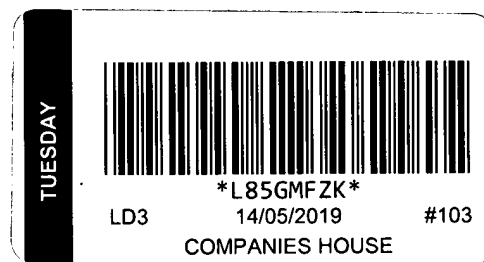


# TOUR RACING LIMITED

Annual report and financial statements

31 December 2018

Company Registration No. 04078205



# Tour Racing Limited

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## Directors and Officers

For the year ending 31 December 2018

### **Directors**

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

G J McWilliam

D J Ward

R Kingston

### **Secretary**

C J Taylor

### **Registered Office**

Grant Way

Isleworth

Middlesex

TW7 5QD

### **Bankers**

Royal Bank of Scotland Plc

St Andrew Square

Edinburgh

EH2 2YB

### **Auditor**

Deloitte LLP

Statutory Auditor

London

United Kingdom

## Strategic Report

The Directors present their Annual Report on the affairs of the Company, together with the financial statements and Auditor's Report for the year ended 31 December 2018.

### Strategic Report

Tour Racing Limited promotes a Great Britain based professional cycling team, which was set up in 2010 to compete in the International Cycle Union's World Tour. The Company was initially a wholly owned subsidiary of Sky UK Limited ("Sky"), before partnering with other group companies, Sky Italia S.r.l ("Sky Italia") and 21st Century Fox Europe, Inc ("21st Century Fox") in title sponsorship of the professional cycling team ("Team Sky").

Following changes to the shareholding detailed in note 13, Sky now holds an 85% stake in the Company and 21st Century Fox holds a 15% stake in the Company.

Throughout much of the 2018 financial year, our ultimate parent company, Sky Limited (formerly Sky plc), was in a prolonged takeover offer period, with competing offers from 21st Century Fox and Comcast Corporation ("Comcast"), which ultimately concluded with Comcast acquiring Sky plc. The acquisition completed on 9 October 2018.

All shares in Tour Racing Limited are being held with the same terms and voting rights. Sky controlled the Company at 31 December 2018 and the Company was recognised as a subsidiary of Sky and the group headed by it 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 six victories in the Tour de France, with Sir Bradley Wiggins winning in 2012 and Chris Froome winning in 2013, 2015, 2016 and 2017. With Geraint Thomas winning in 2018, this further improved on the original performance indicator as laid out in 2010.

In the 2018 season the team managed to achieve 23 stage wins and 24 race podium finishes, including 12 overall victories at the Tour de France, Giro d'Italia, Criterium du Dauphine, Tirreno-Adriatico, Tour of California, Colombia Oro y Paz, Volta ao Algarve, Tour of Guangxi, Tour de Pologne, Settimana Coppi e Bartali, Coppa Agostoni and Giro Della Toscana.

### Revenue

The increase in revenue to £38,016,000 (2017: £34,496,000) for the year to 31 December 2018 is a result of an increase in title sponsorship reflecting strong rider performance leading to higher staff and rider costs.

### Operating profit

Audited financial statements for the year to 31 December 2018 are set out on pages 9 to 26. An operating profit of £49,000 was recorded for the year (2017: £39,000).

### Balance Sheet

The Balance Sheet shows that the Company's shareholders' equity position at the year end is £nil (2017: £nil). The Directors do not recommend the payment of a dividend for the year ended 31 December 2018 (2017: £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

## Strategic 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 £3 billion revolving credit facility, which is due to expire on 11 January 2024. 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.

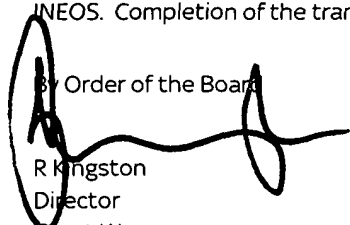
### Operational risk

The Company's exposure to operational risks such as reputation, 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. The Company is also monitoring operational risks that could arise as a direct result of the UK's decision to leave the European Union and guidance is sought from government departments where appropriate. There are currently no further risks that the Company considers will have an operational impact.

### Subsequent Events

On 15 March 2019, Sky UK Limited, 21st Century Fox Europe, Inc. and INEOS Industries Holdings Limited ("INEOS") entered into an agreement for the sale of 100% of the issued share capital of Tour Racing Limited to INEOS. Completion of the transaction is expected to take place on or around 29 April 2019.

By Order of the Board



R Kingston  
Director  
Grant Way  
Isleworth  
Middlesex  
TW7 5QD

29/04 2019

## Directors' Report

### Directors' Report

Under the section 414C(11) of the Act, the Directors may include in the strategic report such of the matters otherwise required by regulations made under section 416(4) to be disclosed in the Directors' report as the Directors consider are of strategic importance to the company. Disclosures required by s416(4) that included in the strategic report in this way are:

- future developments;
- financial risk management; and
- subsequent events

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

The Directors do not recommend the payment of a dividend in the current year (2017: £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 to cover any deficit between total costs and third party income, to continue in existence for the foreseeable future. Title sponsorship funding commitments have been received from Sky and 21st Century Fox for the 2019 calendar year; these funding commitments will be assumed by INEOS following the completion of the sale of the Company as detailed in note 17.

By agreeing to purchase the Company, INEOS are expanding their sporting portfolio into cycling; the directors have received a commitment from INEOS to fund the Company for at least the next 12 months from these financial statements. Accordingly, the directors 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.

By Order of the Board

R Kingston

Director

Grant Way

Isleworth

Middlesex

TW7 5QD

29/04/2019

## 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

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of Tour Racing Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs and of its results as at 31 December 2018;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of 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 IFRSs as adopted by the European Union.

### **Basis for opinion**

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.



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

## **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

## **Responsibilities of directors**

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

## Report on other legal and regulatory requirements

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

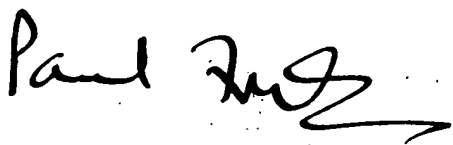
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### Use of our report

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



Paul Franek FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

21 April 2019

Statement of Comprehensive Income  
For the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
<b>Revenue</b>	2	<b>38,016</b>	34,496
Operating expense		<b>(37,967)</b>	(34,457)
<b>Profit before tax</b>	3	<b>49</b>	39
Taxation	4	<b>(49)</b>	(39)
<b>Results and total comprehensive income attributable to equity shareholders for the period to 31 December 2018</b>		<b>-</b>	-

The accompanying notes are an integral part of these financial statements.

For the years ended 31 December 2018 and 2017, 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 2018

	Share capital £'000	Retained earnings £'000	Total shareholders' equity(deficit) £'000
<b>At 1 January 2017</b>	-	-	-
Results and total comprehensive income for the year	-	-	-
<b>At 31 December 2017</b>	-	-	-
Results and total comprehensive income for the year	-	-	-
<b>At 31 December 2018</b>	-	-	-

The accompanying notes are an integral part of these financial statements.

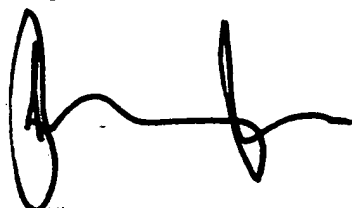
Balance Sheet  
As at 31 December 2018

	Notes	2018 £'000	2017 £'000
<b>Non-current assets</b>			
Property, plant and equipment	8	92	170
Deferred tax asset	5	121	177
		<u>213</u>	<u>347</u>
<b>Current assets</b>			
Trade and other receivables	9	5,656	3,798
Cash and cash equivalents		733	1,672
Current tax asset		-	-
		<u>6,388</u>	<u>5,470</u>
<b>Total assets</b>		<u>6,602</u>	<u>5,817</u>
<b>Current liabilities</b>			
Trade and other payables	10	3,363	2,980
Provisions	12	3,239	2,808
Current tax liabilities		-	29
		<u>6,602</u>	<u>5,817</u>
<b>Total liabilities</b>		<u>6,602</u>	<u>5,817</u>
Share capital	13	-	-
Reserves		-	-
		<u>-</u>	<u>-</u>
<b>Shareholders' equity</b>		<u>-</u>	<u>-</u>
<b>Total liabilities and shareholders' equity</b>		<u>6,602</u>	<u>5,817</u>

The accompanying notes are an integral part of these financial statements.

The financial statements of Tour Racing Limited, registered number 04078205 were approved by the Board of Directors on 29/04/2019.

Signed on behalf of the Board of Directors



R Kingston  
Director

Cash Flow Statement  
Year ended 31 December 2018

	Note	2018 £'000	2017 £'000
<b>Cash flows generated from operating activities</b>			
Cash (used in) / generated from operations	14	(917)	109
Tax paid		(22)	(12)
<b>Net cash (used in) / generated from operating activities</b>		<u>(939)</u>	<u>97</u>
<b>Cash flows used in investing activities</b>			
Purchase of property, plant and equipment		-	(106)
<b>Net cash used in investing activities</b>		<u>-</u>	<u>(106)</u>
<b>Cash flows from financing activities</b>			
		-	-
<b>Net (decrease) / increase in cash and cash equivalents</b>		<u>(939)</u>	<u>(9)</u>
<b>Cash and cash equivalents at the beginning of the year</b>		<u>1,672</u>	<u>1,681</u>
<b>Cash and cash equivalents at the end of the year</b>		<u><u>733</u></u>	<u><u>1,672</u></u>

The accompanying notes are an integral part of these financial statements.

# Notes to Financial Statements

## **1. Accounting policies**

Tour Racing Limited (the "Company") is a private company, limited by shares, incorporated in the United Kingdom under Companies Act 2006 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. 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 Directors' Report).

The Company has adopted new accounting pronouncements which became effective this year, including IFRS 15 'Revenue from Contracts with Customers,' and IFRS 9 'Financial Instruments,' none of which had any material 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 2018, this date was 31 December 2018, this being a 53 week year (fiscal year 2017: 31 December 2017, 53 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 rounded to the nearest thousand. 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) Property, plant and equipment ("PPE")**

#### **Owned assets**

PPE is 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.

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

## Notes to Financial Statements

### 1. Accounting policies (continued)

#### 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
----------------	-----------

#### d) Intangible assets

Intangible assets acquired by the Company are stated at cost, less accumulated amortisation and any impairment losses, and amortised on a straight line basis over the initial rider contract.

#### 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 Financial Statements

### 1. Accounting policies (continued)

#### 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 UK 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.

#### 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 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

## Notes to Financial Statements

### 1. Accounting policies (continued)

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

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 judgements and key sources of estimation uncertainty

Certain accounting policies are considered to be critical to the Company. An accounting policy is considered to be critical if its selection or application materially affects the Company's financial position or results. The Directors are required to use their judgement in order to select and apply the Company's critical accounting policies. Below is a summary of the Company's critical accounting policies and details of the key areas of judgement that are exercised in their application.

##### Critical accounting policies and judgements

There are no critical accounting policies and judgements where there is expected to be a material change in the next 12 months.

##### Key Source of Estimation uncertainty

There are no sources of estimation uncertainty where there is expected to be a material change in the next 12 months.

#### 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 2019 or later periods. The new pronouncements are not expected to have material impact on the financial statements and are listed below:

- IFRS 16 'Leases' (effective 1 January 2019)
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019)
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' – Long-term interests (effective 1 January 2019)
- Annual Improvements to IFRS Standards 2015-2017 (effective 1 January 2019)
- Amendments to IAS 19 'Employee Benefits' – Plan amendment, Curtailment or Settlement (effective 1 January 2019)
- Prepayment Features with Negative Compensation – Amendments to IFRS 9 (effective 1 January 2019)
- Amendments to References to the Conceptual Framework in IFRS Standards (effective 1 January 2020)\*
- Amendment to IFRS 3 Business Combinations (effective 1 January 2020)\*
- Definition of Material (Amendments to IAS 1 and IAS 8) (effective 1 January 2020)\*
- IFRS 17 'Insurance Contracts' (effective 1 January 2021)\*

\*not yet endorsed for use in the EU "

## Notes to Financial Statements

### 2. Revenue

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Title sponsor revenue	<b>27,597</b>	25,326
Performance sponsorship and other income	<b>7,876</b>	6,704
Value in Kind	<b>2,543</b>	2,466
	<b><u>38,016</u></b>	<b><u>34,496</u></b>

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

### 3. Profit before taxation

Profit before taxation is stated after charging:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation of property, plant and equipment	<b>78</b>	68
	<b><u>78</u></b>	<b><u>68</u></b>

#### **Audit fees**

Amounts paid to the auditors for audit services of £30,000 (2017: £30,000) were paid by another Sky Group subsidiary in 2018 and 2017. No amounts for other services have been paid to the auditor (2017: nil).

#### **Foreign exchange**

Foreign exchange differences recognised in the Statement of Comprehensive Income during the year amounted to a gain of £2,000 (2017: gain of £108,000).

## Notes to Financial Statements

### 4. Taxation

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

	<b>2018</b>	2017
	<b>£'000</b>	£'000
<b>Current tax expense</b>		
Current year UK tax	7	26
Current year overseas tax	11	23
Prior year adjustment	(25)	6
	<u>(7)</u>	<u>55</u>
<b>Deferred tax credit</b>		
Origination and reversal of temporary differences	21	(16)
Prior year adjustment	35	-
	<u>56</u>	<u>(16)</u>
Total deferred tax	5	(16)
	<u>56</u>	<u>(16)</u>
<b>Total tax Charge</b>	<u>49</u>	<u>39</u>

The tax expense for the year is higher (2017: higher) than the expense that would have been charged using the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%) applied to profit before tax. The differences are explained below:

#### b) Reconciliation of total tax charge

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Profit before tax	49	39
Profit before tax multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	9	7
	<u>9</u>	<u>7</u>
Effects of:		
Other permanent differences	5	3
Overseas tax	11	23
Double tax relief	-	(2)
Prior year adjustments	10	6
Change in tax rate	14	2
<b>Taxation</b>	<u>49</u>	<u>39</u>

## Notes to Financial Statements

### 5. Deferred tax asset

	<b>Fixed asset timing differences £'000</b>
At 1 January 2017	<b>161</b>
(Debit)/Credit to the statement of comprehensive income	<b>16</b>
At 31 December 2017	<b>177</b>
(Debit)/Credit to the statement of comprehensive income	<b>(56)</b>
At 31 December 2018	<b>121</b>

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 are 19% from 1<sup>st</sup> of April 2017 and 17% from 1<sup>st</sup> of April 2020 in the UK.

### 6. Employee benefits and Directors emoluments

	<b>2018 £'000</b>	<b>2017 £'000</b>
Wages and salaries	<b>2,756</b>	2,853
Social Security	<b>381</b>	394
Contributions to the Sky Pension Plan	<b>240</b>	182
Total employee benefits	<b>3,377</b>	3,429

Aggregate emoluments paid to a single Director for the year to 31 December 2018 was £135,000 (2017: 90,000). There were no pension contributions paid in the year (2017: nil).

The average monthly number of full-time equivalent persons (including temporary employees) employed by the Company during the year was 45 (2017: 44).

## Notes to Financial Statements

### 7. Intangible fixed assets

	<b>Rider Transfer Payments £'000</b>
<b>Cost</b>	
At 1 January 2017	44
	<hr/>
At 31 December 2017	44
	<hr/>
Disposals	(44)
	<hr/>
<b>At 31 December 2018</b>	<b>-</b>
	<hr/>
<b>Amortisation</b>	
At 1 January 2017	44
	<hr/>
At 31 December 2017	44
	<hr/>
Amortisation	-
	<hr/>
Disposals	(44)
	<hr/>
<b>At 31 December 2018</b>	<b>-</b>
	<hr/>
<b>Net Book Value</b>	
At 31 December 2017	-
At 31 December 2018	-

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>2018 £'000</b>	<b>2019 £'000</b>
Estimated amortisation charge	-	-
	<hr/> <hr/>	<hr/> <hr/>

## Notes to Financial Statements

### 8. Property, plant and equipment

	<b>Motor Vehicles £'000</b>
<b>Cost</b>	
At 1 January 2017	2,084
Additions	106
	<hr/>
<b>At 31 December 2018</b>	<b>2,190</b>
	<hr/>
<b>Depreciation</b>	
At 1 January 2017	1,952
Depreciation	68
	<hr/>
At 31 December 2017	2,020
	<hr/>
Depreciation	78
	<hr/>
<b>At 31 December 2018</b>	<b>2,098</b>
	<hr/>
<b>Carrying value</b>	
At 1 January 2017	132
At 31 December 2017	170
	<hr/>
<b>At 31 December 2018</b>	<b>92</b>
	<hr/> <hr/>

## Notes to Financial Statements

## Notes to Financial Statements

### 9. Trade and other receivables

	2018 £'000	2017 £'000
<b>Gross trade receivables</b>	<b>1,148</b>	251
Less: provision for impairment of receivables	-	-
<b>Net trade receivables</b>	<b>1,148</b>	251
Amounts receivable from ultimate parent company	65	201
Amounts receivable from other related parties	-	-
Accrued Income	3,272	2,654
Prepayments	1,171	692
	<b>5,656</b>	<b>3,798</b>

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

Amounts receivable from other related parties are discussed further in note 15.

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

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

	2018 £'000	2017 £'000
Current	815	25
Thirty to sixty days past due date	11	-
Sixty to ninety days past due date	222	209
Ninety to 120 days past due date	79	-
More than 120 days past due date	21	17
	<b>1,148</b>	<b>251</b>

### 10. Trade and other payables

	2018 £'000	2017 £'000
Trade payables	612	1,031
Accruals	2,751	1,938
VAT and withholding tax payable	-	11
	<b>3,363</b>	<b>2,980</b>

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



## Notes to Financial Statements

### 11. 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 2017</b>				
Trade and other payables	-	(2,980)	(2,980)	(2,980)
Trade and other receivables	3,106	-	3,106	3,106
Cash and cash equivalents	1,672	-	1,672	1,672
<b>At 31 December 2018</b>				
Trade and other payables	-	(3,363)	(3,363)	(3,363)
Trade and other receivables	4,484	-	4,484	4,484
Cash and cash equivalents	733	-	733	733

The Directors believe the carrying value of financial assets and liabilities approximate to fair value.

#### Liquidity risk

The Company's financial liabilities are shown in note 10. 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 2017</b>				
Trade and other payables	2,980	-	-	-
	2,980	-	-	-
<b>At 31 December 2018</b>				
Trade and other payables	3,363	-	-	-
	3,363	-	-	-

#### 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 Financial Statements

### 11. 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's policies approved by its Board of Directors.

### 12. Provisions

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 January 2018</b>	<b>2,808</b>	2,758
Provided for in the year	<b>431</b>	50
<b>At 31 December 2018</b>	<b>3,239</b>	2,808

At 31st December 2018, the company recognised a provision of £3.2m in relation to a change in accounting estimate for staff and rider costs for which we continue to consider economic outflow to be probable and the timing of this settlement remains uncertain. An equal amount of Title Sponsorship Revenue was recognised in the previous years as the amount will be reimbursed by the Title Sponsors. In 2018, we have also provided for additional interest in relation to the original provision.

### 13. Share capital

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Authorised</b>		
1,000,000 (2017: 1,000,000) ordinary shares of £1 each	<b>1,000</b>	1,000
<b>Allotted, called-up and fully paid</b>		
100 (2017: 100) ordinary shares of £1 each	-	-

From 1 January 2010, Sky Italia and 21st Century Fox agreed to fund 25% and 15% respectively, of the £40m initial sponsorship commitment to the Company for the period up to 31 December 2013. 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.

## Notes to Financial Statements

### 14. Notes to the Cash Flow Statement

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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Profit before tax	49	39
Depreciation of property, plant and equipment	78	68
	<u>127</u>	<u>107</u>
(Increase) / Decrease in trade and other receivables	<b>(1,858)</b>	(1,292)
Increase / (Decrease) in trade and other payables	<b>383</b>	1,244
Increase / (Decrease) in provisions	<b>431</b>	50
<b>Cash (used in) / generated by operations</b>	<b><u>(917)</u></b>	<b><u>109</u></b>

### 15. Transactions with related parties

#### Transactions with Group companies

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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Title sponsorship income recognised</b>		
Sky	<b>23,457</b>	21,527
21st Century Fox	<b>4,140</b>	3,799
	<b><u>27,597</u></b>	<u>25,326</u>
<b>Title Sponsorship accrued income</b>		
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Sky	<b>2,712</b>	2,199
21st Century Fox	<b>478</b>	388
	<b><u>3,190</u></b>	<u>2,587</u>

At 31 December 2018, the Company was owed £730,000 and £114,000 from Sky and 21st Century Fox respectively (2017: £201,000 and £nil from Sky and 21st Century Fox respectively).

## Notes to Financial Statements

### **16. 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 was ultimately controlled by Sky Limited (formerly Sky plc) until 9 October 2018 when the offer by Comcast Bidco Limited, an indirect wholly-owned subsidiary of Comcast Corporation, to acquire Sky became wholly unconditional. As a result, the ultimate controlling party is now Comcast Corporation, a company incorporated in the USA and registered in Philadelphia.

The consolidated financial statements of Sky may be obtained from the Company Secretary at the registered address: Sky Limited, Grant Way, Isleworth, Middlesex TW7 5QD.

The consolidated financial statements of Comcast Corporation are available from the registered address: One Comcast Center, 1701 John F Kennedy Boulevard, Philadelphia PA 19103-2838 USA or at [www.cmcsa.com](http://www.cmcsa.com).

### **17. Subsequent Events**

On 15 March 2019, Sky UK Limited, 21st Century Fox Europe, Inc. and INEOS Industries Holdings Limited ("INEOS") entered into an agreement for the sale of 100% of the issued share capital of Tour Racing Limited to INEOS. Completion of the transaction is expected to take place on or around 29 April 2019.