

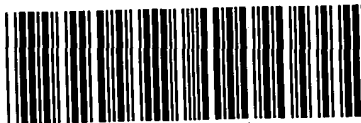
# TOUR RACING LIMITED

Annual report and financial statements

31 December 2015

Company Registration No. 04078205

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# Tour Racing Limited

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## Directors and Officers

For the year ending 31 December 2015

### **Directors**

Tour Racing Limited ("the Company")'s present Directors and those who served during the year are as follows:

A J Griffith (resigned 11 June 2015)  
R J Tansey (resigned 11 June 2015)  
M R Anderson (resigned 11 June 2015)  
K Holmes (resigned 11 June 2015)  
G J McWilliam  
D J Ward (appointed 11 June 2015)  
R Kingston (appointed 11 June 2015)

### **Secretary**

L Knight (resigned 11 June 2015)  
C J Taylor (appointed 11 June 2015)

### **Registered Office**

Grant Way  
Isleworth  
Middlesex  
TW7 5QD

### **Bankers**

Royal Bank of Scotland plc  
Edinburgh St Andrew Square  
Edinburgh  
EH2 2YB

### **Auditor**

Deloitte LLP  
Chartered Accountants  
London  
United Kingdom

## Strategic report and Directors' report

The Directors present their Strategic and Annual Report on the affairs of the Company, together with the financial statements and Auditor's Report for the year ended 31 December 2015.

### **Strategic Report**

Tour Racing Limited promotes a Great Britain based professional cycling team which was set up to compete in the International Cycle Union's Pro Tour.

Tour Racing was initially a wholly owned subsidiary of Sky UK Limited ("Sky"). On 10 December 2009 the Company agreed with Sky Italia S.r.l ("Sky Italia") and 21st Century Fox Europe, Inc ("21st Century Fox") to partner with Sky in the title sponsorship of the Sky professional cycling team ("Team Sky").

Following this the Company issued 25 shares to Sky Italia and 15 shares to 21st Century Fox with Sky retaining the remaining issued capital being 60 shares.

On 1 July 2013, Sky Italia disposed of its entire shareholding to 21st Century Fox, though agreed to continue with its goal of sponsoring Tour Racing Limited. This resulted in Sky holding a 60% and 21st Century Fox holding a 40% stake. On 12 June 2015, Sky acquired additional shareholding of 25% from 21st Century Fox, which results in Sky now holding an 85% stake in the Company and 21st Century Fox holding a 15% stake in the Company. In addition, each of Sky, 21st Century Fox and Sky Italia have entered into agreements with the Company to extend sponsorship participation to the Company to 31 December 2016.

All shares are being held with the same terms and voting rights. Sky controlled the Company at 31 December 2015 and the Company was recognised as a subsidiary of the Sky plc Group ("the Group") during the period.

Since launch in 2010, having had the ultimate goal of having a British winner of the Tour de France by 2013, Team Sky has achieved three victories in the Tour de France, with Sir Bradley Wiggins winning in 2012, and Chris Froome winning in both 2013 and 2015.

During the 2015 season the Team also managed to achieve overall victories in Volta Algarve, Omloop Het Nieuwsblad, Paris-Nice, E3 Harelbeke, Volta Catalunya, Giro del Trentino, Tour de Yorkshire and Criterium de Dauphine, and the World Championships (Individual Time Trial).

The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

### **Operating profit**

Audited financial statements for the year to 31 December 2015 are set out on pages 8 to 24. An operating profit of £22,000 was recorded for the year (2014: £55,000).

### **Balance Sheet**

The Balance Sheet shows that the Company's shareholders' equity position at the year end is £nil (2014: equity of £nil). The Directors do not recommend the payment of a dividend for the year ended 31 December 2015 (2014: £nil).

### **Principal risks and uncertainties**

The Company's activities expose it to financial risks, which are liquidity, foreign exchange, credit risk and operational risk.

## Strategic report and Directors' report (continued)

### Liquidity risk

The Company principally relies on the title sponsors to ensure that sufficient funds are available for ongoing operations and future developments. An investment agreement between the parties stipulates that quarterly payments in advance are to be made by the title sponsors based on the forecast quarterly cash flow requirement. In addition to this, the Company relies on the Sky Treasury function to manage its liquidity and ensure that sufficient funds are available for on-going operations and future developments. Sky currently has access to an undrawn £1 billion revolving credit facility which is due to expire on 30 November 2020. The Company benefits from this liquidity through intra-group facilities and loans.

### Foreign exchange risk

A proportion of the Company's revenues and operating costs are denominated in Euros. The exposure to foreign currency fluctuation is not managed through any formal hedging arrangement. However, the risk is mitigated to an extent by the natural hedging that arises from a matching of certain revenues and operating costs being denominated in Euros. Specifically, any fluctuations arising in revenue as a result of foreign exchange movements will be partially offset by opposite fluctuations in operating costs.

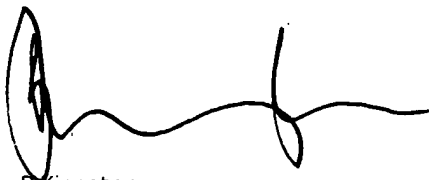
### Credit risk

The balance sheet of the Company includes intercompany balances. The Company is therefore exposed to credit risk on these balances. The intercompany balances of the Company are detailed in notes 10 and 11.

### Operational risk

The Company's exposure to operational risks such as injuries to its riders and consequent inability to meet the performance criteria is mitigated through: the existence and regular review of medical protocols agreed by all medical staff; maintaining a team of 25-30 riders to ensure there is always a sufficient number of fit riders to compete and meet the minimum performance criteria; rider contracts limiting participation in activities that may endanger fitness or ability to compete; and rider contracts limiting the period over which fees will continue to be paid to riders who are unable to compete.

By Order of the Board



R Kingston  
Director  
Grant Way  
Isleworth  
Middlesex  
TW7 5QD

23<sup>RD</sup> JUNE 2016

## Strategic report and Directors' report (continued)

### Directors' Report

The Directors who served during the year are shown on page 1.

The Directors do not recommend the payment of a dividend in the current year (2014: £nil).

#### Going concern basis

The Company's business activities, together with the factors likely to affect its future development and performance have been set out in the Strategic Report. The Strategic Report details the financial position of the Company, as well as the Company's objectives and policies, and details of its exposures to credit risk and liquidity risk.

After making enquiries, the Directors have formed a judgement at the time of approving the financial statements that the Company will have access to adequate resources, namely the title sponsorship commitment from Sky and 21st Century Fox, to cover any deficit between total costs and third party income, to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### Auditor

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the persons who are Directors of the Company at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information. Deloitte LLP have expressed their willingness to continue as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



R Kingston  
Director  
Grant Way  
Isleworth  
Middlesex  
TW7 5QD

23<sup>rd</sup> JUNE 2016

## Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 to 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 Tour Racing Limited**

We have audited the financial statements of Tour Racing Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its result for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which we are required to report by exception**

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

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



# Independent Auditor's Report to the members of Tour Racing Limited



Paul Franek FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

23<sup>RD</sup> JUNE 2016

## Statement of Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
<b>Revenue</b>	2	<b>24,442</b>	24,479
Operating expense	3	<b>(24,420)</b>	(24,424)
<b>Operating profit</b>		<b>22</b>	55
<b>Profit before tax</b>	4	<b>22</b>	55
Taxation	5	<b>(22)</b>	(55)
<b>Profit for the period attributable to equity shareholders</b>		<b>-</b>	-

The accompanying notes are an integral part of this Statement of Comprehensive Income.

For the years ended 31 December 2015 and 2014, the Company did not have any items of Other Comprehensive Income.

All results relate to continuing operations.

Statement of Changes in Equity  
For the year ended 31 December 2015

	Share capital £'000	Retained earnings £'000	Total shareholders' equity(deficit) £'000
<b>At 1 January 2014</b>	-	-	-
Profit for the year	-	-	-
<b>At 31 December 2014</b>	-	-	-
Profit for the year	-	-	-
<b>At 31 December 2015</b>	-	-	-

The accompanying notes are an integral part of this Statement of Changes in Equity.

## Balance Sheet

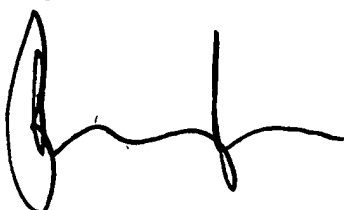
As at 31 December 2015

	Notes	2015 £'000	2014 £'000
<b>Non-current assets</b>			
Intangible assets	8	-	-
Property, plant and equipment	9	155	26
		<u>155</u>	<u>26</u>
<b>Current assets</b>			
Trade and other receivables	10	547	744
Cash and cash equivalents		1,872	944
Deferred tax asset	6	153	136
Current tax asset		56	-
		<u>2,783</u>	<u>1,850</u>
<b>Total assets</b>			
		2,783	1,850
<b>Current liabilities</b>			
Trade and other payables	11	2,783	1,827
Current tax liability		-	23
		<u>2,783</u>	<u>1,850</u>
<b>Total liabilities</b>			
		2,783	1,850
Share capital	14	-	-
Reserves		-	-
		<u>-</u>	<u>-</u>
<b>Shareholders' equity</b>			
		-	-
<b>Total liabilities and shareholders' equity</b>			
		<u>2,783</u>	<u>1,850</u>

The accompanying notes are an integral part of this Balance Sheet.

The financial statements of Tour Racing Limited, registered number 04078205 were approved by the Board of Directors on 23<sup>RD</sup> JUNE 2016.

Signed on behalf of the Board of Directors



R Kingston  
Director

## Cash Flow Statement

Year ended 31 December 2015

	Note	2015 £'000	2014 £'000
<b>Cash flows generated from operating activities</b>			
Cash generated from operations	15	1,214	406
Tax paid		(118)	(53)
<b>Net cash generated from operating activities</b>		<u>1,096</u>	<u>353</u>
<b>Cash flows used in investing activities</b>			
Purchase of property, plant and equipment		(168)	(34)
<b>Net cash used in investing activities</b>		<u>(168)</u>	<u>(34)</u>
<b>Cash flows from financing activities</b>		<u>-</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>		<u>928</u>	<u>319</u>
<b>Cash and cash equivalents at the beginning of the year</b>		<u>944</u>	<u>625</u>
<b>Cash and cash equivalents at the end of the year</b>		<u><u>1,872</u></u>	<u><u>944</u></u>

The accompanying notes are an integral part of this Cash Flow Statement.

# Notes to the financial statements

## **1. Accounting policies**

Tour Racing Limited (the "Company") is a limited liability company incorporated in the United Kingdom and registered in England and Wales.

### **Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"), the Companies Act 2006 and Article 4 of the International Accounting Standard ("IAS") Regulations. In addition, the Company also complied with IFRS as issued by the International Accounting Standards Board ("IASB").

### **a) Basis of preparation**

The financial statements have been prepared on an historical cost basis. The accounts have been prepared on the going concern basis (as set out in the Strategic and Directors' Report).

The Company has adopted the new accounting pronouncements which became effective this year, none of which had any significant impact on the Company's results or financial position.

The Company maintains a 52 or 53 week fiscal year ending on the Sunday nearest to 31 December in each year. In fiscal year 2015, this date was 27 December 2015, this being a 52 week year (fiscal year 2014: 28 December 2014, 52 week year). For convenience purposes, the Company continues to date its financial statements as at 31 December. The Company has classified assets and liabilities as current when they are expected to be realised in, or intended for sale or consumption in, the normal operating cycle of the Company

### **b) Foreign currency translation**

The Company's functional currency and presentational currency is pounds sterling. Trading activities denominated in foreign currencies are recorded in pounds sterling at the applicable monthly exchange rates. Monetary assets, liabilities and commitments denominated in foreign currencies at the balance sheet date are reported at the rates of exchange at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the date of the initial transaction. Gains and losses on retranslation of monetary assets and liabilities are included net in the profit or loss for the year.

### **c) Intangible assets**

The transfer fees associated with the acquisition of riders are capitalised as intangible fixed assets. These costs are fully amortised in equal instalments over the period of the riders' initial contracts. These transfer payments are tested for impairment when there is an indicator of impairment and written down for impairment when the carrying amount exceeds the amount recoverable through use or sale.

Research expenditure is recognised in operating expenses in the Statement of Comprehensive Income as the expenditure is incurred.

### **d) Property, plant and equipment ("PPE")**

#### **Owned assets**

PPE are stated at cost, net of accumulated depreciation and any impairment losses, other than those that are classified as held for sale, which are stated at the lower of carrying amount and fair value less costs to sell.

## Notes to the financial statements

### 1. Accounting policies (continued)

#### d) Property, plant and equipment ("PPE") (continued)

When an item of property, plant and equipment comprises major components having different useful economic lives, the components are accounted for as separate items of property, plant and equipment.

#### Depreciation

Depreciation is provided to write off the cost, less estimated residual value, of property, plant and equipment on a straight-line basis over its estimated useful life. Assets that are not yet available for use are not depreciated. Principal useful economic lives used for this purpose are:

Motor vehicles	3-4 years
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#### e) Value in kind assets

Value in kind assets are recognised in accordance with the revenue accounting policy. Initial revenue recognition is based on management's judgement that all value in kind, as detailed within the sponsorship agreements, will be fully utilised within the terms of the agreements.

The fair value of the respective value in kind is determined as the price the Company would have paid for the comparable goods and services, net of VAT.

#### f) Financial assets and liabilities

Financial assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. At each balance sheet date, the Company assesses whether there is any objective evidence that any financial asset is impaired. Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the financial asset or liability. Financial assets are derecognised from the balance sheet when the Company's contractual rights to the cash flows expire or the Company transfers substantially all the risks and rewards of the financial asset. Financial liabilities are derecognised from the Company's balance sheet when the obligation specified in the contract is discharged, cancelled or expires.

#### g) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments and are measured at amortised cost using the effective interest method. Trade and other receivables, with no stated interest rate, are measured at the original invoice amount if the effect of discounting is immaterial. An allowance account is maintained to reduce the carrying value of trade and other receivables for impairment losses identified from objective evidence, with movements in the allowance account, either from increased impairment losses or reversals of impairment losses, being recognised in the Statement of Comprehensive Income.

#### h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank accounts, deposits receivable on demand and deposits with maturity dates of three months or less from the date of inception. Bank overdrafts that are repayable on demand and which form an integral part of the Company's cash management are included as a component of cash and cash equivalents where offset conditions are met.

# Notes to the financial statements

## 1. Accounting policies

### i) Trade and other payables

Trade and other payables are non-derivative financial liabilities and are measured at amortised cost using the effective interest method. Trade and other payables with no stated interest rate, are measured at the original invoice amount if the effect of discounting is immaterial.

### j) Impairment

At each balance sheet date, and in accordance with IAS 36 "Impairment of Assets", the Company reviews the carrying amounts of all its assets, to determine whether there is any indication that any of those assets have suffered an impairment loss.

An impairment is recognised in the Statement of Comprehensive Income whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price, defined as the fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units, and then to reduce the carrying amount of other assets in the unit on a pro-rata basis.

An impairment loss for an individual asset shall be reversed if there has been a change in estimates used to determine the recoverable amount since the last impairment loss was recognised and is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment to goodwill is not reversed.

### k) Revenue recognition

Revenue, which excludes value added tax, represents the inflow of economic benefit from the Company's sponsorship agreements.

The amount of title sponsorship revenue the Company recognises in respect to its agreements with Sky, Sky Italia and 21st Century Fox is limited to the recoverable expenses of the Company, net of any performance sponsorship or other income, including any value in kind sponsorship received.

Performance sponsorship revenue is recognised on a straight-line basis over the period of the performance sponsorship agreement.

### l) Taxation, including deferred taxation

The Company's liability for current tax is based on taxable profit for the year, and is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Temporary differences arising from goodwill and the initial recognition of assets or liabilities that affect neither accounting profit nor taxable profit are not provided for.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the



# Notes to the financial statements

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

### **l) Taxation, including deferred taxation (continued)**

temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that have been enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and adjusted to reflect an amount that is probable to be realised based on the weight of all available evidence. Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax assets and liabilities are not discounted. Deferred tax is charged or credited in the Statement of Comprehensive Income, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also included within equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### **m) Critical accounting policies**

Critical accounting policies are those that require significant judgement or estimates and potentially result in material different results under different assumptions or conditions.

### **Revenue**

Selecting the appropriate timing for, and amount of, revenue to be recognised requires judgement. This may involve estimating the fair value of consideration received and an estimation of the percentage completion of services provided. The amount of title sponsorship revenue the Company recognises in respect to its agreements with Sky, Sky Italia and 21st Century Fox is limited to the recoverable expenses of the Company, net of any performance sponsorship or other income.

### **n) Accounting standards, interpretations and amendments to published standards not yet effective**

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are only effective for our accounting periods beginning on or after 1 January 2016 or later periods. These new pronouncements are listed below:

- Amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations” (effective 1 January 2016)\*
- Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortisation” (effective 1 January 2016)\*
- Annual improvements 2012 -2014 Cycle (effective 1 July 2016)
- IFRS 15 “Revenue from Contracts with Customers” (effective 1 January 2018)\*
- IFRS 9 “Financial Instruments” (effective 1 January 2018)\*
- IFRS 16 “Leases” (effective 1 January 2019)\*

\* not yet endorsed for use in the EU

The Directors are currently evaluating the impact of the adoption of these standards, amendments and interpretations in future periods.

## Notes to the financial statements

### 2. Revenue

	2015 £'000	2014 £'000
Title sponsor revenue	15,666	15,457
Performance sponsorship revenue	2,960	3,702
Value in Kind	1,988	2,139
Race fees and other income	3,828	3,181
	<u>24,442</u>	<u>24,479</u>

Revenue from title sponsorship was derived from Sky, Sky Italia and 21st Century Fox. Title sponsorship revenue recognised, is limited to the recoverable expenditure, net of any performance sponsorship and other income.

### 3. Operating expense

	2015 £'000	2014 £'000
Staff and rider remuneration	17,982	18,223
Race costs (travel and accommodation)	2,063	1,778
Bike and performance equipment	2,091	2,291
Sports science and medical	271	222
Vehicle running costs	223	283
Registrations	64	66
Research	23	83
Office expenses	572	585
PR and marketing	612	778
Legal and professional fees	518	403
Depreciation	39	18
Foreign exchange revaluation	(38)	(306)
	<u>24,420</u>	<u>24,424</u>

### 4. Profit before taxation

Profit before taxation is stated after charging:

	2015 £'000	2014 £'000
Depreciation of property, plant and equipment	39	18
Amortisation of intangible assets	-	18
	<u>39</u>	<u>36</u>

#### Audit fees

Amounts paid to the auditors for audit services of £30,000 (2014: £20,000) were paid by another Group subsidiary in 2015 and 2014. No amounts for other services have been paid to the auditor (2014: nil).

#### Foreign exchange

Foreign exchange differences recognised in the Statement of Comprehensive Income during the year amounted to a gain of £39,000 (2014: gain of £306,000).

## Notes to the financial statements

### 5. Taxation

#### a) Taxation recognised in the statement of comprehensive income

	2015 £'000	2014 £'000
<b>Current tax expense</b>		
Current year UK tax	9	(4)
Current year overseas tax	3	21
Prior year adjustment	27	10
	<u>39</u>	<u>27</u>
<b>Deferred tax credit</b>		
Origination and reversal of temporary differences	4	28
Prior year adjustment	(21)	
	<u>(17)</u>	<u>28</u>
<b>Taxation</b>	<u>22</u>	<u>55</u>

#### b) Reconciliation of total tax charge

The tax expense for the year is higher (2014: higher) than the blended rate of corporation tax in the UK (20.25%) applied to profit before tax. The differences are explained below:

	2015 £'000	2014 £'000
Profit before tax	22	55
Profit before tax multiplied by standard blended rate of corporation tax in the UK of 20.25% (2014: 21.49%)	<u>4</u>	<u>12</u>
Effects of:		
Other permanent differences	9	19
Overseas tax	3	21
Double tax relief	-	(13)
Prior year adjustments	6	10
Disposal of fixed assets	-	-
Change in tax rate	-	6
<b>Taxation</b>	<u>22</u>	<u>55</u>

## Notes to the financial statements

### 6. Deferred tax asset (liability)

	<b>Fixed asset timing differences £'000</b>
At 1 January 2014	164
Charge to the statement of comprehensive income	(28)
At 31 December 2014	136
Credit/ (Charge) to the statement of comprehensive income	17
At 31 December 2015	<u><u>153</u></u>

There are no unrecognised deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which they reverse. The rate enacted or substantively enacted for the relevant period of reversal is 20% as at December 2015 (2014: 20%).

### 7. Employee benefits and key management compensation

Employee benefits for the Company during the year.

	<b>2015 £'000</b>	<b>2014 £'000</b>
Wages and salaries	<b>2,259</b>	1,249
Social Security	<b>362</b>	200
Contributions to the Sky Pension Plan	<b>58</b>	39
Wages and salaries	<u><u>2,679</u></u>	<u><u>1,488</u></u>

The average monthly number of full-time equivalent persons (including temporary employees) employed by the Company during the year was 29 (2014: 20).

Other remuneration costs, included in the staff and rider costs are related to contractors.

The Directors did not receive any remuneration during the year in respect of their services to the Company.

## Notes to the financial statements

### 8. Intangible fixed assets

	<b>Rider Transfer Payments £'000</b>
<b>Cost</b>	
At 1 January 2014	3,128
Additions	-
At 31 December 2014	<u>3,128</u>
Additions	-
Disposals	<u>(2,969)</u>
<b>At 31 December 2015</b>	<b><u>159</u></b>
<b>Amortisation</b>	
At 1 January 2014	3,110
Amortisation	<u>18</u>
At 31 December 2014	<u>3,128</u>
Amortisation	-
Disposals	<u>(2,969)</u>
<b>At 31 December 2015</b>	<b><u>159</u></b>
<b>Carrying value</b>	
At 1 January 2014	18
At 31 December 2014	-
<b>At 31 December 2015</b>	<b><u>-</u></b>

All intangible assets relate to rider transfer payments which are amortised over the term of each rider's initial contract.

The estimated future amortisation charge on finite-lived intangible assets for each of the next two years is set out below. It is likely that amortisation will vary from the figures below as the estimate does not include the impact of any future investments, disposals or capital expenditure.

	<b>2016 £'000</b>	<b>2017 £'000</b>
Estimated amortisation charge	-	-

## Notes to the financial statements

### 9. Property, plant and equipment

	<b>Motor Vehicles £'000</b>
<b>Cost</b>	
At 1 January 2014	1,926
Additions	34
Disposals	(21)
At 31 December 2014	<u>1,939</u>
Additions	168
Disposals	(11)
<b>At 31 December 2015</b>	<b><u>2,096</u></b>
<b>Depreciation</b>	
At 1 January 2014	1,916
Depreciation	18
Disposals	(21)
At 31 December 2014	<u>1,913</u>
Depreciation	39
Disposals	(11)
<b>At 31 December 2015</b>	<b><u>1,941</u></b>
<b>Carrying value</b>	
At 1 January 2014	10
At 31 December 2014	<u>26</u>
<b>At 31 December 2015</b>	<b><u><u>155</u></u></b>

## Notes to the financial statements

### 10. Trade and other receivables

	2015 £'000	2014 £'000
<b>Gross trade receivables</b>	2	12
Less: provision for impairment of receivables	-	-
<b>Net trade receivables</b>	<u>2</u>	<u>12</u>
Amounts receivable from ultimate parent company	21	343
Amounts receivable from other related parties	-	108
Accrued Income	411	210
Prepayments	113	71
	<u><u>547</u></u>	<u><u>744</u></u>

Prepayments comprise UCI registration fees, advanced security fees for fuel cards and other administrative costs.

Amounts receivable from ultimate parent company are non-interest bearing and are repayable on demand.

Amounts receivable from other related parties are discussed further in note 16.

The Directors consider that the carrying amount of trade and other receivables approximates fair value.

The ageing of the Company's net trade receivables past due or subject to impairment is as follows:

	2015 £'000	2014 £'000
Current	-	7
Thirty to sixty days past due date	-	2
Sixty to ninety days past due date	-	1
Ninety to 120 days past due date	-	2
More than 120 days past due date	2	-
	<u>2</u>	<u>12</u>

### 11. Trade and other payables

	2015 £'000	2014 £'000
Trade payables	330	172
Accruals	590	710
Deferred income	1,863	934
VAT and withholding tax payable	-	11
	<u><u>2,783</u></u>	<u><u>1,827</u></u>

The Directors consider that the carrying amount of trade and other payables approximates fair value.

Deferred income from related parties is discussed further in note 16.

## Notes to the financial statements

### 12. Financial risk management objectives and policies

The Company's principal financial instruments comprise trade payables. The Company's principal financial assets comprise trade receivables and cash.

	Loans and receivables £'000	Other liabilities £'000	Total carrying value £'000	Total fair values £'000
<b>At 31 December 2014</b>				
Trade and other payables	-	(882)	(882)	(882)
Trade and other receivables	673	-	673	673
Cash and cash equivalents	944	-	944	944
<b>At 31 December 2015</b>				
Trade and other payables	-	(920)	(920)	(920)
Trade and other receivables	434	-	434	434
Cash and cash equivalents	1,872	-	1,872	1,872

The Directors believe the carrying value of financial assets and liabilities approximates their fair values.

#### Liquidity risk

The Company's financial liabilities are shown in note 11. With access to funding under the Company's title sponsorship arrangements, the Directors believe that liquidity risk is negligible.

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 12 months £'000	Between one and two years £'000	Between two and five years £'000	More than five years £'000
<b>At 31 December 2014</b>				
Trade and other payables	882	-	-	-
	882	-	-	-
<b>At 31 December 2015</b>				
Trade and other payables	920	-	-	-
	920	-	-	-

### 13. Financial risk management objectives and policies

#### Foreign exchange risk

Due to sponsorship arrangement whereby Tour Racing Limited can elect to receive funding from the title sponsors in Euro or Sterling, exposure of the Company's profit to any fluctuations on the FX rate between pounds sterling and the Euro is mitigated by managing shareholder funding currency to maximise the natural hedge of funding and payments in the same currency.



## Notes to the financial statements

### 13. Financial risk management objectives and policies (continued)

#### Capital risk management

The capital structure of the Company consists of equity attributable to equity holders of the parent company, comprising issued capital, reserves and retained earnings.

Risk and treasury management is governed by Sky plc's policies approved by its Board of Directors.

### 14. Share capital

	2015 £'000	2014 £'000
<b>Authorised</b>		
1,000,000 (2014: 1,000,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called-up and fully paid</b>		
100 (2014: 100) ordinary shares of £1 each	<u>-</u>	<u>-</u>

From 1 January 2010, Sky Italia and 21st Century Fox have agreed to fund 25% and 15% respectively, of the £40m sponsorship commitment to the Company. A further €9.4m was agreed for utilisation during the year to 31 December 2013. In 2009, the Company issued 25 shares to Sky Italia and 15 shares to 21st Century Fox, with Sky retaining the remaining issued capital being 60 shares.

On 1 July 2013, Sky Italia disposed of its entire shareholding to 21st Century Fox, which resulted in Sky holding a 60% and 21st Century Fox holding a 40% stake.

On 12 June 2015, Sky acquired additional shareholding of 25% from 21<sup>st</sup> Century Fox, which results in Sky now holding an 85% stake in the Company and 21<sup>st</sup> Century Fox holding a 15% stake in the Company.

All shares are being held with the same terms and voting rights. Sky controlled the Company over the year and the Company was recognised as a subsidiary of the the Group.

### 15. Notes to the Cash Flow Statement

#### Reconciliation of profit before taxation to cash generated by/(used in) operations

	2015 £'000	2014 £'000
Profit before tax	22	55
Depreciation of property, plant and equipment	39	18
Amortisation of intangible assets	-	18
	<u>61</u>	<u>91</u>
Decrease in trade and other receivables	197	1,077
Increase / (Decrease) in trade and other payables	956	(762)
<b>Cash generated by/(used in) operations</b>	<u>1,214</u>	<u>406</u>

## Notes to the financial statements

### 16. Transactions with related parties

#### Transactions with Group companies

During the year, title sponsorship was received from Sky plc Group and 21st Century Fox who are also related parties of the Company, as detailed below:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
<b>Title sponsorship income recognised</b>		
Sky plc Group	<b>13,815</b>	10,047
21st Century Fox	<b>1,851</b>	5,410
	<b>15,666</b>	<b>15,457</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Title Sponsorship deferred income</b>		
	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Sky plc Group	<b>1,195</b>	108
21st Century Fox	<b>166</b>	57
	<b>1,361</b>	165
	<hr/> <hr/>	<hr/> <hr/>

At 31 December 2015, the Company was owed £21,000, £nil from Sky plc Group and 21st Century Fox respectively (2014: £244,000 and £41,000 from Sky plc Group and 21st Century Fox respectively).

### 17. Ultimate parent undertaking

The Company is a partially-owned subsidiary undertaking of Sky UK Limited, a company incorporated in the United Kingdom and registered in England and Wales. The Company is ultimately controlled by Sky plc. The only group in which the results of the Company are consolidated is that headed by Sky plc.

The consolidated accounts of the Group are available to the public and may be obtained from the Company Secretary, Sky plc, Grant Way, Isleworth, Middlesex, TW7 5QD.