

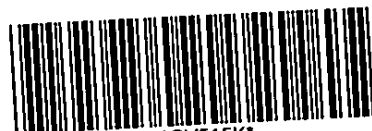
**Company Registration No.4078205**

**Tour Racing Limited**

**Report and Financial Statements**

**31 December 2011**

TUESDAY



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COMPANIES HOUSE

# **Tour Racing Limited**

## **Report and financial statements 2011**

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# **Tour Racing Limited**

## **Report and financial statements 2011**

### **Officers and professional advisers**

#### **Directors**

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

Andrew Griffith  
Robert Tansey  
Matthew Anderson  
Jacques Raynaud (appointed 06/05/2011)  
Graham McWilliam (appointed 03/10/2011)  
Andrea Zappia (resigned 06/05/2011)  
Jeremy Darroch (resigned 03/10/2011)

#### **Secretary**

D J Gormley

#### **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

# Tour Racing Limited

## Directors' 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 2011

### Business review and principal activities

Tour Racing Ltd was initially set up, from 1 January 2009, as a wholly owned subsidiary of British Sky Broadcasting Ltd ("BSkyB"), who committed £40m in a five year title sponsorship revenue agreement through to 31 December 2013. On 10 December 2009 the Company agreed with SKY Italia S r l ("SKY Italia") and News Corporation Europe, Inc ("Newscorp") to partner with BSkyB in the title sponsorship of the Sky professional cycling team ("Team Sky")

SKY Italia and Newscorp agreed to fund 25% and 15% respectively of the £40m sponsorship commitment to the Company. In 2009 the Company issued 25 shares to SKY Italia and 15 shares to Newscorp, with BSkyB retaining the remaining issued capital being 60 shares. All shares are being held with the same terms and voting rights. BSkyB still retains control of the Company and the Company therefore remains as a subsidiary of British Sky Broadcasting Group plc.

Team Sky formally launched on 4 January 2010. Subsequently Team Sky have established themselves as a competitive force. A stage victory at the season-opening Tour Down Under in Australia has been followed by wins in Qatar, Oman, Belgium, France, Italy and Holland.

After a season establishing itself in the pro peloton Team Sky progressed rapidly in 2011, a year which saw the team come within a whisker of being the number one squad in the world by the season's end.

A highly successful campaign saw the team claim two stage victories on the grandest stage of them all, the Tour de France. All the while supporting Sky Rainforest Rescue, the team displayed immense character to bounce back from a race-ending injury for leader Bradley Wiggins.

The riders also showed teamwork in abundance to capture 32 victories across three continents, earning a legion of new fans with notable wins at races such as the prestigious Criterium du Dauphine and Kuurne-Brussel-Kuurne.

The year culminated with a landmark achievement, not only for the team but British cycling as a whole, as Chris Froome and Wiggins placed second and third at the Vuelta a Espana – the first British riders to make the podium at a Grand Tour since Robert Millar in 1987.

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

### Revenue

Revenue during the period is derived from title sponsorship income from BSkyB, SKY Italia and Newscorp. Title sponsorship revenue is recognised as recoverable expenses are incurred. Various performance and merchandising sponsorship agreements have been negotiated to supplement the title sponsorship, specifically with Pinarello (frames), Adidas (merchandise), and Gatorade (performance drinks). Payments are generally received on a quarterly basis and performance sponsorship revenue is being recognised evenly over the sponsorship period.

### Operating expense

Operating expense primarily arises from contracted staff and rider costs, as well as the usual overheads associated with a professional racing team such as travel, communication and training costs.

### Operating profit and operating margin

Audited financial statements for the year to 31 December 2011 are set out on pages 7-22. An operating profit of £102,000 was recorded for the period (2010 operating profit of £122,000).

# **Tour Racing Limited**

## **Directors' report**

### **Balance sheet**

The balance sheet shows that the Company's shareholders' equity position at the period end is nil (2010 equity of £nil) The Directors do not recommend the payment of a dividend for the year ended 31 December 2011 (2010 £nil)

There have been no subsequent events noted since the year end

### **Principal risks and uncertainties**

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

#### **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 BSKyB Treasury function to manage its liquidity and ensure that sufficient funds are available for ongoing operations and future developments BSKyB currently has access to an undrawn £743 million revolving credit facility which is due expire on 31<sup>st</sup> October 2016 The Company benefits from this liquidity through intra-group facilities and loans

#### **Foreign exchange risk**

A significant 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 both 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 Company has no significant concentration of credit risk, aside from its title sponsors, with exposure spread over a large number of counterparties and customers

#### **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 the 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

### **Directors**

The Directors who served during the period are shown on page 1

### **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 Business Review The Directors' 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 judgment at the time of approving the financial statements that the Company will have access to adequate resources, namely the title sponsorship commitment of £40m from BSKyB, SKY Italia and Newscorp, to continue in existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

# Tour Racing Limited

## Directors' report

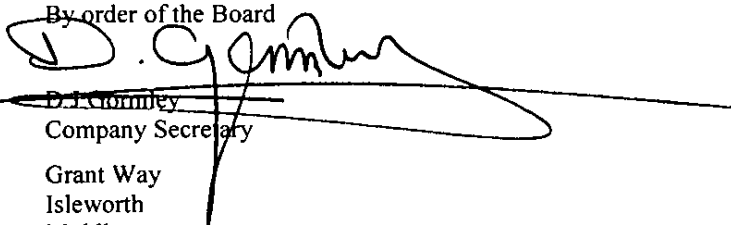
### Auditors

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 auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

By order of the Board

  
~~D. J. Gormley~~  
Company Secretary

Grant Way  
Isleworth  
Middlesex  
TW7 5QD

31 May 2012

# **Tour Racing Limited**

## **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 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 2011 which comprise the income statement, the balance sheet, the cash flow statement, the statement of changes in equity and the related notes 1 to 18. 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.

### **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 2011 and of its result for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information in the 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**

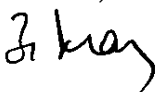
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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.



William Touche (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

2012





## Tour Racing Limited

### Income statement For the year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Revenue	2	16,680	14,603
Operating expense	3	<u>(16,578)</u>	<u>(14,481)</u>
<b>Operating profit</b>		<b>102</b>	<b>122</b>
Finance costs	4	(70)	(106)
<b>Profit before tax</b>	5	<b>32</b>	<b>16</b>
Taxation	6	<u>(32)</u>	<u>-</u>
<b>Profit for the period attributable to equity shareholders</b>		<b><u>-</u></b>	<b><u>16</u></b>

The accompanying notes are an integral part of this Income Statement

For the year ended 31 December 2011, the Company did not have any items of Other Comprehensive Income

All results relate to continuing operations

## Tour Racing Limited

### Statement of changes in equity For the year ended 31 December 2011

	Share capital £'000	Retained earnings £'000	Total shareholders' equity(deficit) £'000
At 1 January 2010	-	(16)	(16)
Profit for the period	-	16	16
At 31 December 2010	-	-	-
Profit for the period	-	-	-
At 31 December 2011	-	-	-

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

# Tour Racing Limited

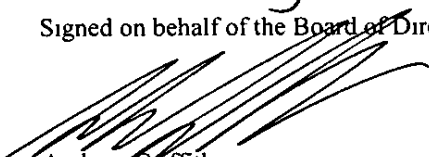
## Balance sheet 31 December 2011

	Notes	2011 £'000	2010 £'000
<b>Non-current assets</b>			
Intangible assets	9	1,297	1,556
Property, plant and equipment	10	1,072	1,593
		<u>2,369</u>	<u>3,149</u>
<b>Current assets</b>			
Trade and other receivables	11	751	2,428
Cash and cash equivalents		1,295	614
		<u>4,415</u>	<u>6,191</u>
<b>Total assets</b>		<u>4,415</u>	<u>6,191</u>
<b>Current liabilities</b>			
Trade and other payables	12	4,383	3,969
Current tax liability	6	22	-
Deferred tax liability	7	10	-
		<u>4,415</u>	<u>3,969</u>
<b>Non-current liabilities</b>			
Other payables	13	-	2,222
		<u>4,415</u>	<u>6,191</u>
<b>Total liabilities</b>		<u>4,415</u>	<u>6,191</u>
Share capital	15	-	-
Reserves		-	-
		<u>-</u>	<u>-</u>
<b>Shareholders' equity</b>		<u>-</u>	<u>-</u>
<b>Total liabilities and shareholders' equity</b>		<u>4,415</u>	<u>6,191</u>

The accompanying notes are an integral part of this Balance Sheet

The financial statements of Tour Racing Limited, registered number 4078205 were approved by the Board of Directors on 31 May 2012

Signed on behalf of the Board of Directors

  
Andrew Griffith  
Director

## Tour Racing Limited

### Cash flow statement Year ended 31 December 2011

	Note	2011 £'000	2010 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	16	3,743	3,203
<b>Net cash from operating activities</b>		<u>3,743</u>	<u>3,203</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(10)	(395)
Purchase of intangible assets		(650)	(2,140)
<b>Net cash used in investing activities</b>		<u>(660)</u>	<u>(2,535)</u>
<b>Cash flows from financing activities</b>			
Loan repayment to parent company		(2,292)	196
<b>Net cash (used in) from financing activities</b>		<u>(2,292)</u>	<u>196</u>
<b>Net increase in cash and cash equivalents</b>		<u>791</u>	<u>864</u>
<b>Cash and cash equivalents at the beginning of the year</b>		<u>614</u>	<u>89</u>
Foreign exchange revaluation		(110)	(339)
<b>Cash and cash equivalents at the end of the year</b>		<u><u>1,295</u></u>	<u><u>614</u></u>

The accompanying notes are an integral part of this cash flow statement

# Tour Racing Limited

## Notes to the accounts Year ended 31 December 2011

### 1. Accounting policies

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

#### 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")

#### 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)

#### 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 actual exchange rates as of the date of the transaction. Monetary assets, liabilities and commitments denominated in foreign currencies at the period end are reported at the rates of exchange at the balance sheet 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 assets and liabilities are included net in the profit or loss for the period.

#### 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 the income statement as the expenditure is incurred.

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

##### i. Owned assets

Property, plant and equipment 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.

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.

##### ii. 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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# Tour Racing Limited

## Notes to the accounts Year ended 31 December 2011

### 1. Accounting policies (continued)

#### 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.

#### 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.

#### 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 income statement.

#### 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.

#### 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.

# Tour Racing Limited

## Notes to the accounts Year ended 31 December 2011

### 1. Accounting policies (continued)

#### 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 income statement 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.

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. Any impairment loss in respect of goodwill is irreversible.

#### 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 BSKyB, SKY Italia and Newscorp 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.

#### Taxation, including deferred taxation

The Company's liability for current tax is based on taxable profit for the period 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 amount of assets and liabilities, using tax rates that have been enacted or substantially 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 income statement, 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 taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

# Tour Racing Limited

## Notes to the accounts Year ended 31 December 2011

### 1. Accounting policies (continued)

#### 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 BSkyB, SKY Italia and Newscorp is limited to the recoverable expenses of the Company, net of any performance sponsorship or other income.

#### 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 2011 or later periods. These new pronouncements are listed below:

- Amendment to IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” (effective 1 January 2011),
- IFRS 9 “Financial Instruments” (effective 1 January 2015),
- IAS 24 Revised (2009) “Related Party Disclosures” (effective 1 January 2011),
- Improvements to IFRSs 2010 – various standards (effective 1 January 2011),
- IFRS 10 “Consolidated Financial Statements” (effective 1 January 2013),
- IFRS 11 “Joint Arrangements” (effective 1 January 2013),
- IFRS 12 “Disclosure of Interests in Other Entities” (effective 1 January 2013), and
- IFRS 13 “Fair Value Measurement” (effective 1 January 2013)

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

### 2. Revenue

	2011 £'000	2010 £'000
Title sponsor revenue	10,529	9,997
Performance sponsorship revenue	3,138	3,326
Race fees and other income	3,013	1,280
	<u>16,680</u>	<u>14,603</u>

Revenue from title sponsorship was derived from BSkyB, SKY Italia and Newscorp. Title sponsorship revenue recognised, is limited to the recoverable expenditure, net of any performance sponsorship and other income earned.



# Tour Racing Limited

## Notes to the accounts Year ended 31 December 2011

### 3. Operating expense

	2011 £'000	2010 £'000
Staff and rider salaries	11,001	8,660
Race costs (travel and accommodation)	1,366	1,406
Bike and performance equipment	1,407	2,014
Sports science and medical	216	197
Vehicle running costs	209	276
Registrations	74	60
Research	86	102
Office expenses	362	478
PR and marketing	1,085	214
Legal and professional fees	131	219
Depreciation	531	516
Foreign exchange revaluation	110	339
	<u>16,578</u>	<u>14,481</u>

### 4. Investment income and finance costs

	2011 £'000	2010 £'000
<b>Finance costs</b>		
Intercompany interest payable	70	106
	<u>70</u>	<u>106</u>

Intercompany interest payable includes interest payable to BSKyB at a rate of 5% per annum (2010 5%)

### 5. Profit before taxation

Profit before taxation is stated after charging

	2011 £'000	2010 £'000
Depreciation of property, plant and equipment	531	516
Amortisation of intangible assets	909	584
	<u>909</u>	<u>584</u>

#### Audit fees

Amounts paid to the auditors for audit services of £20,000 were paid by another Group subsidiary in 2011 and 2010. No amounts for other services have been paid to the auditor.

#### Foreign exchange

Foreign exchange differences recognised in the income statement during the year amounted to a loss of £110,000 (2010 loss of £339,000)

# Tour Racing Limited

## Notes to the accounts Year ended 31 December 2011

### 6. Taxation

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

	2011 £'000	2010 £'000
<b>Current tax expense</b>		
Current year	22	-
Total current tax	<u>22</u>	<u>-</u>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	10	-
Total deferred tax	<u>10</u>	<u>-</u>
<b>Taxation</b>	<u><u>32</u></u>	<u><u>-</u></u>

#### b) Reconciliation of total tax charge

The tax expense for the year is higher (2010 lower) than the blended rate of corporation tax in the UK (26.5%) applied to profit before tax. The differences are explained below.

	2011 £'000	2010 £'000
Profit/(loss) before tax	-	16
Profit/(loss) before tax multiplied by standard rate of corporation tax in the UK of 26.5% (2010 28%)	<u>-</u>	<u>4</u>
Effects of		
Other permanent differences	-	1
Other	-	(5)
Prior year adjustments	28	-
Recognition of deferred tax liability	4	-
<b>Taxation</b>	<u><u>32</u></u>	<u><u>-</u></u>

### 7. Deferred tax asset/(liability)

	Fixed asset timing differences £'000	Losses £'000	Total £'000
At 1 January 2011	(94)	94	-
Charge to income	84	(94)	(10)
At 31 December 2011	<u><u>(10)</u></u>	<u><u>-</u></u>	<u><u>(10)</u></u>

There are no unrecognised deferred tax liabilities.

## Tour Racing Limited

### Notes to the accounts Year ended 31 December 2011

#### 8. Employee benefits and key management compensation

Employee benefits for the Company during the year

	2011 £'000	2010 £'000
Wages and salaries	<u>83</u>	<u>45</u>

The average monthly number of full-time equivalent persons (including temporary employees) employed by the Company during the year was 3 (2010 1)

Other salary costs included in the staff and rider costs are related to contractors

The Company does not operate a pension scheme and no pension contributions have been made during the period

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

#### 9. Intangible fixed assets

	Rider Transfer Payments £'000
<b>Cost</b>	
At 1 January 2011	2,140
Additions	<u>650</u>
At 31 December 2011	<u>2,790</u>
<b>Amortisation</b>	
At 1 January 2011	584
Amortisation for the period	<u>909</u>
At 31 December 2011	<u>1,493</u>
<b>Carrying value</b>	
At 1 January 2011	<u>1,556</u>
At 31 December 2011	<u>1,297</u>

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

	2012 £'000	2013 £'000
Estimated Amortisation Charge	<u>962</u>	<u>637</u>

Since all riders are still under contract there are no indicators of impairment

## Tour Racing Limited

### Notes to the accounts Year ended 31 December 2011

#### 10. Property, plant and equipment

	Motor vehicles £'000	Assets not yet available for use £'000	Total £'000
<b>Cost</b>			
At 1 January 20110	-	1,714	1,714
Additions	395	-	395
Transfers	1,714	(1,714)	-
	<u>2,109</u>	<u>-</u>	<u>2,109</u>
At 31 December 2010			
Additions	10	-	10
	<u>2,119</u>	<u>-</u>	<u>2,119</u>
<b>At 31 December 2011</b>			
<b>Depreciation</b>			
At 1 January 20110	-	-	-
Depreciation	516	-	516
	<u>516</u>	<u>-</u>	<u>516</u>
At 31 December 2010			
Depreciation	531	-	531
	<u>1,047</u>	<u>-</u>	<u>1,047</u>
<b>At 31 December 2011</b>			
<b>Carrying value</b>			
At 31 December 2010	1,593	-	1,593
	<u>1,072</u>	<u>-</u>	<u>1,072</u>
At 31 December 2011			

## Tour Racing Limited

### Notes to the accounts Year ended 31 December 2011

#### 11. Trade and other receivables

	2011 £'000	2010 £'000
Gross trade receivables	252	1,037
Less provision for impairment of receivables	-	-
<b>Net trade receivables</b>	<b>252</b>	<b>1,037</b>
Amounts receivable from ultimate parent company	39	713
Amounts receivable from other related parties	3	59
Amount receivable from other parties	210	265
Prepayments	443	1,075
Accrued income	-	85
Other receivables	56	231
	<b>751</b>	<b>2,428</b>

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

	2011 £'000	2010 £'000
Current	45	993
Thirty to sixty days past due date	60	15
Sixty to ninety days past due date	-	20
Ninty to 120 days past due date	33	9
More than 120 days past due date	114	-
	<b>252</b>	<b>1,037</b>

Prepayments principally comprise £317,000 rider salaries paid in advance as part of the contract to secure their services for the 2012 season. Trade receivables includes an amount due to the Company of £18,000 from BSkyB (2010 £713,000), most of which is recharges for general expenses

#### 12. Trade and other payables

	2011 £'000	2010 £'000
Trade payables	81	480
Accruals	835	483
Deferred income	3,467	2,794
Other provisions	-	50
VAT and withholding tax payable	-	162
	<b>4,383</b>	<b>3,969</b>

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

Other provisions relate to a legal provision with the associated outflow expected to occur in 2011

# Tour Racing Limited

## Notes to the accounts Year ended 31 December 2011

### 13. Non-current other payables

	2011 £'000	2010 £'000
Amounts payable to(receivable from) parent company	-	2,222

The non-current loan provided by BSkyB for Fixed Asset purchases in 2009 and 2010 has been fully repaid in 2011

### 14. 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 2010</b>				
Trade and other payables	(2,222)	(1,175)	(3,397)	(3,397)
Trade and other receivables	1,353	-	1,353	1,353
Cash and cash equivalents	614	-	614	614
<b>At 31 December 2011</b>				
Trade and other payables	-	(916)	(916)	(916)
Trade and other receivables	308	-	308	308
Cash and cash equivalents	1,295	-	1,295	1,295

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 notes 12 and 13. 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 5 years £'000
<b>At 31 December 2010</b>				
Trade and other payables	3,969	-	-	-
Amounts payable to parent company	-	-	2,222	-
	<u>3,969</u>	<u>-</u>	<u>2,222</u>	<u>-</u>
<b>At 31 December 2011</b>				
Trade and other payables	4,415	-	-	-
Amounts payable to parent company	-	-	-	-
	<u>4,415</u>	<u>-</u>	<u>-</u>	<u>-</u>

# Tour Racing Limited

## Notes to the accounts Year ended 31 December 2011

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

#### 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

#### 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 British Sky Broadcasting Group plc's policies approved by its board of directors

### 15. Share capital

	2011 £'000	2010 £'000
<b>Authorised</b>		
1,000,000 (2010 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 (2010 100) ordinary shares of £1 each	<u>-</u>	<u>-</u>

From 1 January 2010, SKY Italia and Newscorp have agreed to fund 25% and 15% respectively, of the £40m sponsorship commitment to the Company. In 2009 the Company issued 25 shares to Sky Italia and 15 shares to Newscorp, with BSKyB retaining the remaining issued capital being 60 shares. All shares are held on the same terms and voting rights. BSKyB still retains control of the Company and the Company is ultimately controlled by, and recognised as, a subsidiary of BSKyB.

### 16. Notes to the consolidated cash flow statement

#### Reconciliation of loss before taxation to cash generated from/ (used in) operations

	2011 £'000	2010 £'000
Profit before tax	-	16
Depreciation of property, plant and equipment	531	516
Amortisation of intangible assets	909	584
Net finance costs	70	106
Foreign exchange revaluation	110	339
	<u>1,620</u>	<u>1,561</u>
Decrease/ (Increase) in trade and other receivables	1,677	(1,732)
Increase in trade and other payables	446	3,374
<b>Cash generated from operations</b>	<u>3,743</u>	<u>3,203</u>

## Tour Racing Limited

### Notes to the accounts Year ended 31 December 2011

#### 17. Transactions with related parties

##### Transactions with group companies

During the period, title sponsorship was received from BSKyB, the parent company along with title sponsorship from SKY Italia and Newscorp who are also related parties of the Company, as detailed below

	2011 £'000	2010 £'000
<b>Title sponsorship income recognised</b>		
BSkyB	6,317	5,998
Sky Italia	2,632	2,499
Newscorp	1,580	1,500
	<u>10,529</u>	<u>9,997</u>
<b>Title Sponsorship deferred income</b>		
	2011 £'000	2010 £'000
BSkyB	1,891	1,504
Sky Italia	788	627
Newscorp	473	375
	<u>3,152</u>	<u>2,506</u>

At 31 December 2011 the Company was owed £39,000 and £3,000 by BSKyB and SKY Italia respectively (31 December 2010 £713,000 and £59,000 respectively)

In Tour of France 2011, Team Sky supported BSKyB's Rainforest Rescue initiative to help save 1 billion trees in the Amazon rainforest. In doing so, Team Sky incurred costs of £361k which were fully reimbursed by BSKyB.

#### 18. Ultimate parent undertaking

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

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