safeguarding Leads NARS PJA Advisory Group NTF Council British Racing School National Horseracing College ***Focus groups*** Trainers Jockeys Racing secretaries ***Endorsement*** Industry People Board **Post- publication** Engagement will continue with Members as the strategy moves to implementation	As regulator and governing body of the sport, safeguarding is a key priority. Having launched racing's first safeguarding policy, code and regs in 2019, the BHA's strategy has now been set for the longer term, moving to a new "safeguarding for all" model that is designed to protect *all* participants. This complements the work of the Industry People Board in its work on the People Strategy in ensuring that the industry is an attractive, fulfilling and safe place to work- thus protecting the long- term sustainability of the sport. Given its strategic importance and extensive reach across all participants, consultation with stakeholders was paramount. The new Safeguarding and Human Welfare Strategy can be found here. https://www.britishhorseracing.com/regulation/safeguarding/
Approval of core principles of "Future Racing Product"	The Commercial Committee oversaw development of the recommendations- this committee has full Member representation. Race by race betting data was provided by HBLB under NDA and detailed financial returns provided by individual racecourses. Major betting companies and the Horserace Bettors' Forum also engaged. Direct discussions with individual racecourses and participant groups.	The "Future Racing Product" (FRP) is one of the workstreams within the Industry Strategy coordinated by the BHA. It focuses on how the nuts and bolts of racing- the fixture list, its funding and the programme of races- is organised and structured. This workstream was prioritised above others given the strict timescales for setting the 2024 Fixture List. The challenges facing the FRP affect all stakeholders in the sport and all stakeholders can assist with addressing the various challenges to varying degrees. The BHA played a central role in coordinating stakeholders, fostering trust and encouraging the sharing of data and information to enable the creation of a FRP that aims to grow the reach and appeal of the sport to new customers, whilst increasing engagement with existing customers- thus improving the long-term sustainability of the sport for the good of all.

Strategic report (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;
- Nominations and Remuneration Committees;
- 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.

J A Harrington

Director

14 June 2024

Holborn Gate
26 Southampton Buildings
London
WC2A 1AN

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 and incurred no political expenditure during the year *(2022: £nil).*

Directors

JW Saumarez Smith	
DJ Armstrong	
JP Ferguson	
K Halley	Appointed 1 May 2023
JA Harrington	
DSJ Jones	
CM Parker	
R Parker	
TJ Warren	Appointed 1 December 2023
WT Walsh	
DL Whyte	Resigned 30 November 2023

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 £2.1m *(2022: profit of £1.4m)* has been transferred to reserves. The BHA is not permitted under its Memorandum of Association to pay dividends.

Future Developments

The Company produced a 2024 budget which details an £911k pre tax profit and a cash outflow of £0.3m, the main difference between the two being our investment in Racing Digital where only part of this goes through the P&L. The budgeted cash outflow in 2024 can be managed from reserves. Our 5 year cashflow from 2024-2028 shows how cashflows are stabilised after the initial investment period in Racing Digital and the efficiencies that will be delivered.

The Board and relevant stakeholders continue to work on the development of an industry strategy, the key elements of which were agreed in 2022 and which we believe will improve the health of the sport longer term.

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.

J A Harrington 14 June 2024

Director

Holborn Gate
26 Southampton Buildings
London
WC2A 1AN

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 2023 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 2023 which comprise the Consolidated profit and loss account and statement of comprehensive income, the Company profit and loss account and statement of comprehensive income, the Consolidated balance sheet, the Company balance sheet, the Consolidated cashflow statement, the Consolidated statement of changes in equity, the Company statement 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 of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

https://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.

BDO LLP

Ian Clayden (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London,UK
16 July 2024

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 2023

	Note	**2023 £000**	2022 £000
Group turnover	*2*	**41,789**	39,788
Administrative expenses		**(39,702)**	(38,114)
Operating profit	*5*	**2,087**	1,674
Share of losses of joint venture	*13*	**(514)**	(414)
Interest on loans receivable	*6*	**42**	57
Other interest receivable and similar income	*7*	**416**	62
Other finance income	*8*	**29**	-
Interest payable and similar expenses	*9*	**-**	(6)
Profit before taxation		**2,060**	1,373
Taxation on profit	*10*	**-**	(7)
Profit for the financial year		**2,060**	1,366

The profit in the above profit and loss account relate entirely to continuing operations. The notes on pages 26 to 53 form part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 31 December 2023

	Note	**2023 £000**	2022 £000
Profit for the financial year		**2,060**	1,366
Other comprehensive income / (loss)			
Remeasurement of the net defined benefit liability	*19*	**(1,235)**	(230)
Total comprehensive profit for the year		**825**	1,136

Company profit and loss account

for the year ended 31 December 2023

	Note	**2023 £000**	2022 £000
Turnover	*2*	**39,501**	36,671
Administrative expenses		**(37,887)**	(35,236)
Operating profit	*5*	**1,614**	1,435
Other interest receivable and similar income	*7*	**392**	56
Other finance income		**29**	-
Interest payable and similar expenses	*8*	**-**	(6)
Profit before taxation		**2,035**	1,485
Taxation on profit	*10*	**-**	(9)
Profit for the financial year		**2,035**	1,476

The profit in the above profit and loss account relate entirely to continuing operations. The notes on pages 26 to 53 form part of these financial statements.

Company statement of comprehensive income

for the year ended 31 December 2023

	Note	**2023 £000**	2022 £000
Profit for the financial year		**2,035**	1,476
Other comprehensive profit / (loss)			
Remeasurement of the net defined benefit liability	*19*	**(1,235)**	(230)
Total comprehensive profit for the year		**800**	1,246

Consolidated balance sheet
at 31 December 2023

	Note	**2023** **£000**	**2023** **£000**	2022 £000	2022 £000
Fixed assets					
Intangible assets	*11*		**151**		236
Tangible assets	*12*		**551**		470
Investments	*13*		**2,914**		1,508
			3,616		2,214
Current assets					
Debtors (including £469,000 *(2022: £1,179,000)* due after more than one year)	*14*	**8,021**		8,875	
Cash at bank and in hand	*15*	**15,231**		15,034	
		23,252		23,909	
Creditors: amounts falling due within one year	*16*	**(16,136)**		(15,844)	
Net current assets			**7,116**		8,065
Total assets less current liabilities			**10,732**		10,279
Creditors: amounts falling due after more than one year	*17*		**(438)**		(810)
Provisions for liabilities					
Pension and similar obligations	*19*		**-**		-
Net assets			**10,294**		9,469
Capital and reserves					
Capital reserve			**19**		19
Profit and loss account			**10,275**		9,450
Shareholders' funds			**10,294**		9,469

The notes on pages 26 to 53 form part of these financial statements.

These financial statements were approved by the board of directors on 14 June 2024 and were signed on its behalf by:

Julie Harrington.

J A Harrington
Director

Company balance sheet
at *31 December 2023*

	Note	**2023**		2022	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	*11*		**151**		236
Tangible assets	*12*		**549**		462
Investments	*13*		**5,390**		4,308
			6,090		5,006
Current assets					
Debtors (including £312,000 *(2022: £688,000)* due after more than one year)	*14*	**6,822**		7,937	
Cash at bank and in hand	*15*	**13,497**		12,770	
		20,319		20,707	
Creditors: amounts falling due within one year	*16*	**(15,797)**		(15,529)	
Net current assets			**4,522**		5,178
Total assets less current liabilities			**10,612**		10,184
Creditors: amounts falling due after more than one year	*17*		**(438)**		(810)
Provisions for liabilities					
Pension and similar obligations	*19*		**-**		-
Net assets / (liabilities)			**10,174**		9,374
Capital and reserves					
Capital reserve			**19**		19
Profit and loss account			**10,155**		9,355
Shareholders' funds			**10,174**		9,374

The notes on pages 26 to 53 form part of these financial statements.

These financial statements were approved by the board of directors on 14 June 2024 and were signed on its behalf by:

Julie Harrington.

J A Harrington
Director

Consolidated cash flow statement

for the year ended 31 December 2023

	Note	**2023**	2022
		£000	£000
Cash flows for operating activities			
Profit for the financial year		**2,060**	1,366
Adjustments for:			
Depreciation, amortisation and impairment		**286**	330
Share of losses in fixed asset investment		**780**	414
Interest income receivable and similar income		**(416)**	(62)
Gain on financial assets at fair value through profit and loss		**(71)**	(57)
Interest payable and similar expenses		**-**	6
Loss on sale of fixed assets		**22**	-
Taxation		**-**	7
		2,661	2,004
Decrease / (increase) in trade and other debtors		**509**	(181)
(Decrease) / increase in trade and other creditors		**(80)**	923
Cash contributions to defined benefit pension scheme		**(1,206)**	(1,206)
Net cash from operations		**1,884**	1,540
Taxation			
Corporation tax reclaimed in respect of prior periods		**13**	182
Corporation tax paid in the period		**-**	-
Net cash from operating activities		**1,897**	1,722
Cash flows from investing activities			
Development expenditure		**-**	(5)
Acquisition of tangible fixed assets		**(304)**	(151)
Loans made to joint ventures		**(1,920)**	(1,335)
Interest received		**150**	28
Net cash from investing activities		**(2,074)**	(1,463)
Cash flows from financing activities			
Loans repayments from associated undertakings		**374**	372
Net cash from financing activities		**374**	372
Net increase in cash and cash equivalents	*23*	**197**	631
Cash and cash equivalents at beginning of year		**15,034**	14,403
Cash and cash equivalents at end of year		**15,231**	15,034

The notes on pages 26 to 53 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 2022	19	8,314	8,333
Total comprehensive income for the year			
Profit	-	1,366	1,366
Other comprehensive income	-	(230)	(230)
Balance at 31 December 2022	19	9,450	9,469

	Capital reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2023	19	9,450	9,469
Total comprehensive income for the year			
Profit	-	2,060	2,060
Other comprehensive profit	-	(1,235)	(1,235)
Balance at 31 December 2023	**19**	**10,275**	**10,294**

Company statement of changes in equity

	Capital Reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2022	19	8,109	8,128
Total comprehensive income for the year			
Profit	-	1,476	1,476
Other comprehensive income	-	(230)	(230)
Balance at 31 December 2022	19	9,355	9,374

	Share Capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2023	19	9,355	9,374
Total comprehensive income for the year			
Profit	-	2,035	2,035
Other comprehensive income	-	(1,235)	(1,235)
Balance at 31 December 2023	19	10,155	10,174

The notes on pages 26 to 53 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 Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN.

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 18 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

The Company's revenue streams are now at normal levels with changes driven by the wider economic challenges facing businesses rather than linked to Covid. We continue to budget and forecast regularly and have modelled high level reserves over a 5 year period. We know that given ongoing cash losses driven by wider investment in Racing Digital and Industry Strategy we will fall below our minimum cash level of £3m at some point in 2024 but the longer term projections indicate a position above the £3m minimum level. Inclusion of wider Group reserves gives additional headroom if required.

The continuation of hybrid working has enabled us to downsize our central London property footprint to about 45% of existing levels from April 2023 and make significant long term savings as a result. Inflation remains a challenge to both income and costs although falling inflation in the last few months has meant that going forward we can be more optimistic about the impact this will have on costs. Our two major contracts totalling circa £8.5m-£9m have inflation caps. Wage inflation remains challenging.

The next largest cost is that of the funding requirement of the defined benefit pension scheme, this is fixed until 2026 and has no inflation uplift and is therefore not a cost inflation risk – the next valuation is due at the end of 2023 with results in late 2024. Any new funding plan will be agreed at that time ensuring it is sustainable for the Company. We anticipate a significant improvement in funding position since the previous valuation.

There remains short term pressure on cash balances due to financing Racing Digital initial system build and the increased operational costs of the business, including industry strategy, some of the cost has been funded by savings, improved results elsewhere, external funding and reserves. We continue to look at ways of delivering further savings to mitigate the impact on reserves.

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, looking forward not less than 12 months, to support their conclusions, assessing risks to this assumption and understanding the mitigation which would be required. In preparing the detailed 2024 budget, in addition to assessing short term cash flow forecasts required for going concern, the Board considered high level cash flow forecasts for a 5 year period.

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 and have not identified a material uncertainty in this regard.

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 2023.

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	lease term, up to and including the break date
Contract computer development	7 years
Other computer development	4 years
Fixtures fittings and office equipment	3-5 years
Intangible assets	3-5 years

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 23 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. A defined benefit pension surplus is recognised only to the extent that the entity has an economic right, by reference to the terms and conditions of the plan and relevant statutory requirements, to realise the asset over the course of the expected life of the plan or when the plan is settled.

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.

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 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 and investments (notes 11,12 and 13)

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.

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.

Our investments in subsidiaries and joint ventures are assessed annually against the assets held by those companies which support the valuation and this process requires judgement over impairment and potential future cashflows.

- 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 how these might be used. 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 2023 £000	**Commercial 2023 £000**	**Total 2023 £000**
Turnover			
United Kingdom and Republic of Ireland	38,791	2,998	41,789
Total sales - Group	**38,791**	**2,998**	**41,789**
Intra group revenue (Company only)	**710**		
Total sales - Company	**39,501**		
Total operating profit before interest and taxation	**1,384**	**189**	**1,573**
Net assets / (liabilities)	**7,804**	**2,490**	**10,294**

	Racing administration 2022 £000	Commercial 2022 £000	Total 2022 £000
Turnover			
United Kingdom and Republic of Ireland	35,789	3,999	39,788
Total sales – Group	35,789	3,999	39,788
Intra group revenue (Company only)	882		
Total sales - Company	36,671		
Total operating profit / (loss) before interest and taxation	1,355	(95)	1,260
Net assets	10,679	(1,210)	9,469

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:

	2023	2022
	£000	£000
JA Harrington	**370**	327
A Phelps CBE	**-**	42
DL Whyte	**25**	27
JW Saumarez Smith	**27**	27
R Parker	**35**	35
DJ Armstrong	**27**	27
LM Cumani	**-**	20
K Halley	**18**	-
TJ Warren	**18**	-
CM Parker	**27**	27
DSJ Jones	**44**	27
JP Ferguson	**27**	7
WT Walsh	**27**	27
Total	**645**	593

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 £71,000 *(2022: £72,000).*

	Number of directors	
	2023	2022
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 £370,000 (*2022: £327,000*), and Company pension contributions of £52,000 (*2022: £50,000*) 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 £2,341,000 *(2022: £2,092,000).*

Notes *(continued)*

4 Staff numbers and costs

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

	Group and Company		Company*	
	2023	2022	**2023**	2022
	Number	Number	**Number**	Number
Directors	**11**	10	**10**	9
Permanent staff	**292**	275	**268**	259
Sessional staff	**24**	18	**23**	18
Horse Welfare Board (inc paid members)	**8**	8	**8**	8
Industry People Board (inc paid members)	**4**	-	**4**	-
	339	311	**313**	294

The aggregate payroll costs of these persons were as follows:

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Wages and salaries	**16,025**	14,032	**15,172**	13,322
Pension costs	**1,892**	1,624	**1,836**	1,577
Social security costs	**1,779**	1,626	**1,684**	1,542
	19,696	17,282	**18,692**	16,441

All staff in the Group are employed by the Company, with their costs are allocated between group companies depending upon the activities they perform. Separately identified in headcount are the staff employed who work on activities for the Horse Welfare Board and Industry People Board as they are employees of the Company and their costs are included in our profit and loss account.

5 Operating profit - Group

	2023	2022
	£000	£000
Included in operating profit are the following:		
Depreciation/amortisation charge for the year:		
Tangible owned fixed assets	**201**	204
Intangible owned fixed assets	**85**	126
Loss on disposal of fixed assets	**22**	1
Operating leases:		
Building rentals (including SDLT)	**743**	814
Car leases	**547**	419
Impairment of fixed asset investment in joint venture	**780**	414
Impairment of fixed asset investment in subsidiary	**324**	656
Impairment and write off of debtor balances	**3**	65

Auditor's remuneration:		
Audit of these financial statements	**62**	60
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries of the company	**16**	15
Taxation compliance services	**-**	-
Other tax advisory services	**-**	-
All other services	**1**	-

Notes *(continued)*

6 Interest on loans receivable - Group

	2023	2022
	£000	£000
Effective interest on fair value of BCS loan	9	24
Contractual interest on BCS loan	33	33
	42	57

7 Other interest receivable and similar income - Group

	2023	2022
	£000	£000
Bank interest	150	28
Interest on loan to related undertakings	266	34
	416	62

Other interest receivable and similar income - Company

	2023	2022
	£000	£000
Bank interest	126	22
Interest on loan to related undertakings	266	34
	392	56

8 Other finance income – Company and Group

	2023	2022
	£000	£000
Interest on assets	2,649	-
Interest on liabilities	(2,606)	-
Interest on effect of asset ceiling	(14)	-
Net interest income on net defined benefit liabilities	29	-

9 Interest payable and similar expenses – Group and Company

	2023	2022
	£000	£000
Interest on assets	-	(1,515)
Interest on liabilities	-	1,521
Interest on effect of asset ceiling	-	-
Net interest expense on net defined benefit liabilities	-	6

Notes *(continued)*

10 Taxation - Group

	2023	2022
	£000	£000
Analysis of current tax recognised in profit and loss		
UK corporation tax at 23.5% *(2021:19%)*		
Current tax		
Tax on profit for the year	**-**	-
Adjustment in respect of prior periods	**-**	7
Total current tax	**-**	7
Deferred tax credit for the year	**-**	-
Total tax charge / (credit)	**-**	7

Reconciliation of effective tax rate

	2023	2022
	£000	£000
Profit excluding taxation	**2,060**	1,373
Tax using the UK corporation tax rate of 23.5% *(2021:19%)*	**484**	261
Effects of:		
Expenses not deductible for tax purposes	**17**	70
Pension costs not immediately deductible	**(290)**	(228)
R&D tax credits	**(176)**	(178)
Unused losses created with no future value	**12**	83
Over provided in prior year	**-**	7
Depreciation (less than) / in excess of capital allowances	**(47)**	(8)
Total tax charge / (credit) (see above)	**-**	7

The Group claims R&D tax credits which reduce the Group's tax liability along with brought forward losses and group relief. The Group will continue to claim R&D tax credits going forward, where appropriate, and will include an appropriate amount in determining the current year tax charge. For the purposes of the calculation we have assumed the corporation tax rate will be 19% until it rises in April 2023 to 25%, this gives a blended rate of 23.5%.

Factors that may affect future tax charges:
A deferred tax asset of £nil *(2022: £nil)* has been recognised in the balance sheet in respect of anticipated R&D credits. In addition, £nil *(2022: £nil)* has not been recognised on the Group's pension scheme liability. There are also unrecognised trading losses of £305,000 *(2022: £311,000)* which again are unrecognised due to likely insufficient forecast taxable profits to use them against.

The Corporation Tax rate payable by businesses changed from 1 April 2023 and is no longer a single Tax rate for non-ring fence profits. At the Spring Budget 2021, the government announced that the Corporation Tax main rate for non-ring fence profits would increase to 25% for profits above £250,000. A small profits rate of 19% was also announced for companies with profits of £50,000 or less. Companies with profits between £50,000 and £250,000 will pay tax at the main rate, reduced by a marginal relief. This provides a gradual increase in the effective Corporation Tax rate.

Deferred tax balances as at the year end have been measured at 14.5%, the rate at which the deferred tax asset is expected to reverse. Given the Group'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

	2023	2022
	£000	£000
Analysis of current tax recognised in profit and loss		
UK corporation tax at 23.5% *(2022:19%)*		
Current tax		
Adjustment in respect of prior years	**-**	9
Total current tax	**-**	9
Total tax charge	**-**	9

	2023	2022
	£000	£000
Reconciliation of effective tax rate		
Profit excluding taxation	**2,035**	1,485
Current tax at 23.5 % (*2022:19 %)*	**478**	282
Effects of:		
Expenses not deductible for tax purposes	**90**	184
Pension costs not immediately deductible	**(290)**	(228)
R&D tax credits	**(176)**	(178)
Over provided in prior year	**-**	9
Brought forward losses and group relief	**(55)**	(52)
Capital allowances (more) / less than depreciation	**(47)**	(8)
Total tax charge (see above)	**-**	9

The Company claims R&D tax credits which reduce the Company's tax liability along with brought forward losses and group relief. The Company will continue to claim R&D tax credits going forward, where appropriate, and will include an appropriate amount in determining the current year tax charge.

Factors that may affect future tax charges:

A deferred tax asset of £nil *(2022: £nil)* has been recognised in the balance sheet in respect of anticipated R&D credits. In addition, £nil *(2022: £nil)* has not been recognised on the Group's pension scheme liability. There are also unrecognised trading losses of £311,000 *(2022: £311,000*) which again are unrecognised due to likely insufficient taxable profits to use them against.

The Corporation Tax rate payable by businesses changed from 1 April 2023 and is no longer a single Tax rate for non-ring fence profits. At the Spring Budget 2021, the government announced that the Corporation Tax main rate for non-ring fence profits would increase to 25% for profits above £250,000. A small profits rate of 19% was also announced for companies with profits of £50,000 or less. Companies with profits between £50,000 and £250,000 will pay tax at the main rate, reduced by a marginal relief. This provides a gradual increase in the effective Corporation Tax rate.

Deferred tax balances as at the year end 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)*

11 Intangible fixed assets - Group and Company

	Development costs £000	Total £000
Cost		
At 1 January 2023	2,485	2,485
Additions	-	-
Disposals	-	-
At 31 December 2023	**2,485**	**2,485**
Amortisation		
At 1 January 2023	2,249	2,249
Charge for the year	85	85
Disposals	-	-
At 31 December 2023	**2,334**	**2,334**
Net book value		
At 31 December 2023	**151**	**151**
At 1 January 2023	236	236

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 2023	1,289	2,241	3,530
Additions	6	298	304
Disposals	(1,289)	(540)	(1,829)
At 31 December 2023	**6**	**1,999**	**2,005**
Depreciation			
At 1 January 2023	1,284	1,776	3,060
Charge for the year	3	198	201
Disposals	(1,286)	(521)	(1,807)
At 31 December 2023	**1**	**1,453**	**1,454**
Net book value			
At 31 December 2023	**5**	**546**	**551**
At 1 January 2023	5	465	470

Tangible fixed assets – Company

	Leasehold improvements £000	Fixtures, fittings and office equipment £000	Total £000
Cost			
At 1 January 2023	1,289	2,191	3,480
Additions	6	298	304
Disposals	(1,289)	(540)	(1,829)
At 31 December 2023	**6**	**1,949**	**1,955**
Depreciation			
At 1 January 2023	1,284	1,734	3,018
Charge for the year	3	192	195
Disposals	(1,286)	(521)	(1,807)
At 31 December 2023	**1**	**1,405**	**1,406**
Net book value			
At 31 December 2023	**5**	**544**	**549**
At 1 January 2023	5	457	462

Notes *(continued)*

13 Fixed asset investments

Total fixed asset investments comprise:

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Investment in subsidiaries	-	-	2,476	2,800
Investment in Joint Ventures	2,914	1,508	2,914	1,508
Total	**2,914**	**1,508**	**5,390**	**4,308**

The Company has the following direct investments:

	Country of incorporation	Number of shares	Class of shares held	Ownership 2023	Ownership 2022
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 Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN.

The Company has the following indirect investments through its subsidiaries:

	Country of incorporation	Number of shares	Class of shares held	Ownership 2023 %	Ownership 2022 %
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 Holborn Gate, 26 Southampton Buildings, London, WC2A 1AN.

13a Subsidiaries and associates

	Company	
	2023	2022
	£'000	£'000
Cost at 1 January	4,004	4,004
Additions	-	-
Cost at 31 December	**4,004**	**4,004**
Impairment at 1 January	(1,204)	(548)
Charge in the year	(324)	(656)
Impairment at 31 December	**(1,528)**	**(1,204)**
Net book value at 31 December	**2,476**	**2,800**

13b Joint Ventures

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
At 1 January	1,508	553	1,508	553
Loans / investment	1,920	1,335	1,920	1,335
Share of profit or loss	(514)	(414)	-	-
Capitalised interest	266	34	266	34
Impairment	(266)	-	(780)	(414)
At 31 December	**2,914**	**1,508**	**2,914**	**1,508**

Racing Digital was created as a Joint Venture between the Company and Weatherbys Limited in July 2021. The above represents the long term loans and capitalised interest on those loans. In the Company the impairment is made where the carrying value is not supported by the net assets of the joint venture or by future profits. In the Group the loans are offset by the share of profits or losses in the year and any impairment or distributions.

Notes *(continued)*

14 Debtors

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Trade debtors	**1,730**	2,157	**1,017**	2,157
Amounts owed by group undertakings	**-**	-	**553**	392
Corporation tax asset	**-**	13	**-**	-
Deferred tax asset		-	**-**	-
Other debtors	**4,463**	4.454	**4,463**	4,454
VAT	**45**	73	**-**	-
Loan owed by BCS Limited	**533**	865	**-**	-
Prepayments and accrued income	**1,250**	1,313	**789**	934
	8,021	8,875	**6,822**	7,937
Due within one year	**7,552**	7,696	**6,510**	7,249
Due after one year	**469**	1,179	**312**	688
	8,021	8,875	**6,822**	7,937

The above loan balance of £533,000 represents an amount drawn down by BCS Limited and accrued interest. This loan is being 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, £42,000 is recognised in 2023 with £33,000 being contractual interest and £9,000 being effective interest on the fair value of the loan. The next repayment of £375,000 is scheduled for December 2024 at which stage a further £26,000 of total interest will be recognised. £2,220,000 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

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	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Cash at bank and in hand	**7,852**	8,200	**6,118**	5,936
Short term deposit	**825**	802	**825**	802
Ring fenced cash	**6,554**	6,032	**6,554**	6,032
	15,231	15,034	**13,497**	12,770

Notes *(continued)*

16 Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Trade creditors	**1,906**	1,729	**1,639**	1,496
Amount owed to group undertakings	**-**	-	**12**	12
Corporation tax	**-**	-	**-**	-
Other taxes and social security	**1,125**	1,017	**1,117**	1,005
Other creditors	**11,108**	10,981	**11,032**	10,981
Accruals and deferred income	**1,997**	2,117	**1,997**	2,035
	16,136	15,844	**15,797**	15,529

17 Creditors: amounts falling due after more than one year

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Other creditors	**438**	810	**438**	810
	438	810	**438**	810

18 Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Assets measured at amortised cost	**15,403**	16,478	**12,976**	13,717
Liabilities measured at amortised cost	**15,449**	15,637	**15,118**	15,334

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 2024 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 2023 by a qualified independent actuary.

The company will contribute £1,206,000 as an annual deficit repair payment in 2024 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 2023 £000**	Value at 31 December 2022 £000
Defined benefit obligation	**(56,735)**	(56,382)
Plan assets	**57,180**	56,683
Surplus / (deficit)	**445**	301
Effect of asset ceiling	**(445)**	(301)
Net defined pension asset / (liability)	**-**	-

Notes *(continued)*

19 Pension scheme *(continued)*

Movements in present value of defined benefit obligation:

	Value at 31 December 2023 £000	Value at 31 December 2022 £000
At start of year	**56,382**	85,989
Current service cost	**-**	-
Past service cost	**-**	-
Interest cost	**2,606**	1,521
Actuarial losses / (gains) due to assumption changes	**1,991**	(30,924)
Experience loss / (gain)	**1**	2,775
Contributions by members	**-**	-
Benefits paid	**(4,245)**	(2,979)
At end of year	**56,735**	56,382

Movements in fair value of plan assets:

	Value at 31 December 2023 £000	Value at 31 December 2022 £000
At start of year	**56,683**	85,019
Interest on assets	**2,649**	1,515
Actuarial gain / (loss) on scheme assets	**887**	(28,078)
Contributions by employer	**1,206**	1,206
Contributions by members	**-**	-
Benefits paid	**(4,245)**	(2,979)
At end of year	**57,180**	56,683

Expense recognised in the profit and loss account:

	31 December 2023 £000	31 December 2022 £000
Current service cost	**-**	-
Past service cost	**-**	-
Interest on effect of asset ceiling	**14**	
Net interest on net defined benefit liability	**(43)**	6
Total (income) / expense recognised in profit and loss	**(29)**	6

The total amount recognised in other comprehensive income is a loss of £1,235,000 *(2022: loss* of *£230,000*).

Cumulative actuarial losses reported in other comprehensive income for accounting periods ending on or after 22 June 2002, are losses of £11,057,000 *(2022*: *£9,822,000*).

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 2023 £000	Value at 31 December 2022 £000
Equities and other return seeking assets	**5,420**	6,897
Bonds and other defensive assets	**49,747**	46,468
Property and infrastructure	**1,295**	1,938
Cash	**718**	1,380
Total market value of assets	**57,180**	56,683
Actual return on plan assets	**3,536**	(26,563)

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

	31 December 2023	31 December 2022
Discount rate	4.40%	4.80%
Inflation (Consumer Price Index)	2.90%	3.00%
Inflation (Retail Price Index)	3.30%	3.40%
Pension increase (RPI max 5%)	3.05%	3.15%
Pension increase (RPI max 2.5%)	2.15%	2.15%
Pension increase (CPI max 2.5%)	1.95%	2.00%

In valuing the liabilities of the pension fund at 31 December 2023, 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: 22.3 years (male), 24.7 years (female). *(2022: 22.4 years (male), 24.8 years (female))*
- Future retiree, currently aged 45, upon reaching 65: 23.6 years (male), 26.1 years (female). *(2022: 23.7 years (male), 26.2 years (female))*

The discounted value of the liabilities is sensitive to the assumptions applied. For reference:

- A reduction of 0.1% in discount rate would increase liabilities by £0.73m
- An increase in inflation of 0.1% would increase liabilities by £0.3m
- An increase in life expectancy of 1 year would increase liabilities by £2.8m

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:

	2023	2022	2021	2020	2019
	£000	£000	£000	£000	£000
Present value of scheme liabilities	**(56.735)**	(56,382)	(85,989)	(97,942)	(85,772)
Fair value of scheme assets	**57.180**	£56,683	85,019	85,322	77,056
Effect of asset ceiling	**(445)**	(301)	-	-	-
Deficit	**-**	-	(970)	(12,620)	(8,716)

Experience adjustments:

	Year ending 31 December 2023	Year ending 31 December 2022	Year ending 31 December 2021
Difference between the expected and actual return on scheme assets – gain/(loss):			
Amount (£000)	**887**	(28,078)	60
Percentage of year end scheme assets	**2%**	49%	0%
Experience gains and (losses) on scheme liabilities:			
Amount (£000)	**(1)**	(2,775)	2,120
Percentage of year end scheme liabilities	**-**	4.9%	2.5%
Total amount recognised in other comprehensive income – gain/(loss):			
Amount (£000)	**(1,235)**	(230)	10,440
Percentage of year end scheme liabilities	**2.2%**	0.4%	12.1%

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 £1,206,000 to the Scheme in 2022 *(2022: £1,206,000)*.

Analysis of amount recognised in other comprehensive income ('OCI')

	Year ending 31 December 2023 £000	Year ending 31 December 2022 £000	Year ending 31 December 2021 £'000
Actuarial gain / (loss) on scheme assets	**887**	(28,078)	60
Changes in actuarial assumptions	**(1,991)**	30,924	8,260
Experience gains / (losses)	**(1)**	(2,775)	2,120
Losses / (gains) from change in asset ceiling	**(130)**	(301)	-
Actuarial (loss) / gain recognised in OCI	**(1,235)**	(230)	10,440

Notes *(continued)*

19 Pension scheme *(continued)*

Analysis of amount recognised in other comprehensive income (continued)

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

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 £1,835,540 in 2023 *(2022: £1,577,170)*. The cost for the Group was £1,892,000 in 2023 *(2022: £1,624,000)*.

Year end balances

The amount payable to the DB pension fund for deficit repair contributions as at 31 December 2023 was £100,500 *(2022: £100,500).* The amount payable to the LGIM Master Trust in respect of DC contributions at 31 December was £177,000 *(2022: 155,000)*.

In addition, the Company paid £24,000 into the personal pension schemes of certain employees *(2022: £24,000)*.

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 2023 the Group and Company had commitments under non-cancellable operating leases as follows:

	2023		2022	
	Land and buildings	**Other**	Land and buildings	Other
	£000	**£000**	£000	£000
Expiring:				
Within one year	**519**	**461**	686	285
Between one and five years inclusive	**1,731**	**803**	2,075	386
Over five years	**13**	**-**	134	-
	2,263	**1,264**	2,895	671

Land and buildings includes the lease on 26 Southampton Buildings (Holborn Gate) which took effect from 10 March 2023 and runs for 10 years with a flexible break between years 4 and 5. For the purposes of the above we have assumed costs of 5 years for Holborn Gate. 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 2023	**Cash flow**	**At 31 December 2023**
	£000	£000	£000
Cash at bank and in hand	8,200	(348)	7,852
Ring fenced cash	6,032	522	6,554
Short term deposits	802	23	825
Net funds	15,034	197	15,231

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
- Racing Digital 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	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Racecourse Association Limited	**2**	2	**-**	-
Racecourse Technical Services Limited	**-**	-	**262**	252
Racehorse Owners Association Limited	**2**	2	**-**	-
Professional Jockeys Association	**1**	1	**1**	7
Thoroughbred Breeders Association	**16**	1	**-**	4
National Trainers Federation	**1**	1	**-**	-
Horsemen’s Group	**-**	-	**-**	-
Racing Digital Limited	**-**	9	**-**	-
Horserace Betting Levy Board	**669**	449	**-**	-
Great British Racing Limited	**1,698**	1,679	**-**	-
British Horseracing Database Limited	**151**	142	**5,525**	5,242
British Champions Series Limited	**625**	614	**-**	-
	3,150	2,900	**5,788**	5,505

Notes *(continued)*

24 Related party transactions *(continued)*

	Receivables outstanding		Creditors outstanding	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Racecourse Association Limited	**-**	-	**9**	-
Racecourse Technical Services Limited	**-**	-	**40**	40
Racehorse Owners Association Limited	**-**	-	**-**	-
Thoroughbred Breeders Association	**18**	3	**-**	-
National Trainers Federation	**-**	-	**-**	-
Horsemen's Group loan	**125**	125	**-**	-
Horsemen's Group loan provision	**(125)**	(125)	**-**	-
Horserace Betting Levy Board	**219**	94	**-**	-
Great British Racing Limited	**553**	368	**-**	-
British Horseracing Database Limited	**-**	12	**12**	-
Racing Digital Limited – trade receivables	**-**	9	**-**	-
British Champions Series Limited – trade receivables / payables	**25**	68	**-**	-
British Champions Series Limited - loan	**533**	865	**-**	-
	1,348	1,419	**61**	40