



2016

ANNUAL REPORT AND ACCOUNTS



**BRITISH
HORSERACING
AUTHORITY**



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BHA VISION AND MISSION

OUR VISION

**TOGETHER, WE'RE BUILDING A
BRIGHTER FUTURE FOR OUR SPORT,
OUR HORSES AND OUR PEOPLE**

OUR MISSION

We are responsible for the governance, administration and regulation of horseracing and the wider horseracing industry in Britain. We also lead on the development and growth of our sport, and prioritise the health and welfare of our participants.

WHAT WE DO

Regulation and governance

- **Keeping racing fair and clean:** We aim to maintain the integrity of British racing by supporting participants to comply with the rules and dealing appropriately and effectively with rule breaches
- **Delivering competitive and compelling racing:** We aim to produce a fixture list and race programme that works for horsemen and racecourses and drives wider engagement in our sport

Health, development and growth of our sport

- **Securing long-term, sustainable funding for our sport:** We aim to represent and promote the best interests of racing with one clear voice
- **Working with others to grow our sport:** We aim to make sure all participant groups benefit from growth in our sport

Health and welfare of our horses and people

- **Leading on equine health and welfare:** We aim to prioritise the health and welfare of our horses and set standards to ensure they receive first-class care and attention
- **Looking after our people:** We aim to prioritise the wellbeing and development of our people and support others to make racing a great place to work

Some of the areas we're responsible for include:

- Licensing
- Regulating racecourses and participants
- Fixture list and race planning
- Racing administration
- Handicapping
- Guardianship of the Pattern and Listed race programme
- International liaison
- Medical services
- Leadership of equine welfare
- Industry careers marketing, training, development and welfare

OUR VALUES

Integrity: We aim to do the right thing to uphold the British Horseracing Authority's (BHA) reputation for fairness, and to maintain the trust of our stakeholders.

Accountable: We aim to take personal responsibility for our actions and strive to improve the health of British racing.

Credible: We aim to be open and honest about what we do, and treat everyone fairly and with respect.

Responsive: We aim to stay in-tune with the sport's diverse stakeholders so that we can effectively meet agreed objectives and goals.

Progressive: We aim to promote a forward-thinking and collaborative culture while respecting the strong heritage of British racing as a sport and an industry.



OUR YEAR IN SUMMARY

 **£30-£40** million

Estimated additional annual income to be raised by new Levy

Fixture List

New approach to maximise betting and attendances, while meeting needs of participants, consumers and the media

£12 million+

Extra revenue raised through voluntary payments of Authorised Betting Partners

 **92%**

Percentage of race entries made online

 **90%**

Increase in testing of riders compared to 2015 levels

 **114%**

Growth in number of two-year-old winners which ran again during novice programme trial

 **639,000**

Visits to careersinracing.com

 **12%**

Growth in prize money since 2014
to almost £138 million

Mental Health Charter

BHA and Racing Welfare sign Mental
Health in Sport Charter

50%

Forecast deficit 50 per cent better
than budget

 **£4.6 million**

Plus 10 bonus payments to owners,
breeders, trainers, jockeys and
stable staff



Northern Lights

Five-part series in the north with total
prize pool of £125,000

4.7%

Growth in races with eight-plus
runners since 2014



Weight-for-age

New European weight-for-age
scale will create a level playing
field for all horses

CHAIRMAN'S STATEMENT

2016 saw further real progress on the implementation of racing's 'Strategy for Growth'.

As this report highlights, we have seen the shoots of growth in participation, including ownership, betting and viewing and other key measures such as horses in training and field sizes. A lot of this progress has been made possible by racing's tripartite structure, a single governance structure that enables the BHA, racecourses and horsemen to come together and take the big decisions in the best long-term interests of our sport. The new approach to governance worked well in 2016 – its second year of operation, but there is still much to do to ensure this great sport prospers.

Racing remains a huge employer, supporting more than 85,000 jobs indirectly and several thousand small businesses; it is critical to the rural economy and domestic and international trade. Racing is also a key player in helping other sports in terms of the help we now give around integrity, regulation, drugs and other matters.

Racing's impact on UK plc and our single voice to Government combined to ensure we made progress on the critical levy replacement. Now law in this country, and cleared by Europe, the new levy will make a massive difference for our sport, bringing in much-needed hundreds of millions of pounds over the next few years. The additional funds – which racing will control through a new Racing Authority – will be targeted at the grassroots of our sport, improving cost recovery for owners, financial returns to jockeys, trainers, breeders and staff. It will also create and unlock further growth potential. The extra monies will help to improve the mental and physical wellbeing of everyone who works in racing, and build more attractive careers and recruitment, as well as support our continued drive to improve integrity, regulation and equine welfare.

Owners are the lifeblood of our sport. Prize money is a key influencer in attracting and retaining owners, but we also know from our insight work that the experience of being an owner is very important too. The BHA has played its part during the year in a range of initiatives, for instance embarking on a programme that will completely transform the administration of racehorse ownership by simplifying and making it more customer-friendly. The BHA also ran a successful trial to provide businesses and individuals with the opportunity to register silks in their own bespoke designs, including corporate colours. This will now be extended to attract new and wider audiences.

Racing could not function without the thousands of staff who care for our horses. The BHA made progress during the year, alongside the National Trainers Federation, on leading the industry to address the challenges of recruiting, developing and retaining sufficient numbers of well-trained staff. This included widening the access points into our industry; promoting racing as a career; providing a range of flexible training and development opportunities and ensuring that working conditions and welfare support encourage people to stay in racing. There is much more to do here but we are seeing progress with a significant increase in the number of people, including younger people, joining our industry and increasingly regarding it as a good career choice. Racing also made progress on its diversity agenda, with women more prominent across our sport, including jockey Josephine Gordon who won the British flat racing Champion Apprentice title in 2016, becoming only the third female to win that title after Hayley Turner and Amy Ryan. The BHA Board was restructured in December 2014, with four of the 12 directors women, and a Board with a much wider diversity of background, geography and age. But as an industry we have more to do.



The BHA still has a full agenda in terms of issues where we need to work with Westminster and others. Progress was made during the year on understanding the potential impact of Brexit on racing, in particular the free movement of horses, our future ability to attract skilled staff from the EU (as well as non-EU countries) and the effect on the breeding industry.

It is important that racing and betting continue to develop strong relationships and as well as providing a level playing field, the new Levy and Racing Authority means that racing can now seek to optimise the fixture list for the benefit of all participants and stakeholders, including betting operators. With a new terrestrial broadcaster in ITV, there is much cause for optimism about the growth prospects for both racing and betting and the BHA played a role during the year in building stronger relationships with Authorised Betting Partners and in supporting ITV's induction into our sport as they prepared for their first live broadcast.

Integrity in sport received a great deal of attention last year, with the Olympics, FIFA, athletics, cycling and tennis to name but a few, all facing major challenges, including in some cases, major corruption scandals. The BHA received some criticism for the consequences of a previous error of judgment in not disclosing the paid work of one of our Disciplinary Panel members. This impacted a small number of cases, which have, and are being, resolved through a fair process. Following the appointment of a new regulatory board director, Sir Paul Stephenson, the former head of the Metropolitan Police in 2015, our integrity and regulatory processes were assessed by a challenge panel of external sports and gambling experts. Following this, leading counsel, Christopher Quinlan QC, conducted a review of our quasi-judicial panels and processes which he found to be fair and legally robust. The BHA Board accepted all of Mr Quinlan's recommendations to ensure that the BHA continues to evolve its disciplinary processes in line with global best practice, and that participants and the public can continue to have confidence in its approach.

We continue to build, quietly, our intelligence and investigative capabilities, our drug testing and research, our diagnostic capabilities, case management and regulatory effectiveness. We continue to lead in many areas across sport, and play a lead role in many areas of global impact. As a regulator we will always have bumps, but we now have a strengthened leadership team under Nick Rust and a Board who have enough humility to admit when we get it wrong and who possess the courage to lead in key and often controversial areas.

Following an inherited substantial deficit from 2012-14, the BHA executive team aim to break-even over the medium-term and made good progress during the year, delivering a better-than-expected financial performance, despite incurring additional costs. This was achieved by delivering efficiencies and as a result of an increase in income reflecting the sports' improving fortunes. During the year, the BHA also set a three-year budget to provide greater certainty for racecourses and horsemen and to simplify financial planning and forecasting for the industry.

The BHA made further progress on understanding and mitigating the key risks to its organisation and to the sport more widely, as the two are closely intertwined. For the first time this report provides a summary of our main risks and how we are managing them.

Racing has made good progress from having in place a clear growth strategy, strong governance and strong leadership both within the BHA and across the sport. While we must never become complacent, there is good reason to be positive about the future with additional revenues now secured from 2018 onwards. This represents the start, rather than the end, of a journey towards long-term, sustainable growth. I would like to thank all of those working in our great sport for the part they play from before dawn to after dusk and for your continued support in the future.

Steve Harman
Chairman

CHIEF EXECUTIVE'S FOREWORD

We made good progress against a number of our strategic objectives during the year, not least in securing long-term sustainable funding for our sport.

As I write, the new Horserace Betting Levy has just come into effect, which means that all bets accepted on British racing from British customers now generate much-needed revenue for our sport. This, together with the fact that a number of key indicators on the health of racing have recently turned positive, notably horses-in-training, ownership and racecourse attendances, mean there is good reason to feel optimistic about the future of our sport.

I would like to say a big thank you to all Authorised Betting Partners (ABPs) who entered into voluntary arrangements with British racing over the past year. As well as securing income of more than £12 million, the ABP scheme was an important factor in helping to secure support from Government to replace the outdated Levy scheme. Now that we have a level playing field, we look forward to working closely with all betting operators to grow our sport for our mutual benefit.

As a result of a perception of bias in our Disciplinary Panel, two cases had to be reheard, while we reviewed a small number of others to ensure that the outcomes could be considered sound. The total cost of rehearings, subsequent appeals, repayment of costs from the original hearings and related external legal costs in relation to this matter amounted to £425,000 in 2016. This should be regarded as a maximum figure for the additional costs incurred as a result of the perception of bias issue, as it cannot be assumed that appeals would not have otherwise taken place and for which the BHA, in any event, would have incurred costs. I am pleased to say

that through active management of our overall budget, we have been able to offset these costs by making savings in other areas to ensure the overall result was still more than £200,000 better than budget.

I believe the BHA and the sport emerged stronger following a review of our Disciplinary Panels and procedures by Christopher Quinlan QC, which confirmed our current system to be fair and legally robust, but made recommendations to modernise our quasi-judicial functions and to put them at the forefront of sports regulation. My Board approved all of Mr Quinlan's 24 recommendations in full, including some that had already been published in the BHA's Integrity Review, the results of which we first published in March 2016. We've made good progress in implementing the recommendations from these reviews, each designed to improve our effectiveness and maintain confidence in our approach.

Towards the end of the year, we also completed a reorganisation of our regulatory and integrity teams to ensure that our quasi-judicial functions operate independently of our executive functions. This was designed to reduce the risk of potential conflicts of interest in future.

We reaffirmed our commitment to equine welfare with the appointment of a new executive-level Director of Equine Health and Welfare and continued to prioritise the well-being and development of people working in our industry. This included working with others to



address challenges relating to the recruitment, training, development and retention of racing's workforce by developing a much wider range of entry points for people potentially coming into our sport, promoting racing as a career and putting in place a range of flexible training and development opportunities. I was delighted that the BHA was named Governing Body of the Year at the prestigious UK Coaching Awards for our coaching provision in 2016.

We made a number of improvements designed to grow racehorse ownership by recruiting new owners and retaining existing ones. We made significant progress in simplifying the administration of racehorse ownership, the full benefits of which will be felt in 2017. We also introduced a new Syndicates Code of Conduct and made further progress in liberalising ownership colours, offering more choice to new and existing owners.

One of our key strategic objectives is to deliver competitive and compelling racing as it drives attendances, betting and therefore revenues for our sport. During the year, we introduced a number of innovative initiatives designed to increase field sizes including changes to the two-year-old novice programme and handicapping conditions to provide more flexibility and choice to trainers and owners to run their horses in appropriate races. We also implemented a number of recommendations arising from the Jump Racing Review, including the new Northern Lights race series, and established a £750,000 lead fixture fund to reduce the number of days without at least one fixture offering £50,000 prize money.

We won the support of the European Pattern Committee to make changes to the weight-for-age scale, and to upgrade the Qatar Goodwood Cup and the Queen's Vase to help safeguard the future of the staying thoroughbred breed.

We continue to strive to deliver good value-for-money as the sport's governing body and our medium-term financial objective is to break-even. We performed better than our forecast as a result of higher income, driven by more owners and horses-in-training, and by making a number of efficiency savings. We have agreed fee changes for the next three years to provide greater certainty for horsemen and racecourses, with increases limited to 2 per cent in 2017 and 2.75 per cent in the following two years provided inflation remains within certain parameters.

As we look forward to 2017, there is still much we need to do to secure the health and growth of our sport, but I remain very optimistic about the future. I would like to conclude by taking the opportunity to thank our members, participants, and the many stakeholders who are interested in and impacted by what we do, for your continued support. Lastly, I wish to thank our staff for their hard work during the year.

Nick Rust
Chief Executive



**OUR AIM IS TO
BREAK-EVEN OVER
THE MEDIUM-TERM**

FINANCIAL REPORT

Our financial aim in 2016 was to consolidate our position and to reduce our budgeted deficit through sound financial management and good cost control.

We ended 2016 with a deficit before tax of £175,000 compared to a forecast deficit of £349,000 and a surplus before tax of £160,000 in 2015. We performed better than anticipated despite one-off increases in certain costs, including the issues arising from perception of bias with the Disciplinary Panel.

The improvement was partly the result of increased income, including more entry handling fees due to a rise in the number of owners and horses-in-training. We also reduced our costs by making savings and efficiencies across the organisation and deferring some planned activity to 2017. These cost reductions offset increases in other areas, most notably legal and professional costs.

At year-end our cash position was broadly in line with 2015.

During 2016, we redeveloped our internal financial reporting and as a result, certain prior year comparisons have been restated to reflect these changes. The overall result for 2015 was unchanged.

The headline numbers below are shown before statutory adjustments for pensions.

HEADLINE NUMBERS FOR 2015 AND 2016

	2015	2016
	£'000	£'000
Income	31,124	31,852
Administrative costs	(30,991)	(32,046)
Operating surplus/(deficit)	133	(194)
Interest	27	19
Surplus/(deficit) before statutory adjustments and tax	160	(175)

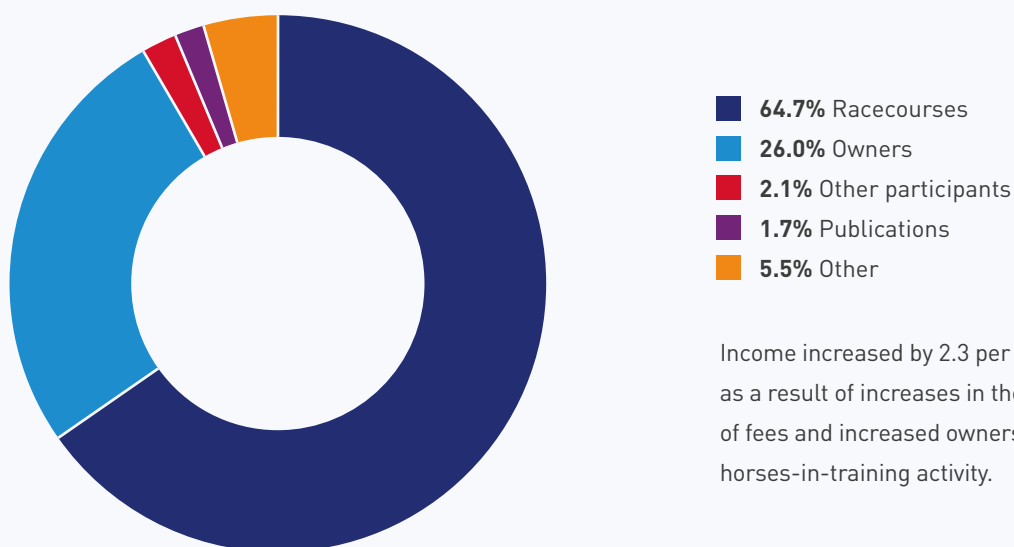
TOTAL INCOME BEFORE STATUTORY ADJUSTMENTS

	2015	2016	Variance	Variance
	£'000	£'000	£'000	%
Racecourses	19,901	20,625	724	3.6
Owners*	7,961	8,287	326	4.1
Other participants	659	662	3	0.5
Publications	564	540	(24)	(4.3)
Management and property charges	563	535	(28)	(5.0)
Fines	155	175	20	12.9
International runner and permanent import testing	121	129	8	6.6
Industry training income	90	55	(35)	(38.9)
Other	611	518	(93)	(15.2)
Total income**	30,625	31,526	901	2.9
Great British Racing International funding***	499	326	(173)	(34.7)
Total statutory income	31,124	31,852	728	2.3

* Increases driven by higher number of horses in training and race entries. The majority of owners fees remained unchanged in 2016.

** Total income is the figure used by management to assess the performance of the business and is the number published in our budget guide.

*** Great British Racing International is treated as a cost centre within the BHA. For statutory purposes the costs and revenue are required to be shown gross.



Income increased by 2.3 per cent in 2016 as a result of increases in the unit price of fees and increased ownership and horses-in-training activity.

INCOME EXPLAINED

Our income can be broken down as follows:

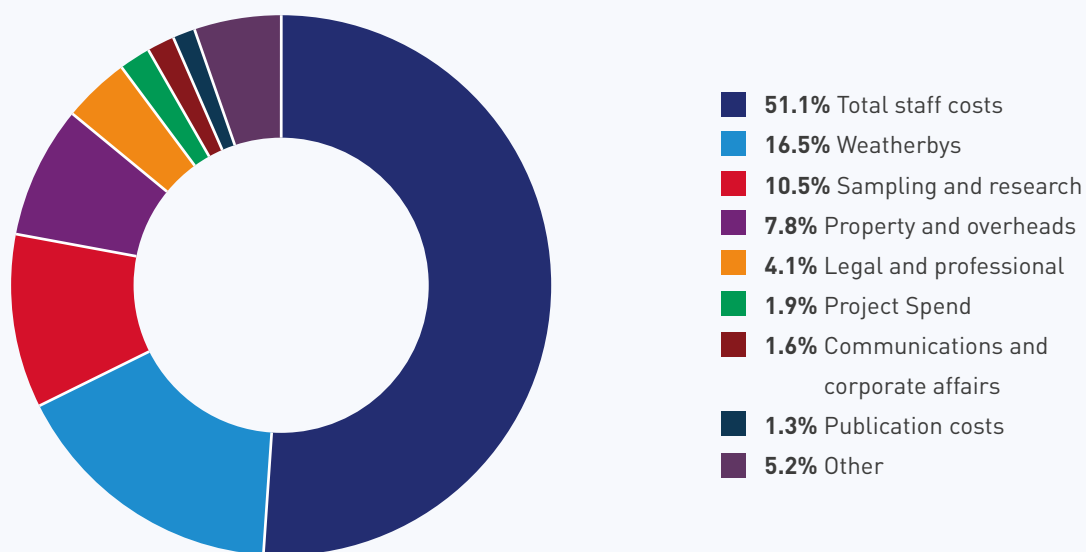
- Income from **racecourses** is derived from charges for regulation, integrity and governance services. Income increased by 3.6 per cent as a result of a 3 per cent fee rise and the programming of 10 additional fixtures. Racecourses receive central funding from the Horserace Betting Levy Board to assist them in funding a significant proportion of these costs.
- **Owners'** fees consist of registrations and entry handling fees. In 2016, the majority of owners' fees remained unchanged from 2015 as part of a wider initiative to increase ownership within the sport. Four discretionary fee types were increased to provide a 3 per cent overall increase in income:
 - Name reservation fees, where horse names are reserved but not used, increased by 30 per cent
 - The cost of using the Weatherbys call centre entry service to make an entry increased by 10 per cent as part of an initiative to encourage participants to submit entries online
 - Entry fees for foreign races were increased to £75 per entry
 - A two-tier system was introduced for colour registrations with owners with a horse in training receiving a discounted fee.
- **Other participant** fees includes licences and registrations from trainers, jockeys, jockey agents, valets, stable employees and amateur riders. It also includes prize money and riding fees from amateur riders participating in races against professionals.
- We generate income from the sale of racing **publications** and advertising, including the Racing Calendar and Programme Book. Income fell due to our publications being shifted online and a consequent reduction in the amount of advertising space sold.
- We have three main **management agreements** with British Horseracing Database Limited (BHD) for the management of the Weatherbys agreement; with Great British Racing Limited (GBR) for the provision of office space and finance, IT and HR services; and with The Point-to-Point Authority for the provision of regulatory services. In addition to the property charges included within the GBR management agreement, the BHA also sublets space to the ROA, RCA and British Champions Series Limited.
- For statutory purposes, the income BHA receives for **GBRI**-related activities is shown as income, even though for management purposes we offset this income against GBRI's cost of operation.

TOTAL COSTS BEFORE STATUTORY ADJUSTMENTS

	2015	2016	Variance	Variance
	£'000	£'000	£'000	%
Total staff costs	15,541	16,373	832	5.4
Weatherbys	5,378	5,293	(85)	(1.6)
Sampling and research	3,330	3,368	38	1.1
Property and overheads	2,348	2,488	140	6.0
Legal and professional	1,016	1,307	291	28.6
Project spend	731	614	(117)	(16.0)
Communications and corporate affairs	456	514	58	12.7
Publication and production costs	445	424	(21)	(4.7)
Committees and enquiries	369	348	(21)	(5.7)
IT infrastructure and network costs	196	175	(21)	(10.7)
Industry careers marketing	164	172	8	4.9
BHD licence fee	159	152	(7)	(4.4)
Horsemen's Group loan repayment	(175)	(75)	100	(57.1)
Other	394	471	77	19.5
GBRI*	639	422	(217)	(34.0)
Total**	30,991	32,046	1,055	3.4

* GBRI total costs amounted to £422,000, offset by £326,000 of income that GBRI derives from other sources, making the net cost to the BHA £96,000.

** Total costs are different to those shown in the statutory accounts due to statutory pension adjustments which are excluded for management purposes and are shown in a separate reconciliation.



COSTS BROKEN DOWN

- **Total staff costs** include the cost of all staff and the BHA Board. Overall, costs rose by 5.4 per cent due to an increased headcount to deliver our strategic objectives, and a general inflation increase of 2 per cent.
- **Weatherbys** provide administration services on a long-term contract which expires in 2020. These costs fell by 1.6 per cent (2.7 per cent in real terms) as a result of improvements in the processes applied to their call centre and IT activities and support.
- **Equine sampling and research** is provided under an agreement with LGC and through our facility at the Centre for Racehorse Studies in Newmarket.
- **Property and overheads** increased as a result of higher rent on our London office and increased depreciation costs following two years of significant capital expenditure.
- **Legal and professional** increased as a result of compliance activity and the rehearing of certain disciplinary cases. In addition, 2016 saw significant costs incurred on behalf of the wider industry to deliver the replacement to the current Levy system.
- **Project spend** varies each year and covers integrity, equine science, medical, and other central projects such as the Quinlan Review, as well as the cost of operating the Plus 10 bonus scheme.
- **Communications and corporate affairs** is an important activity of a governing authority and includes costs associated with our government relations activity, The Horse Comes First campaign, which is co-founded with other stakeholders, and racing's community engagement programme Racing Together through Racing to School.
- **Publication production** costs relate to the Racing Calendar and Programme Book. We continue to review how best to publish race conditions information through these publications and the Racing Administration website.
- **Committee and enquiry** costs include the fees payable to Disciplinary, Appeal Board and Licensing Committee members and the cost of accessing recordings from the digital archive.
- We received a repayment from **The Horsemen's Group** of £75,000. A balance of £250,000 remains outstanding and we expect this amount to be paid off in subsequent years.
- **GBRI** costs include all activity undertaken by GBRI in promoting British racing to international owners. BHA's share of these costs is £96,000.

PERSONNEL BREAKDOWN

Our headcount was 221 at 31 December 2016. We also employ sessional staff during the year, primarily in integrity and regulatory operations, who are not included in the table below. The 2015 numbers have been restated under the new structures in place at the end of 2016.

Business area	Number of staff	Number of staff	Variance
	2015	2016	
Integrity and regulatory operations	94	97	3
Raceday operations and regulation (including Veterinary)	47	51	4
Racing and operations	37	39	2
Executive (including Executive support)	12	14	2
Industry people and development and HR	9	8	(1)
Communications and corporate affairs	7	7	-
GBRI	3	4	1
Legal and governance	1	1	-
Total	210	221	11

The increase of 11 staff was a result of 33 appointments and 22 leavers during the year.

Integrity and regulatory operations is our largest team and is responsible for providing essential raceday activities and integrity-based office teams. The increased staff arose from the recommendations of the Integrity Review.

Raceday operations and regulation is responsible for providing raceday veterinary and stewarding functions as well as head office disciplinary and compliance functions. During the year, a new permanent role of Stewards' Secretary was created which replaced the previous sessional role of Stewards' Room Administrator. There was no change in cost due to the additional staff being offset by other changes in stewarding.

Despite an increased headcount in **Racing and operations**, savings were primarily achieved by not replacing staff leavers immediately. This team's responsibilities include racing, handicapping, finance, information and communications technology, project office and

development. This business area was also responsible for ownership administration improvements which required an increase in resource.

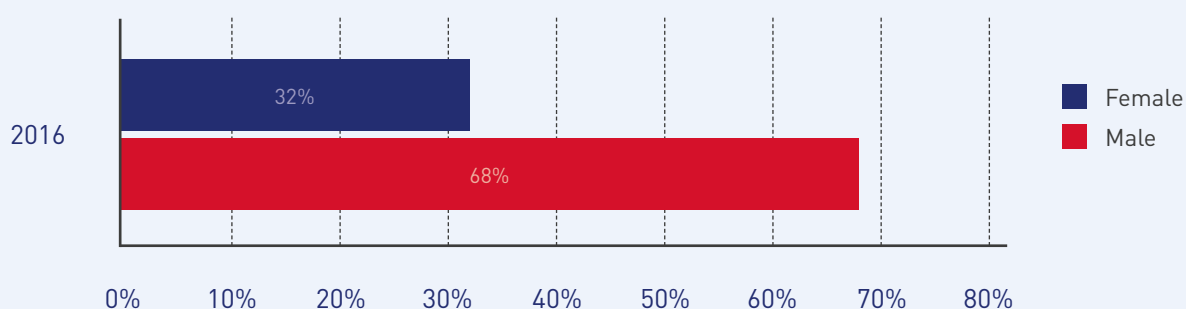
Executive includes our Executive Directors, Board and their support staff. The net increase of two staff is a result of four new Executive roles being created – a Chief Operating Officer, a Director of Communications, a Director of Legal and Governance and a Director of Integrity and Regulatory Operations – offset by the Director of Integrity, Legal and Risk and Director of Business Improvement leaving the BHA during the year. The Director of International Racing and Racing Development became a part-time post, while a reorganisation in 2017 reduced the Executive headcount by a further one.

Overall, the headcount in **Industry people and development and HR** reduced by the end of 2016, however there were periods in the year where headcount was higher.

Legal and governance functions were separated from regulatory functions following the Quinlan Review and headcount will increase as this team evolves under a new Executive Director.

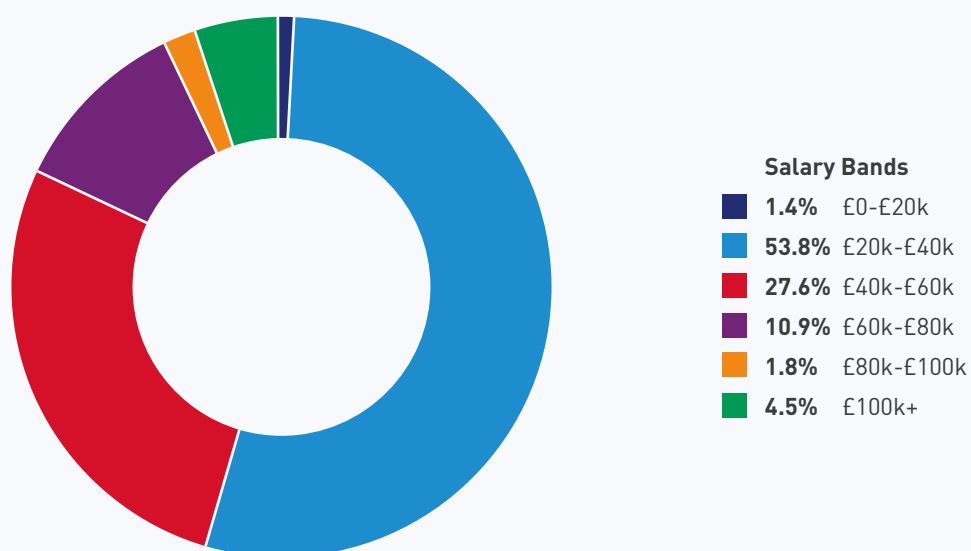
ADDITIONAL PEOPLE ANALYSIS

The table below shows the gender split of all BHA staff as at 31 December 2016.



Based upon actual staff salaries and their full time equivalent (FTE) salary, the FTE salary and salary bands of staff are shown below. FTE assumes all staff work full-time and pro-rates their salary accordingly.

	FTE basis
Median	£38,000

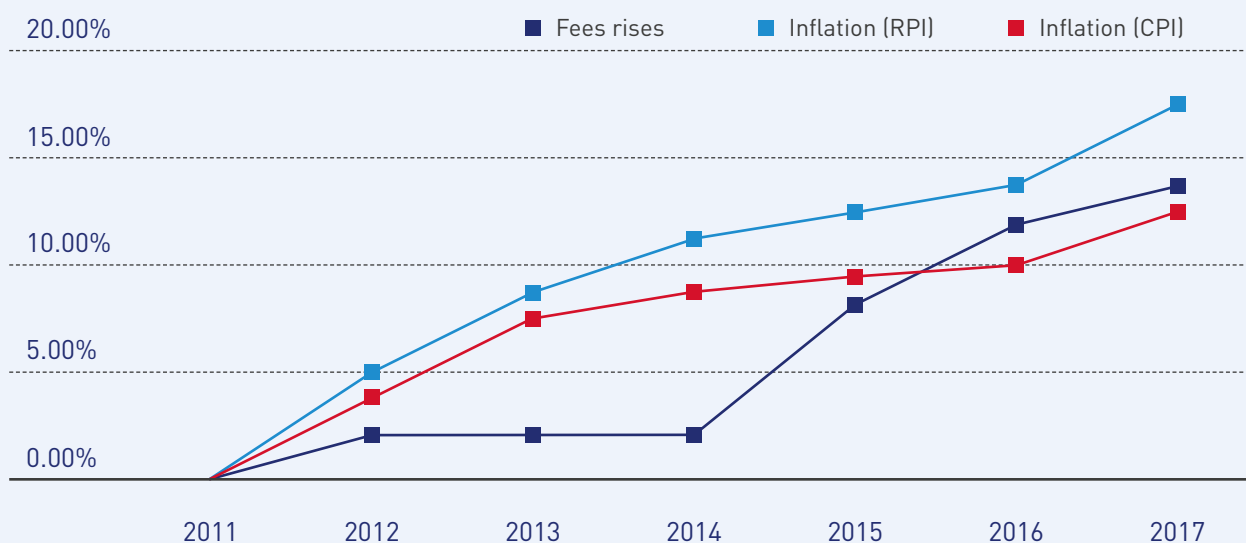


LONG-TERM PERFORMANCE AND TRENDS

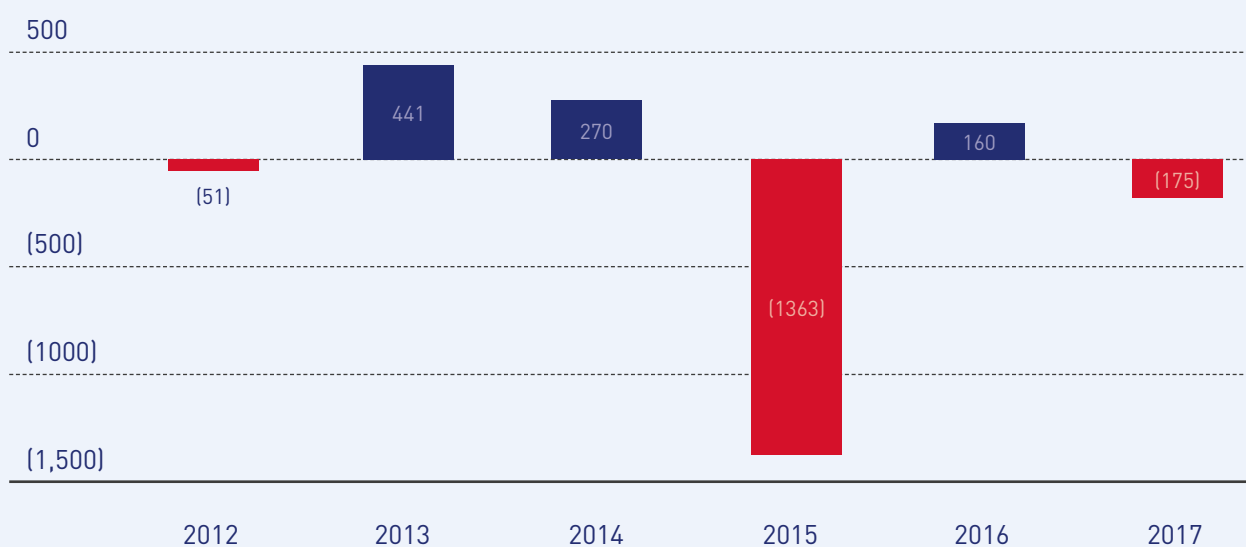
Our financial target is to break-even in the medium-term.

We restructured our fees in 2011 following changes in overall funding from the Horserace Betting Levy Board. 2011 fees are therefore used as a base for comparison purposes. Inflation is calculated as at 1 January in each year.

FEE RISES VERSUS INFLATION



BHA SURPLUS AND DEFICIT (£'000)



RECONCILIATION TO STATUTORY NUMBERS

When preparing statutory accounts, we are required to make an adjustment to the way we treat pension contributions. Total staff costs, shown on page 16, includes the cash contributions paid into the pension scheme. For statutory purposes, we replace these contributions with interest and service costs as prescribed under Financial Reporting Standard 102. This ensures consistency across all corporate accounts

and improves our results for 2016 by £736,000. We have excluded these adjustments from the financial analysis as they distort the cost of our operations.

We are also required to produce consolidated statutory numbers which include the operations of GBR and BHD. The analysis and commentary above is based on the BHA's activity only.

	2015	2016
	£'000	£'000
Surplus/(deficit) before statutory adjustments and before tax	160	(175)
Adjustments in respect of FRS 102 for pensions	599	736
Statutory surplus before tax	759	561

TAXATION

As the BHA is considered a commercial entity for corporation tax purposes, we continue to take advantage of Research and Development tax credits for expenditure incurred in veterinary and medical research and IT development. These tax credits resulted in income of £161,000 from HM Revenue and Customs.

	2015	2016
	£'000	£'000
Surplus before taxation	759	561
Taxation	530	161
Surplus after taxation	1,289	722

CASH

Cash is made up of operating cash and cash held in separate accounts and ring-fenced for specific purposes on behalf of the industry. Operating cash reduced over the year due to an operating loss and capital expenditure offset by changes in working capital.

	2015	2016
	£'000	£'000
Operating cash	5,060	4,909
Ring-fenced cash	6,347	6,650
Total cash	11,407	11,559



STRATEGIC REPORT

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EQUINE WELFARE LEADERSHIP

Equine health and welfare is a top priority for the BHA. Our role is to identify, plan and lead activity to ensure that our horses enjoy the highest standards of care and welfare before, during and after their racing career.

Our sport is already among the world's best regulated animal activities, employing more than 6,500 people to provide first-class care and attention to the 14,000 horses in training at any one time. We strive to continue to improve standards of care.

Education and research to both prevent and improve the management of disease and injury play an important role. In 2016, British racing, through the BHA, the Horserace Betting Levy Board and Racing Foundation, invested more than £2.5 million in veterinary research and education.

We continue to demand high standards of welfare from our sport's participants, including jockeys and trainers. We license all premises where racehorses are trained and every racecourse, setting standards for the racing surface and all parts of the course used by horses. Not one of the 1,483 fixtures scheduled in Britain in 2016 could have taken place unless our welfare standards were satisfied.

New appointments

As part of our commitment to equine health and welfare, Jamie Stier, Chief Regulatory Officer, was appointed as Chair of the International Federation of Horseracing Authorities Welfare Committee. We also created a new Executive-level role of Director of Equine Health and Welfare. We subsequently appointed David Sykes from the United Arab Emirates (UAE) where he was Head Veterinary Officer for the Emirates Racing Authority and the UAE Equine Quarantine Department.

David took up his new appointment in March 2017. The Equine Health and Welfare Director's priorities include enhancing the leadership and capability of our equine health and welfare function, improving the capture, analysis and benchmarking of racehorse welfare information and continuing to develop our equine welfare strategy. This strategy will encompass the full life-cycle of horses bred for racing – not just their career as a racehorse – and will include welfare standards covering the period prior to horses reaching the track and once their careers have concluded.



The Horse Comes First national raceday

Last year, we coordinated the first-ever national The Horse Comes First raceday, with events held at Newbury, Southwell, Great Yarmouth and Chelmsford City. The national raceday was designed to raise awareness among families and racegoers of the first-class care given to racehorses during and after their racing careers.

Padded hurdles

We expanded a trial of the One Fit padded hurdle to a further two courses, with Kelso and Exeter joining Newton Abbot, Taunton, Bangor-on-Dee and Uttoxeter in using the enhanced hurdle design which is safer for both horse and rider. The trial has received funding from the British Horseracing Grant Scheme.

The One Fit design is a modified hurdle frame with a custom fitting close-cell foam pad replacing the traditional birch. The hurdle was developed by the BHA's Senior Inspector of Courses, Richard Linley, in consultation with relevant industry bodies.

One Fit hurdle statistics

- Fall rate since June 2013: 1.90 per cent (133 fallers from 6,997 runners at 174 race meetings)
- Reduction of 0.2 per cent in fallers compared to 10-year average number of fallers across all hurdles
- Represents a reduction of about 40 fewer fallers on average each year assuming the hurdles were rolled out across all British courses.

Note: data correct as of May 2017

A life after racing

An increasing number of racehorses go on to successful careers after retiring from the track. British racing's official charity for the welfare of horses, Retraining of Racehorses (RoR) has registered more than 12,500 horses as active in other equestrian disciplines.

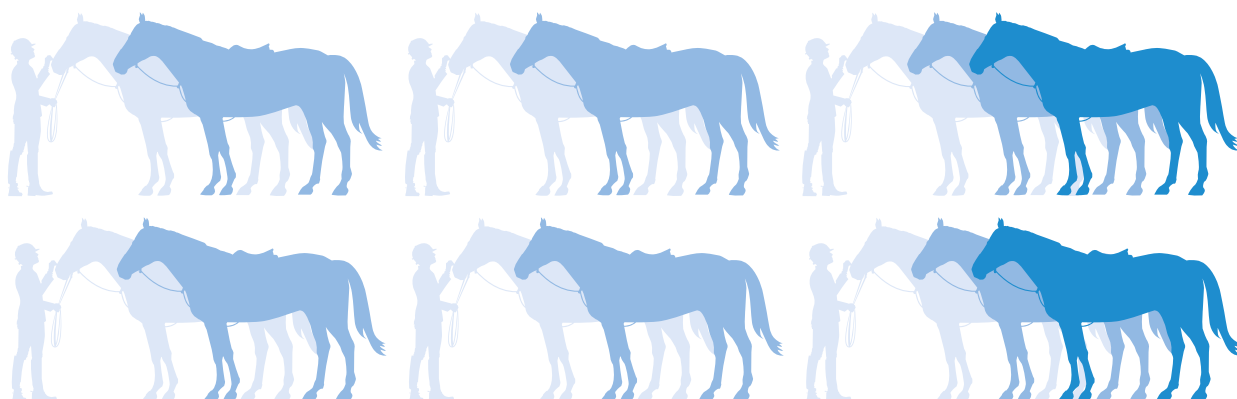
In conjunction with RoR, we represent British racing on a steering group for the newly formed International Forum for the Aftercare of Racehorses. The purpose of the forum is to share best practice and education on the post-racing care and welfare of racehorses and to promote the suitability of racehorses to other equestrian disciplines.





BRITISH RACING HAS A DUTY OF CARE TO ITS HORSES

British Racing is among the world's best regulated animal activities. The sport employs more than **6,000** people to provide first class care and attention for the **14,000** horses in training. Overall, that's one person for every two or three horses.



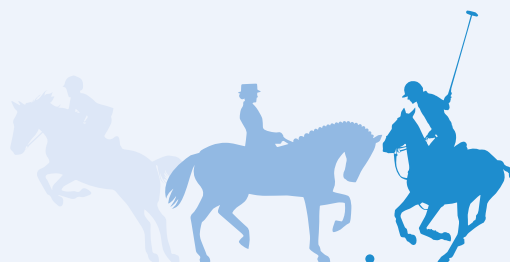
Of a population estimated to be around 1 million, racehorses in Britain are among **the healthiest and best looked after 2% (1 in 50) of horses in the country.**

Since the year 2000, British Racing has invested **£32 million** in veterinary research and education.

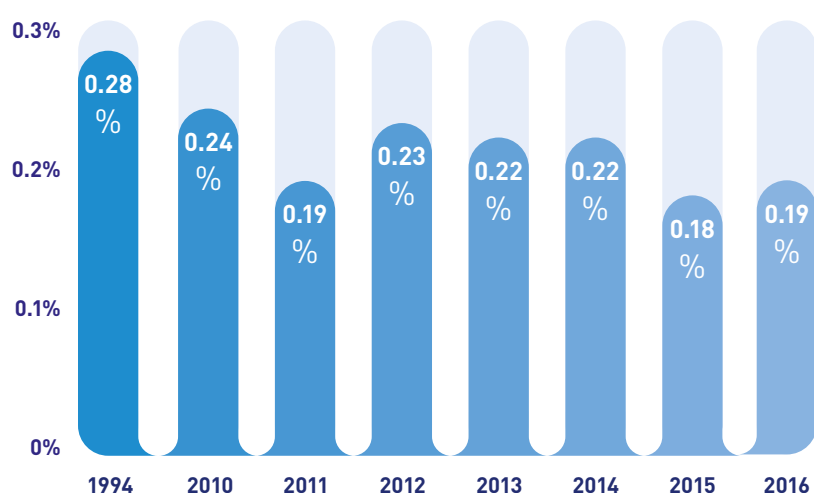


Life after racing

An increasing number of racehorses go on to successful second careers after retiring from the track. British racing's official charity for the welfare of horses, Retraining of Racehorses (RoR) has registered more than **12,500** horses as active in other equine disciplines outside of racing, including Polo, Showing, Dressage and Eventing.

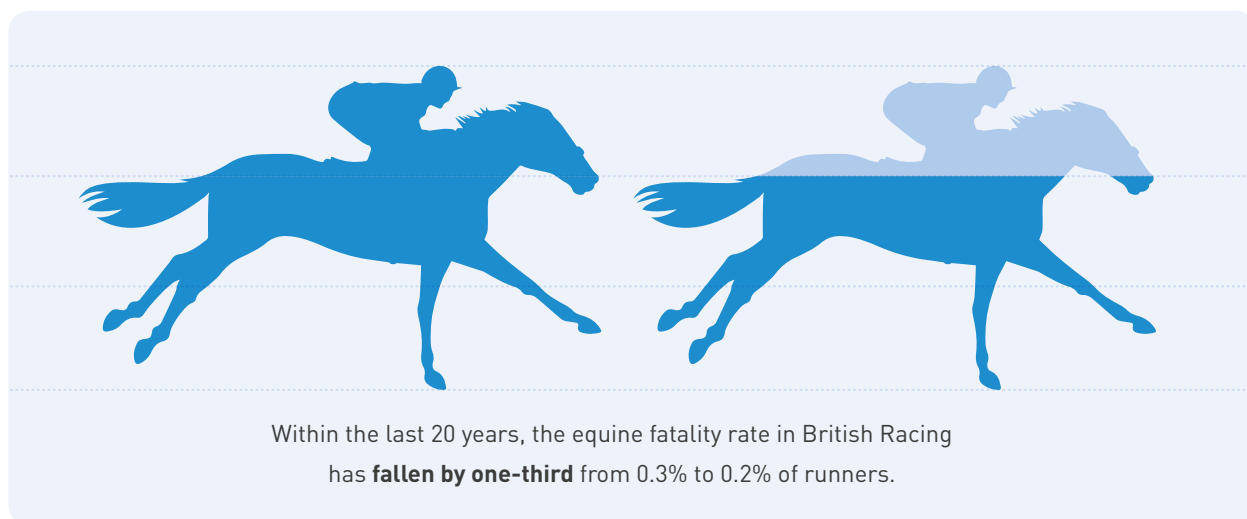


AND HAS A TRACK RECORD OF OPENNESS AND TRANSPARENCY



Equine fatalities in recent years

Annual fatality rates are published clearly on the BHA's website, britishhorseracing.com.



A study by Liverpool University found that 62% of "traumatic injuries" (ranging from grazes to fractures) suffered by a sample of leisure and competition horses occurred when turned out in the field,



compared to **only 13% during ridden exercise**.



The British Horse Society estimates over 3,000 road accidents annually involve horses.



SUSTAINABLE INDUSTRY FUNDING

During 2016, we made significant progress towards the long-awaited reform to the sport's central funding mechanism, the Horserace Betting Levy, with the Government announcing its intention to introduce new regulations by April 2017.

This followed a major, long-term campaign led by the BHA on behalf of the sport, including multiple meetings with Ministers and MPs, submissions to consultations and numerous Westminster events.

The new regulations finally came into effect on 25 April 2017, following clearance by the European Commission and both Houses of Parliament. The new scheme extends the Horserace Betting Levy, in place since 1961, to ensure all betting operators pay 10 per cent of their profits on British racing back to the sport.

The new Levy recognises the mutual interest of the racing and betting industries in a sustainably-funded racing industry through a fair return from all betting activity on the sport. The statutory Levy yield is anticipated to be just £48 million in 2016-17, with the replacement now expected to raise between £85-£95 million in 2017-18. The increased funding will provide critical support to the sport's grassroots, the wider horse and veterinary sector, uphold integrity standards and support the welfare and training of our participants.

Central to making the new Levy environment a success, will be racing and betting working together to grow betting on British racing.

The Government has confirmed a second phase of changes will be made to the administration of the Levy in early 2018, with the Levy Board to be abolished and replaced by a Racing Authority.

Authorised Betting Partner scheme

The Authorised Betting Partner (ABP) scheme fulfilled its key objective of providing more than £12 million of critical, interim funding to our sport in 2016-17 ahead of the statutory extension of the Levy.

Eight offshore, remote betting operators entered into voluntary arrangements with British racing in 2016 under the ABP scheme.

ABP agreements each spanned three-year terms but, as the scheme was designed only to provide interim funding to the industry, the agreements were due to come to an end once the new Levy system was implemented.

The year saw a number of ABPs actively engage and grow their horseracing product through their partnership with the industry. Major new race sponsorships were secured and the sport repackaged some of its assets with the support of its betting partners.

Senior executives of ABPs, and later their customers, many of whom had never visited racing yards before, were rewarded with a series of behind-the-scenes visits, in recognition of the commitment they had made to the sport.

The Horserace Bettors' Forum

The Horserace Bettors' Forum (HBF) continued to provide an independent voice for betting customers on British racing across a range of issues affecting them, with the BHA providing secretariat support and offering the HBF direct engagement with our Executive team at its quarterly meetings.

IFHA conference

BHA people were among the speakers at the 50th Conference of the International Federation of Horseracing Authorities in Paris, with our Chief Executive speaking on the ABP scheme and its importance in providing interim funding to racing. While our Chief Regulatory Officer addressed the audience on the critical subject of lifetime equine welfare.

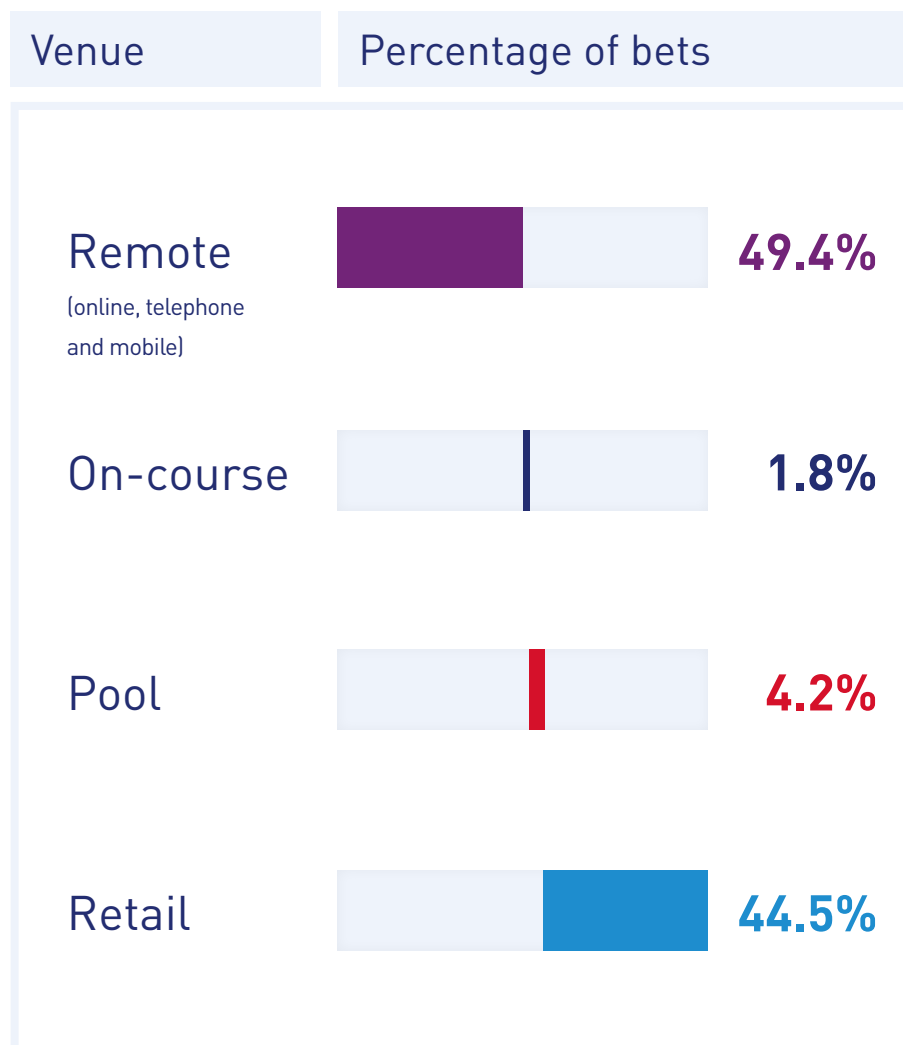
On course to the new Levy

📅 March 2014	Online gambling legislation passes, enabling future Levy reform, while Chancellor George Osborne commits to extension of Levy to offshore operators in budget.
📅 June 2014 – March 2015	Government consultations held on extension, reform and replacement of Levy.
📅 February 2015	During a visit to the Newmarket gallops, Prime Minister David Cameron, said: "British racing is a massive success story and I wanted to come and see and hear about it for myself. It is an industry worth over £3 billion, employs well over 100,000 people and it's the most popular sport after football in our country."
📅 March 2015	Budget confirms Government intent to replace Levy.
📅 March 2016	Government confirms April 2017 introduction of new Levy.
📅 January 2017	Government announces new Levy will be introduced at a rate of 10 per cent of bookmakers' gross profits.
📅 March 2017	New Levy legislation approved by UK Parliament.
📅 April 2017	European Commission approves new scheme and replacement Levy comes into force on 25 April.



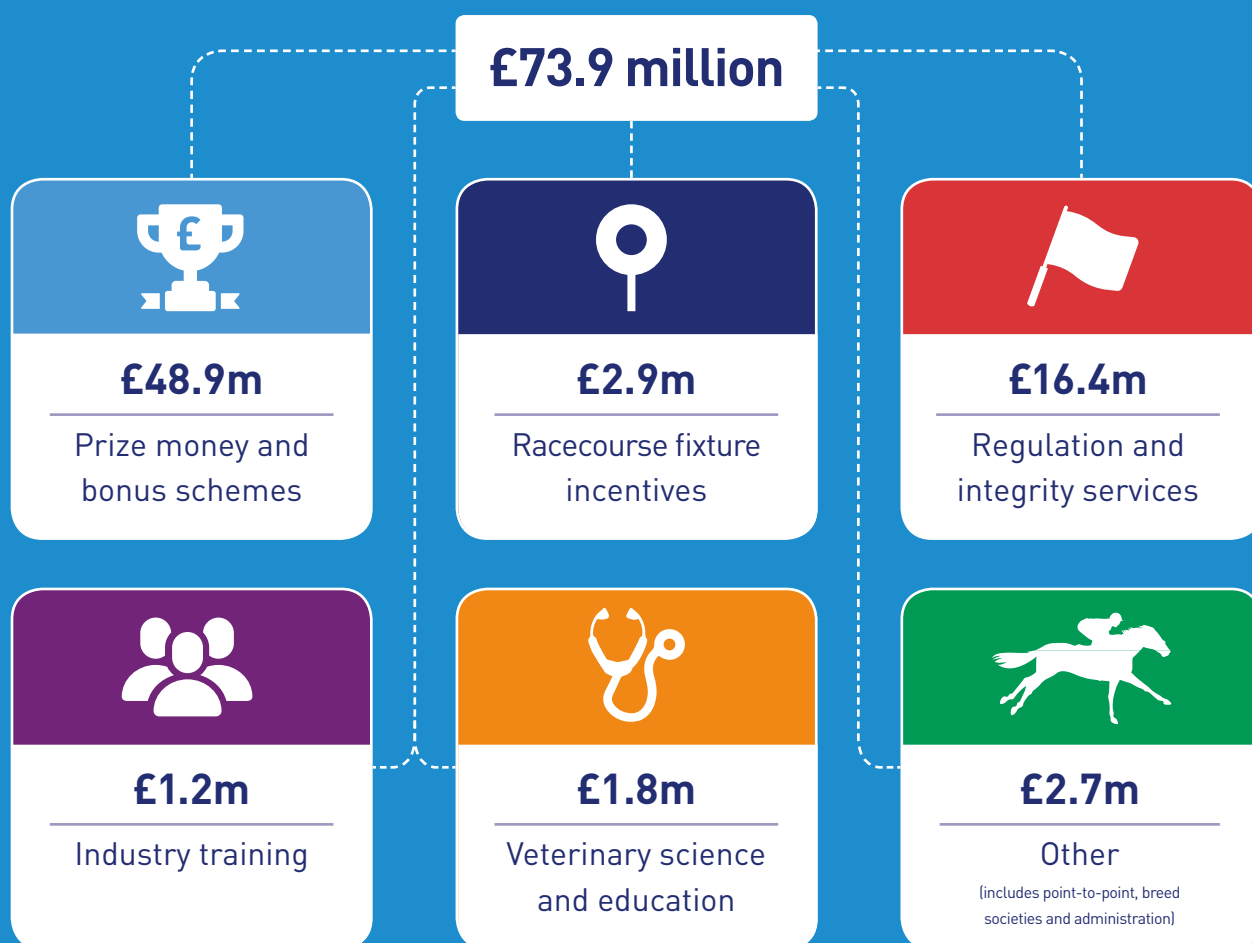
£11 billion

Estimated annual betting activity on British racing



HORSERACE BETTING LEVY

In 2016, **£73.9 million** was returned to the sport via the Levy Board and ABP scheme.



This expenditure benefits those who work directly in the sport, as well as the wider horse sector, the communities in which racing operates and the rural economy.





KEEPING RACING FAIR AND CLEAN

As the sport's regulatory body, our responsibility is to ensure the highest levels of integrity in our sport.

We want to encourage the honest majority to do the right thing and to prevent the dishonest minority from gaining an unfair advantage, thus ensuring a level playing field for all participants.

Integrity Review

During 2016, we published the findings of an Integrity Review which confirmed a good level of integrity continues to exist and is perceived to exist within British horseracing. The review also identified a need to review our disciplinary structure and to further improve some aspects of operational delivery in order to maintain and increase the effectiveness of our integrity function.

Integrity Review recommendations implemented or commenced:

- Stakeholder Integrity Forum established
- Appointment of a Raceday Integrity Analyst
- Improved visibility of integrity team on racedays
- A formal Investigation Charter and guidance developed
- Revised penalties for minor breaches
- New guidelines on timeframes for Disciplinary Panel decisions
- Introduction of a new Tactical Tasking process

Quinlan Review

We appointed Christopher Quinlan QC, an independent expert in the field of sports regulation and governance, to conduct an independent review of our Disciplinary Panel, Appeal Board and Licensing Committee. Mr Quinlan found our current disciplinary system to be legally robust and fair and made a number of recommendations to bring our approach in line with best practice in sports governance and to increase confidence amongst participants and stakeholders.

The BHA Board accepted all of Mr Quinlan's recommendations, some of which endorse those made in the Integrity Review.

The Quinlan Report

The main recommendations included:

- Creating a new role of Judicial Panel Chairman who will be the independent head of the BHA's quasi-judicial functions and will be responsible for the Disciplinary Panel, Licensing Committee and Appeal Board, and the appointment, training and mentoring of members
- Merging the Licensing Committee with the Disciplinary Panel to form a single disciplinary group under the leadership of the Judicial Panel Chairman
- Ensuring that each Disciplinary Panel and Licensing Committee hearing is chaired by a legally-qualified member, in the interests of fairness to all parties
- Preventing raceday stewards from serving on the Disciplinary Panel while they remain active on the racecourse. Active raceday stewards will continue to serve on the Appeal Board and the Licensing Committee as that does not involve them adjudicating on the decisions of fellow stewards
- Extending the remit of the Appeal Board so that it can, in exceptional cases, offer a de novo hearing (i.e. 'start afresh' with a rehearing) when considering an appeal against the decision of the Disciplinary Panel or the Licensing Committee.

Independent Judicial Panel Chairman

We appointed His Honour Brian Barker, CBE QC as the first Chairman of our independent judicial panel.



L-R: JAMIE STIER, CATHERINE BELOFF AND BRANT DUNSHEA

We also reorganised our regulatory and integrity teams to make operational improvements to ensure our judicial panels operate independently of our executive functions, thereby reducing the risk of potential conflicts.

As a result, Jamie Stier was appointed as Chief Regulatory Officer with responsibility for all regulatory and integrity matters including equine health and welfare, medical, disciplinary, compliance, integrity, regulation and stewarding, creating a single regulatory function to replace the two previous ones.

Brant Dunshea was appointed Director of Integrity and Regulatory Operations with responsibility for our raceday and integrity operations. Brant reports to the Chief Regulatory Officer and is responsible for a major part of that brief.

Catherine Beloff was appointed as Director of Legal and Governance with responsibility for all legal and governance matters except those relating to the BHA's prosecution and compliance functions. This role is concerned with general legal and governance matters and is distinct from the BHA's regulatory and prosecutorial arm.

Rule amendments

We revised the wording of the rules and the penalty structures associated with careless and improper riding, and the changes came into effect in May. The objective of the amendments is to provide a greater deterrent to riders from making manoeuvres that might impact on the safety or fairness of a race by causing interference, and to reduce the punitive impact on riders for the most minor offences.

Stable inspections

As part of our integrity function, we carried out 519 stable inspections in 2016.

Licensing

During the year, our online licensing system moved fully online, with all applications undertaken via the Racing Administration website.

Integrity and regulation

At the beginning of 2016, we commenced a programme of up-skilling current staff in the integrity department and hiring a new staff member in order to bolster our resources and ensure real-time monitoring of betting covers every single race in Britain.

Anti-doping

Our anti-doping regime was ramped up over 2016, with levels of rider testing increasing by 90 per cent on 2015 levels.

Our equine strategy is focused on testing the right horse, at the right time, for the right substance. It's important that our approach is robust, unpredictable and includes a focus on key events.

Overall, equine testing, which includes raceday (including pre- and post-race) and out-of-competition testing (including international runner and permanent import testing) increased in 2016. Further increases across all testing platforms are planned for 2017.



Stewarding

In 2016, we introduced four team leaders to improve the flow of information between team members and to enhance communication between staff.

Stipendiary Steward, William Hudson, was sent to Dubai on a six-month secondment for training purposes and to gain exposure to how other racing jurisdictions operate.

As part of an ongoing process to improve the readability and accessibility of stewards' reports, we also changed the way enquiries are written up and published to better showcase the information contained within each report.

The whip

The rules and controls that we have in place, along with the padded, energy-absorbing design of the whip, are designed to protect the welfare of our horses.

In 2016, there was a significant reduction in the number of whip offences in Group and Grade 1 races, falling from 22 offences to eight, or just 1.06 per cent of all runners. Across all races, total whip offences fell a further 13 per cent to 452.

Re-measurement of flat courses

In 2016, we initiated a project to re-measure distances on all flat racecourses to improve the accuracy of information provided to racegoers, punters and the sport's participants in time for the start of the 2017 flat turf season. This project was undertaken following feedback from the Horserace Bettors Forum.



TRAINERS

	2012	2013	2014	2015	2016
Flat only licences	40	41	47	47	42
Jump only licences	49	52	51	52	58
Combined licences	468	465	461	452	442
All licensed trainers	557	558	559	551	542
Permits to train	119	112	101	90	87
Total	676	670	660	585	629

PROFESSIONAL JOCKEYS

	2012	2013	2014	2015	2016
Flat jockeys	123	129	120	122	120
Apprentice jockeys	136	137	139	126	114
Jump jockeys	94	95	97	93	92
Conditional jockeys	110	106	101	100	97
Total	463	467	457	441	424

AMATEUR RIDERS

	2012	2013	2014	2015	2016
A - Flat only	56	51	49	55	47
A - Jump only	29	28	30	55	63
A - Dual purpose	104	94	97	107	97
Category A - Total	189	173	176	217	207
Category B	151	137	131	156	148
Total	340	310	307	373	354

ALL RIDERS - PROFESSIONAL AND AMATEUR

	2012	2013	2014	2015	2016
Total	803	777	764	814	778

Note: These figures are based on the average number of individuals licensed /permitted by month, which differ slightly from the number of licences issued.



STEWARDS' ENQUIRIES

	2015	2016
Interferences (in breach)	764 (532)	632 (455)
Whip (in breach)	512 (512)	452 (452)
Running and riding (in breach)	180 (50)	143 (26)

Note: The running and riding figure were reported incorrectly in the 2015 annual report and accounts. The correct figure is shown above.

DISCIPLINARY PANEL CASES

	2015	2016
Exclusion order by the disciplinary officer	5	11
Exclusion following disciplinary hearing	3	3
Suspended following disciplinary hearing	0	1
Disqualification following disciplinary hearings*	5	4
Disqualifications for debts / arrears**	13	13
Total exclusions / disqualifications	26	32
Appeals from racecourse***	26	15
Referrals from racecourse	37	47
Other disciplinary cases****	7	16
Compliance cases from integrity	26	24
Total	96	102
Appeal board	2	2

* An additional two were disqualified and have since been quashed, and a further three are automatic reciprocations from abroad.

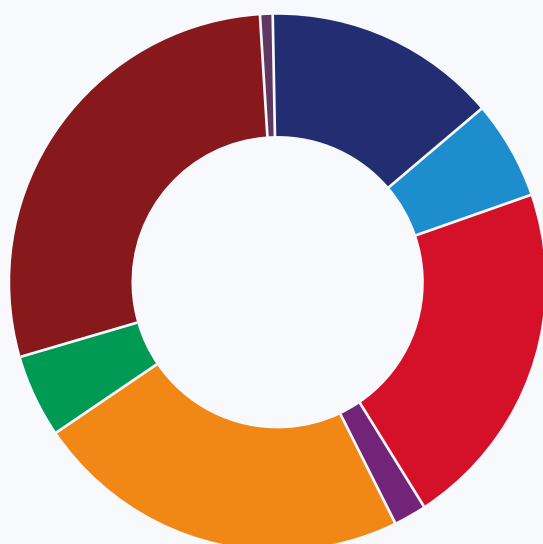
** Two of whom have since paid. *** Of which 10 were upheld, 1 part-upheld and 4 dismissed. Only 1 deposit was forfeited.

**** Other disciplinary cases includes cases which are point-to-point related and objections to horse qualification.

INVESTIGATIONS

	2015	2016
Intelligence	3,126	3,496
Investigations opened	102	99
Investigations closed	102	87

Note: During 2016, the BHA began using a new system for recording the majority of data captured on raceday. This allows us to output much more data for statistical and analytical purposes, as well as being more intuitive for use on a raceday. As a consequence, the numbers for this year's annual report, and for those going forward, have been calculated differently to give a more accurate representation of what has been happening on the racecourses over the past two years.



2016 Investigations

- 14% Betting corruption / Inside information
- 6% Allegation of crime
- 21% Equine positives
- 2% Jockey positives
- 23% Equine welfare / Veterinary
- 5% Licensing
- 28% Other integrity issues*
- 1% Jockey mobile phone breaches

* Other integrity issues includes integrity interviews, suitability interviews, misuse of badges and tickets, British Horseracing Authority General Instructions breaches.

ANTI-DOPING

Human	2015	2016
Breathaliser (positives)	1,016 (1)	2,080 (1)
Urine (positives)	295 (3)	436 (2)
Racing School urine tests (positives)	34 (1)	37 (0)
Tests undertaken in connection with reinstatement of licences (positives)	3 (0)	8 (0)
Total	1,348	2,561





Equine	2015	2016
Number of races	10,041	10,035
Number of runners	88,078	89,616
Analysed pre-race (positives)	195 (0)	235 (1)
Analysed post-race (positives)	8,475 (14)	8,455 (20)
% Adverse analytical findings (post-race)	0.17%	0.24%
Out-of-competition testing (including yard visits, international runners, imports and auctions)*	1,490	1,846
Total	10,160	10,536

*There were no adverse analytical findings relating to out-of-competition testing in 2016 and 2015.





GROWING BRITISH RACING TOGETHER

One of our key areas of focus in 2016 was continuing to create conditions to support the growth of ownership.

For the first time since 2007, we saw an increase in the number of racehorse owners, primarily through the growth of syndicate ownership (up four per cent since 2013). While this represents a welcome uplift after a decade of decline, a lot more remains to be done if we are to broaden and increase the appeal of racehorse ownership.

In 2016, we launched a number of projects to encourage the growth of ownership and improve the experience of owners, although the most wide-reaching changes are set to be introduced in autumn 2017.

Reforming ownership administration

To better reflect the way in which people own horses today and simplify administration, we reduced the number of ownership types. This made the choice of ownership more simple and intuitive, and will help to ensure the way in which we handle the administration of horses is better suited to the requirements of owners.

Once fully developed, the Racing Administration website will enable owners to maintain their ownerships online – from setting up a new ownership to registering sponsorships, authority to act and colours. The new system will streamline and simplify ownership registration, remove the need to submit most paper forms and provide owners with free and easy access to information about their horses, the race programme, and entries and declarations. The above changes will allow us to reduce costs associated with ownership during 2017, including the removal of and rationalisation of certain fees to reduce owners' overall charges.

Owners' colours liberalisation

We launched an initiative to liberalise owners' colours. Following an auction of never-before-seen silks, we undertook a trial allowing owners to design their own bespoke colours and subsequently approved nine sets of colours (pictured overleaf).

With support from owners, and companies looking to see their corporate colours on the racecourse, we made the trial permanent, with proceeds to be used to support further ownership initiatives including enhancing the standard selection of colours to ensure all racehorse owners can benefit.





Syndicates

To promote transparency and ensure that existing and prospective syndicate owners are better protected, we introduced a Syndicate Code of Conduct. The Code of Conduct is not intended to be prescriptive, but seeks to ensure that anybody joining a syndicate fully understands the basis on which that syndicate operates.

Racehorse owners' survey

In May, we supported the Racehorse Owners Association to carry out the largest ever survey of racehorse owners in conjunction with sports data insight specialists Two Circles. The survey results delivered rich insight into the motives, experiences and attitudes of more than 2,200 past and present racehorse owners and are being used to shape initiatives to recruit and retain racehorse owners.

Growth in betting

One of racing's growth targets is to grow betting participation 5 per cent by 2018. Eight offshore betting operators signed up to British racing's Authorised Betting Scheme, boosting awareness of the sport, while the BHA implemented a number of initiatives to increase the attractiveness of racing as a betting product, including increasing field sizes, improving the fixture list, for example, the addition of Saturday evening fixtures, as well as working with the Horserace Bettors Forum. Gambling Commission figures show that betting on racing grew 2 per cent in the two years since 2014.

#thisfillycan

We undertook an extensive review of the race programme for fillies to better understand the profile of fillies in training, the race opportunities available to them and their ability to compete with colts over the last decade.

Highlights of the review included: once rated above 75, the average filly earns more prize money each season than the average colt; and about 700 flat races are programmed exclusively for fillies each year, growth of 40 per cent compared to 10 years ago. After concluding the review, working with the Thoroughbred Breeders' Association, we launched the #thisfillycan campaign to positively influence people's perception of fillies.

GREAT BRITISH RACING



Great British Racing (GBR) is the central promotional and marketing body for British horseracing. It is controlled via an equal shareholding between the Horsemen's Group and the Racecourse Association and, after direct costs, has a net operating budget of about £1.5 million.

GBR's aims are to broaden racing's popularity and, in doing so, help increase engagement with and participation in the sport.

2016 Highlights

Promoting the stars of the sport

Making the horses and jockeys who are the stars of the sport more famous is a key area of activity and in 2016 included celebrating a new Stobart Champion Jump Jockey for the first time in two decades when Richard Johnson received a newly-made trophy to honour his achievements. On the flat, the Stobart Champion Flat Jockeys' title went down to the wire with former jump jockey Jim Crowley pipping the 2015 Champion, Silvestre De Sousa, whilst Josephine Gordon claimed the Apprentice title. Other activity included teaming up with ex-England player Michael Owen to promote the jockeys during the Euro 2016 Championships, making sure that Frankie Dettori's 3000th winner and the 20th anniversary of his Magnificent Seven were promoted to the media; celebrating Brian Toomey's return to race riding and Sir AP McCoy's brush with the law in a special Carpool karaoke.

#FRANKIE3000



CONGRATULATIONS
FRANKIE

3000
BRITISH WINNERS



Racing's biggest events

Racing's crown jewel events give us some of the best opportunities to reach a wider audience and in 2016 we used headcam video from Many Clouds' 2015 Grand National victory to help show how to win the famous race which had over a million views. Likewise, a bluffer's guide to the Grand National received 200,000 views. We also ensured that racing played its part in celebrating Her Majesty The Queen's 90th birthday through a special birthday message created by racefans at Epsom Downs racecourse, a Royal Shetland pony race and a racecourse exhibition charting the Queen's lifelong love of the sport.

British Champions Series

British Champions Series comprises 35 of the most prestigious flat races, run across 26 racedays and at 10 of Britain's most famous racecourses. Kicking off at the QIPCO 2,000 Guineas, the Series concludes at QIPCO British Champions Day at Ascot and in 2016 was Britain's richest ever raceday with £4.3 million in prize money on offer. The finale was the only race day in Europe to host two of the world's top 10 races – the Queen Elizabeth II Stakes (sponsored by QIPCO) and the QIPCO Champion Stakes, won by Europe's top-rated racehorse, Almanzor.

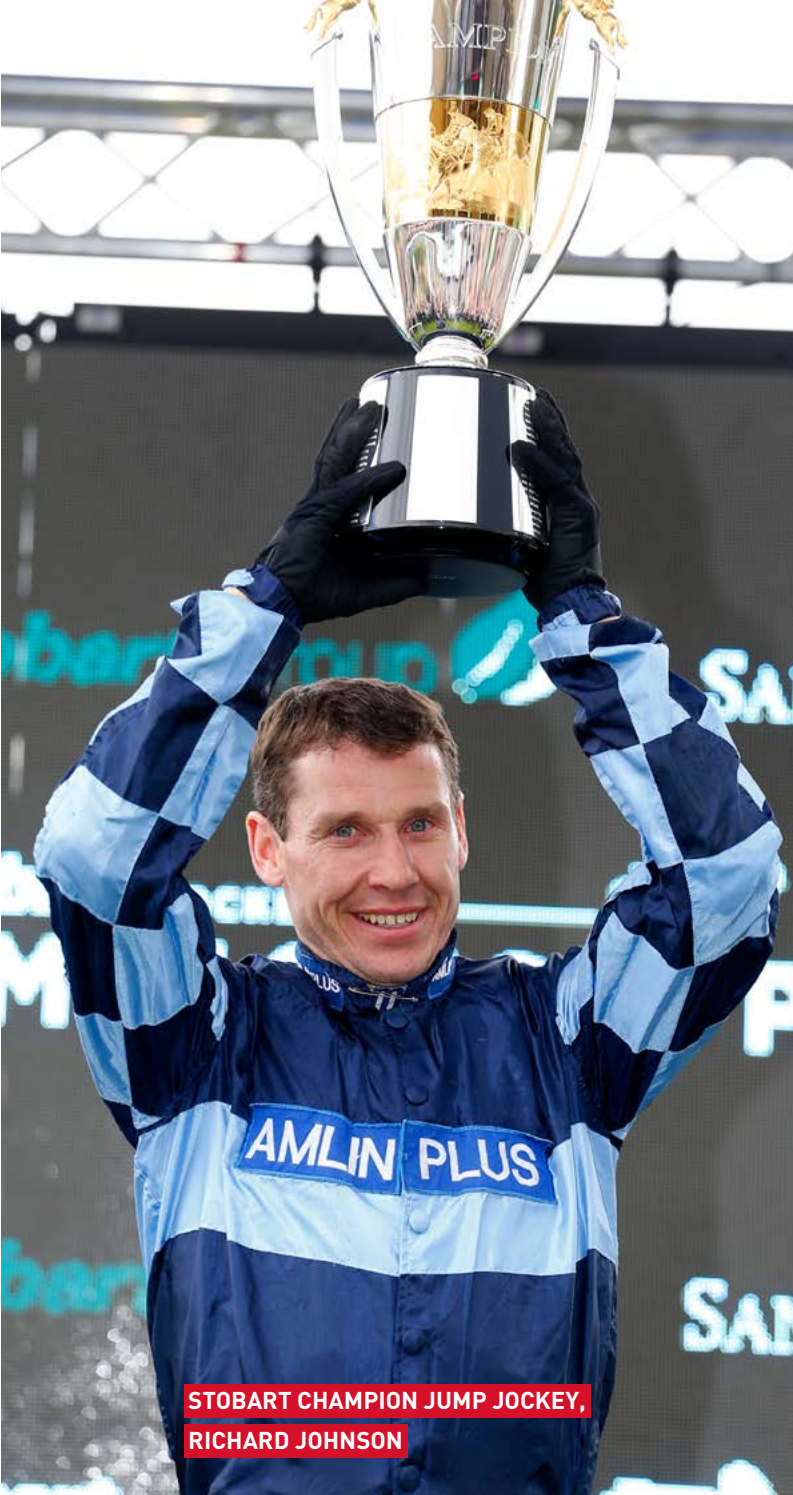
Promoting the thrill of ownership

One of our objectives is to help to promote the thrill of ownership and, in particular, shared ownership. As such, we created inthepaddock.co.uk to help people looking to get involved in a syndicate or racing club for the first time find an option to suit them. The site, which allows a user to search by location, budget and code, is also a free resource for the industry, allowing syndicates and racing clubs to be listed for free.

#Notkidding

Engaging a younger generation of racing fans is key to growing the sport and the recent findings from Insight=Growth suggests that this is an area which racing can make more of. In 2016, GBR worked with racecourses and the RCA to develop a national campaign to target a wider audience to British racing's Under 18s Go Free policy. The campaign ran over the summer holiday from July to September and was received positively by all racecourses.

The campaign had over 7.2 million impressions online, which resulted in 25,000 visitors to the hub hosted on the GBR websites. This upsurge in activity saw 1,500 tracked link clicks out to racecourse ticketing portals across the country; while the short promotional animation also garnered over half a million views throughout the summer.



STOBART CHAMPION JUMP JOCKEY,
RICHARD JOHNSON

Digital

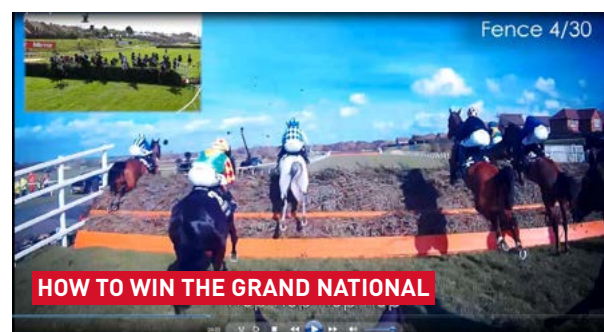
The social media pages for both the British Champions Series and Great British Racing have seen remarkable amounts of growth and engagement in the last year. The British Champions Series Facebook page is now one of the largest equestrian pages in the world, with nearly 280,000 fans.

The Great British Racing social media pages have also seen highly encouraging levels of progress; Facebook again showed accelerated levels of growth up to a present fan base of just over 144,000.

When all combined the total number of social media fans connected across both brands comes to more than 660,000.

Consumer insight

GBR continues to work with the RCA in leading the ground-breaking Insight=Grow initiative, which is the biggest ever collaboration between all British racecourses on customer data. This insight-led approach is informing racecourses nationwide how to retain existing, and win new customers, and is changing approaches to marketing activity.





COMPETITIVE AND COMPELLING RACING

Our focus on delivering competitive and compelling racing continued in 2016, a major part of which was producing a fixture list that works for horsemen and racecourses and drives engagement with our sport.

We introduced the £750,000 Lead Fixture Fund for 2017. This involved diverting funds from other allocations to racecourses and offering an incentive to encourage at least one fixture of £50,000 to take place every day. This initiative contributed to a reduction in the number of days without a £50,000 card from 104 to 65.

We also continued to focus on field sizes across the racing calendar, with the aim of striking a balance between expansion of the fixture list and increasing revenues to the sport.

Additionally, we also began a significant consultation with stakeholders into the future allocation of prize money funding by the Racing Authority and the processes we use to compile the fixture list.

The review aims to:

- Maximise future revenues for the sport
- Incentivise ownership
- Support the delivery of competitive and compelling racing
- Encourage customers to engage with the sport.

Holistic race planning

We concluded a project on the development of a more holistic approach to race planning designed to improve and modernise race programmes to benefit horsemen, racecourses, and the wider industry. As of April 2017, race programmes have been produced via a process agreed by industry representatives on this project team.

At the heart of the recommendations is the production of a more co-ordinated race programme, supported by a greater depth of data, increased analysis and additional feedback from trainers. The benefit of delivering these improvements includes an anticipated reduction in race clashes and gaps, better use of the available horse population and improvements in field sizes – all consistent with the delivery of more competitive and compelling racing.

Race series

The success of the new Challenger series, covered in more detail opposite, alongside recommendations from the 2015 Jump Racing Review to provide a northern-based series of races, led to the unveiling of the 'Northern Lights' series. The aim of this series is to provide an incentive to own and train horses and stimulate investment in the grassroots of the sport in this region. The series comprises five series aimed at horses rated up to 120, to be programmed at tracks from Doncaster northwards, culminating in five £25,000 finals to be run on Northern Lights Finals Day at Carlisle in December 2017.

Challenger series

The second running of the Challenger series concluded on Easter Saturday at Haydock Park in 2017. The series, which aims to provide mid-tier horses with a highly valuable spring target, spanned 85 qualifiers across six categories, allowing horses rated up to 135 (130 for mares) to qualify for Finals Day. Each of the six finals were run for a total prize fund of £50,000.

The 2016/17 series saw the first running of the Mares' Chase category, another component of the ongoing enhancements to the Jump Mares' programme. We were delighted to see the final attract a competitive field of 12 and the qualifiers perform strongly throughout the season.

Finals day saw a total of 78 runners across the six finals at an average field size of 13.

Juvenile hurdles added to programme

The decline in the number of horses transferring from flat to jumps in recent years prompted us to add four high-value, introductory hurdle races for horses which have not previously run in more than one hurdle race. The initiative aims to create a pathway for horses who could be introduced into jump racing following on from their flat careers and

offers an enhancement to the current programme by offering early, meaningful targets to complement the existing black-type opportunities available.

All weather

Ahead of the construction of a northern all-weather racecourse at Newcastle, it was estimated that an all-weather racecourse in the north would activate in the region of 900 additional runs through the core, all-weather season. These additional runners provided us with the capacity to meet an objective of ensuring that an all-weather fixture was staged every Saturday evening from September until March. The estimate was close to the mark, with an additional 934 runners supporting year-on-year average field size increases of around 0.5 of a runner per race, despite the increased number of races.

Field sizes

An average increase of 0.15 of a runner for all flat races and 0.18 of a runner for all jump races was recorded in 2016. While this is not insignificant growth, it still leaves us with work to do to restore average field sizes to 2012 levels. We will continue to work on initiatives to drive ownership and maximise use of the available horse population in 2017.



WILLOUGHBY HEDGE, PILOTED BY WAYNE HUTCHINSON, WINNING CHALLENGER SERIES QUALIFIER, THE ALANBROOKE HANDICAP CHASE, AT SANDOWN



Adapting the two-year-old novice programme

Between April and June 2016, we converted 193 maiden races and 13 novice races from the previous year to 22 maiden races and 186 novice races. In 2017, the conversion of the majority of maidens to novices will continue until the end of the year.

Analysis shows that field sizes have been healthy as a consequence and, in contrast to previous seasons, connections have elected to take on winning horses in novice races.

The trial achieved the following:

	2015	2016
Previous 2yo winners running	35	75
Previous 2yo winners winning	8	20

Average field size in novice races

2015: 5.08 | 2016: 7.84

Proportion of novice races with fewer than six runners

2015: 62% | 2016: 15%

Proportion of races achieving eight or more runners

2015: 15% | 2016: 53%

Average field sizes for novice and maiden races during the period of the trial was 8.05, compared to 8.33 in 2015. Overall, across all two-year-old races, field sizes were marginally down, but the programme change resulted in more competitive racing across the two-year-old programme and better use of the available horse population.

Race programming

We announced a change to entry criteria for handicap races to enable horses rated up to two pounds higher than the allocated ratings band to be entered into the majority of handicaps at Class 3 and below.

The change has been implemented as a result of a recommendation from our Jump Racing Review, but will be applied to handicaps on both flat and jumps. The change has afforded increased flexibility to trainers by allowing horses to run, who would previously have been above the rating band in certain handicap races – despite being only marginally outside of the handicap range.

Plus 10

The Plus 10 owners and breeders incentive scheme passed a major milestone at the end of 2016, when it paid out £8 million worth of additional prize money. The scheme has been operational since 2015, when the first bonuses were offered on British and Irish racecourses, and since that time 800 owners and breeders have collected a bonus.



A PLUS 10 £10,000 CHEQUE IS HANDED OUT AT NEWMARKET ROWLEY MILE RACECOURSE



LOOKING AFTER OUR PEOPLE

We continue to prioritise the well-being and development of our people and to work with others to address challenges relating to the recruitment, training, development and retention of racing's workforce.

In partnership with stakeholders from across our sport, we continued work to widen the access points into our industry, to better promote racing as a career, provide a range of flexible training and development opportunities and to ensure that working conditions and welfare support encourage people to stay in racing.

In 2016, we developed, piloted and supported a number of initiatives. As a result of which:

- More than 280 new entrants undertook foundation training, and more than 1,200 people participated in training at the racing schools
- More than 200 racing staff participated in new regional training initiatives
- 2,057 racing-related qualifications were achieved
- 396 stable staff were involved in health-related Tackroom Talks
- New funding was secured for entry routes into racing.

Careers marketing and recruitment

During 2016, our careersinracing team travelled around the country to promote the many career opportunities available to young people. This included a stand at the BBC Countryfile Live event and attendance at careers fairs and equine industry events throughout the year. They also visited 16 equine colleges to conduct careers lectures, which were then followed up by the Racing to School team who conducted yard and/or racecourse visits for the students.

The team also distributed age-appropriate careers marketing materials, including video content, across the year, including in partnership with the Racing

to School team and their rider programmes, which are targeted at pony clubs and equine colleges.

An important resource for the industry, the free job site, careersinracing, experienced a significant hike in traffic, with 639,000 hits in 2016. As part of a drive to increase content on the website, a series of videos titled #Horsehowto was published. The videos showcase the skills and expertise of racing grooms. The #Horsehowto series was extremely popular, being viewed 66,000 times across the careersinracing social media platforms. We also redeveloped the website across the year, relaunching it in May 2017.

The careersinracing.com brand sponsored Charles Owen Series for Pony Racing Authority, fences at Badminton Horse Trials, the Pony Club Championships and British Eventing jumping and style classes at 12 equestrian centres, in order to increase awareness and messaging amongst the equestrian sector.





Training and development

We launched the Employer-Led Training Programme, a pilot programme developed with the National Trainers Federation, with support from the National Association of Stable Staff, enabling new recruits over the age of 19 to enter the industry by learning on-the-job with a racehorse trainer. A maximum of £2,500 was available for each trainee.

A pilot programme with Writtle College saw skilled equine students from the university receive a series of lessons from British Racing School (BRS) instructors on their own college horses. Students also attended BRS for a week of intensive instruction, before a final week placement in Newmarket racing yards.

Participant welfare

We carried out an extensive review into participant insurance which resulted in a proposal for a racing specific healthcare scheme. Feasibility of the scheme will be explored further in 2017 with the roll out of a national occupational health service following the successful pilot of Racefit in Newmarket.

We conducted a consultation around safeguarding practices in the sport and are currently working with industry stakeholders to create an overarching policy and guidance.

Jockey Matters

Conditional jockeys attending our 7lb Claiming Jockeys Seminar watched a film from the Jockey Matters series, which focused on nutrition management, and examined how diet and exercise fit into the daily routine of jockeys.

Watch the Jockey Matters film at www.jets-uk.org

Governing Body of the Year

We were named Governing Body of the Year at the prestigious UK Coaching Awards for our coaching provision in 2016 while jockey coach Rodi Greene was also shortlisted for the Performance Development Coach of the Year at the awards.



Godolphin Stud and Stable Staff Awards

These awards recognise the hard work and dedication of racing's stud and stable staff, without whom there would be no racing. In February, Godolphin, the Racing Post and the BHA crowned Gemma Hogg Employee of the Year.

Gemma was awarded with the perpetual Godolphin trophy by presenter Clare Balding and special guest presenter Sir Anthony McCoy at an event hosted by the BHA and in partnership with the Racing Post. She was also presented with a cheque for £40,000, of which £20,000 will be shared amongst the staff at the Oakwood Stables in Middleham, North Yorkshire.

The winners:

DAVID NICHOLSON	DEDICATION TO
NEWCOMER AWARD	RACING AWARD
Laura Winstanley (Sir Michael Stoute)	Claire Goodenough (William Haggas)
LEADERSHIP AWARD	RORY MACDONALD
Gemma Hogg (Micky Hammond)	COMMUNITY AWARD
	Lisa Delany (Jockeys Employment Training Scheme)
RIDER/GROOM AWARD	
Alyson Deniel (Richard Fahey)	ROR SPECIAL
	RECOGNITION AWARD
STUD STAFF AWARD	Joanna Mason
Stuart Thom (Lofts Hall Stud)	– Liverpool

Retired jockeys, major health study

Thanks to a Racing Foundation grant of more than £220,000, a three-year collaborative venture between Oxford University and the racing industry got underway studying the short and long-term health consequences of professional horseracing. The first part of the study is looking at injuries sustained by professional jockeys during their careers. The ultimate aim of the project is to improve the health and welfare of jockeys and stable staff who ride out.

Enhanced concussion management protocols

We enhanced our concussion management protocols to ensure riders are better protected and prevented from riding while under the influence of a concussive injury. The enhancements were implemented across the full concussion management process, from baseline cognitive testing, trackside diagnosis and care, through to post-injury follow-up, assessment and treatment and return-to-riding clearance.

We also announced enhancements to our Helmet Bounty Scheme, in conjunction with the British Equestrian Trade Association (BETA) which provides jockeys who are concussed during a race with a retail voucher that can be redeemed towards the cost of replacing their damaged hat.

Jockeys' cardiac study

In May, we announced the launch of the Jockeys' Cardiac Study with Liverpool John Moores University to research the impact rapid weight reduction through dehydration can have on cardiac function in active jockeys.

Mental Health Charter signed

Together with Racing Welfare, we became signatories to the Mental Health Charter for Sport and Recreation. The Charter sets out how sport can use its collective power to tackle mental ill-health and the stigma that surrounds it.





Racing Together

Racing Together

In September, the education charity Racing to School took on the objectives and leadership of Racing Together – the umbrella brand for British racing's community engagement programme. The Racing Together alliance captures the activity of charitable and commercial bodies operating across and outside the sport, who are able to use the assets and networks within racing to help beneficiaries in the community.

Racing Together was formed in 2014 to encourage and highlight the considerable work being done by racing in its communities. Developing valuable partnerships for the sport locally and nationally has been one of the key successes of Racing Together, which the BHA led until Autumn 2016.

Initiatives in 2016 include:

- Donation of 500 hours of volunteer service around the country on national employee volunteering day: Give & Gain Day
- Working alongside community charity Active Communities Network, which brought a group of students from a South London school for an educational and careers-based visit to Lingfield

Racing to School

Racing to School has for the past 15 years delivered free, nationwide education and careers-focussed programmes at racecourses, studs and trainers' yards. Today the charity's work reaches more than 12,000 young people each year.

Initiatives in 2016 include:

Under Starters Orders

In June, 152 students and 120 parents and teachers from local primary schools attended the Adnams July Racecourse for the culmination of the Under Starters Orders Primary School Education Programme. The programme was initially commissioned by Newmarket

Park, as part of a programme to encourage young people to consider opportunities in the industry

- Sporting Memories Partnership, which brought together retired jockeys, trainers, stable staff, farriers and saddlers for the first meeting of the Sporting Memories Racing Reminiscence Group at Malton in September. Sporting Memories is an organisation which connects generations to combat the effects of dementia, depression and loneliness
- As part of the Racing Together Community Engagement Programme at Aintree, two students recently completed work experience at Aintree, and a group of 25 children from the Conwy Community Riding Centre were given a behind-the-scenes look at Aintree as part of a course tour
- Supporting a Prince's Trust initiative and hosted a group of young people at Nottingham Racecourse where they were taken behind-the-scenes with a tour of the course and weighing room and talks from raceday staff about their roles.



Racecourses in 2015, working with The National Horseracing museum and Racing to School, to develop three days of educational activities specifically designed for primary schools. The programme has since been delivered to more than 300 Year 5 students.

Newmarket Academy Godolphin Beacon project

Racing to School, supported by Godolphin, designed and launched a five-year programme in partnership with the Newmarket Academy. The project will provide bespoke support for 800 students across all year groups, ranging from learning days in the local community and within local industries, to personalised career guidance.



PROFESSIONAL WORKPLACE

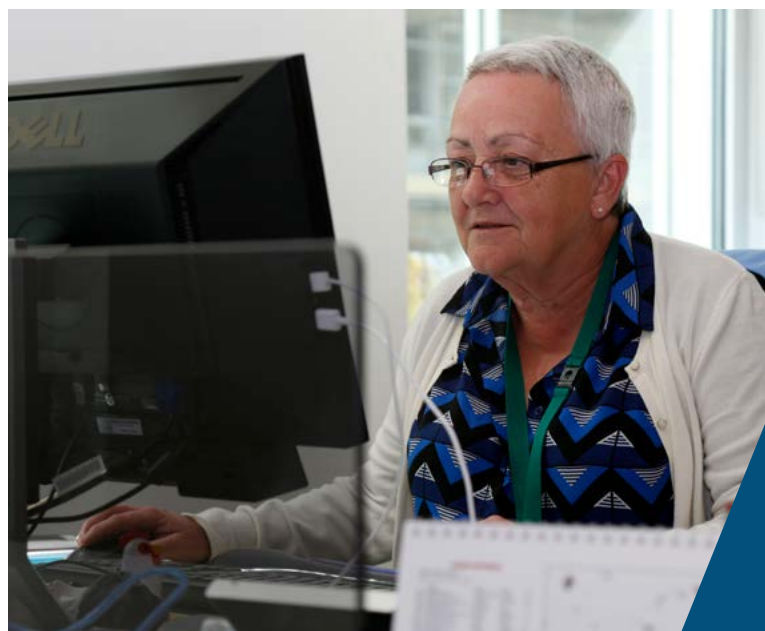
We remain committed to supporting the creation and maintenance of a friendly, productive and professional workplace and an engaged workforce.

In 2016, we developed a new mission and vision and set of values. During 2016 we embedded our values into many processes across the organisation, including recruitment, induction and performance management processes. We also created a leadership team to improve the flow of communication and to empower our people to make decisions and provide feedback to the executive.

We also committed to upskilling our staff and have conducted a number of professional development days for all staff.

Steve Gibson, Head of IT and Business Improvement, and Matt Mancini, Retention Development Manager, successfully completed the first year of the Thoroughbred Horseracing Industry MBA. Launched in 2015, the two-year course at Liverpool University has been specially designed for people who want to take up a senior administrative or leadership role within racing.

We established a Go Green and Give Back Steering Group, to drive environmental and social activities and staged a number of charitable events during the year, raising money for Sports Relief, Macmillan Cancer support and Save the Children.





WORLD CLASS RACING

Britain is home to the best quality racing in the world and to remain so it is vital we continue to review our Pattern and Listed race programme and maintain strict quality control measures.

Weight-For-Age scale alterations

In September, we published an extensive body of work, led by Head of Handicapping, Phil Smith, which compared the strike rate for three-year-olds against older horses over a period of six years.

This revealed that under the existing scale, three-year-olds had a higher strike rate than older horses, particularly noticeable from July onwards and over longer distance, providing them with an unintended and unfair advantage over older horses.

As a result, we amended the scale from the second half of June onwards and over 10 furlongs and above, with adjustments ranging from a small reduction of 1lb at 10, 11 and 12 furlongs, to a maximum decrease of 3lb over longer distances where the advantage afforded to three-year-olds was shown to be the most acute.

Stayers

In 2016, a BHA-led consultation, focussing on how to future-proof the development of the staying horse, gathered views from a cross-section of breeders, owners, trainers, racing managers, racecourses, bloodstock agents, sales companies and media. The aim of the project is to introduce a number of changes to the programme, both in the short-term and over the next three to five years.

Having obtained the full support of the European Pattern Committee, we announced a number of amendments to the black type programme across Europe for 2017, including an upgrade of the Qatar

Goodwood Cup to Group 1 and the Queen's Vase to Group 2 (while reducing its distance to 14 furlongs). Both of these changes should provide a more appealing target for a greater number of quality young horses.

Fillies' black type programme

We agreed plans, through the Flat Pattern Committee, to improve the black type programme for fillies over the next three to five years. This commenced with the creation of two new fillies' Listed races in 2016 to fill excessive gaps in the programme, one over 10 furlongs at Bath in May and another over 14 furlongs at Ayr in October, together with a further two agreed for 2017 (over 7 furlongs at Musselburgh in June and over 5½ furlongs at the Ayr Western meeting in September). In addition, the EPC approved our application to upgrade the Princess Royal Stakes over 12 furlongs at Newmarket's Cambridgeshire meeting to Group 3.

Jump Pattern upgrades

Racing is an aspirational sport and it's important we have the races in place which influence campaigns and provide incentives to race horses in Britain. During the year, we upgraded a number of Pattern and Listed races for the 2016/17 jump season, including the National Hunt Steeple Chase Challenge Cup which was a Grade 2 contest in 2017.

A total of four races were upgraded, with the Jump Pattern Committee agreeing that the races not only qualified on ratings, but were each felt to add a worthwhile dimension to the programme of Pattern and Listed races.

UPGRADED RACES:

Name	Venue	Approximate date	Distance	Previous status	New Distance
National Hunt Steeple Chase Challenge Cup	Cheltenham Festival	Mid-March	4m	Listed	Grade 2
Neptune Investment Management Novices Hurdle	Cheltenham	New Year	2m 5f	Class 3	Listed
The bet365 Select Hurdle	Sandown – season finale	End of April	2m 5½f	Listed	Grade 2
The British Stallions Future Champions EBF National Hunt Novices' Hurdle race	Perth Festival	Mid April	3m	Class 2	Listed

New look Pattern Committees

We announced new membership of the Flat Pattern and Jump Pattern Committees to better reflect the sport's new tripartite structure.

The purpose of these two Committees is to advise and make recommendations to the BHA Board on matters relating to maintaining and improving the programme of Pattern and Listed races. The overarching priority of both Committees will always be to encourage quality racing and the progression of horses by testing the best animals over a range of distances throughout the season.

Jump Pattern Committee:

Adrian Grazebrook (Chairman), Anthony Bromley, David Cleary, Ed Arkell, Lucinda Russell, Paul Nicholls, Philip Hobbs, Richard Aston, Richard Norris, Ruth Quinn, Sam Hoskins, Steve Mellish

Flat Pattern Committee:

Adrian Grazebrook (Chairman), Andrew Balding, Julian Richmond-Watson, Lydia Hislop, Nick Smith, Nicholas Wrigley, Philip Freedman, Philippa Cooper, Ruth Quinn, Simon Crisford, William Haggas



Mares' Listed Chases

We added four new mares' Listed Chases to the programme, further boosting an area which has been subject to a number of enhancements in recent years, and providing further incentives to own and train jumping mares. The races are also designed to complement the two Listed Chases for mares which were added to the programme last season at Carlisle and Huntingdon, together with the Chase at Doncaster which was introduced for the 2014/15 season.



FINANCIAL RESPONSIBILITY

Financial responsibility means managing costs effectively and taking appropriate steps to ensure that income keeps pace with costs so that we can break-even over the medium-term and maintain an appropriate level of cash reserves.

A key part of this strategy was to develop a rolling three-year business plan and budget, details of which we published in December 2016. The headline numbers are shown below.

	2017	2018	2019
	Budget	Budget	Budget
	£'000	£'000	£'000
Total income	32,855	33,047	33,871
Total expenditure	(32,678)	(33,004)	(33,355)
Surplus/(deficit)	177	43	516
Non-cash adjustments	(610)	(80)	-
Cash surplus/(deficit)	(433)	(37)	516



There are five areas underlying our financial responsibility.

Managing our income

To deliver planned activity, fee increases of 2 per cent for 2017 and 2.75 per cent for 2018 and 2019 were agreed with horsemen and the racecourses. The 2018 and 2019 fee rises will be reviewed against the consumer price index plus 0.75 per cent and the higher of the two metrics applied.

We also have a responsibility to seek out new income opportunities in the form of business partnerships and new commercial arrangements.

Delivering value for money

With more than 80 per cent of our budget being fixed costs, the scope for making significant savings is limited in the short-term but opportunities do exist in the longer-term to deliver savings. We continue to review our major supplier contracts to ensure they deliver value for money, with the aim of creating efficiencies wherever possible without impacting our overall service delivery. The review of some areas has already begun and savings, in real and nominal terms, were delivered in 2016.

In the short-term we will look at delivering efficiencies in the way we work internally and how our business processes used can be improved with the use of new technology.

Appropriate reserves management

Our Audit Committee recently reviewed its policy and decided that we should maintain a minimum level of £3 million in cash reserves.

Our long-term liability over our pension scheme also warrants mention. We took over this scheme as principal employer from The Jockey Club in 2007 and since have taken steps – both through changing the accruals basis and also through closing the defined benefit element of the scheme in December 2015 – to manage the scheme's liabilities.

Unfortunately, due to unfavourable market conditions which are impacting all pension schemes, many of the historic liabilities taken over from The Jockey Club will have increased and mean that at the next valuation at the end of 2017, the scheme deficit is likely to rise and our current contributions of £1.158 million will need to be reviewed and a revised schedule agreed with the trustees of the scheme.

We currently benefit from a third-party guarantee from the Horserace Betting Levy Board (HBLB) to the pension scheme and, in a post-HBLB environment, we will seek third-party support from the Racing Authority. As this guarantee expires in 2024, we will need to consider both the transfer of this guarantee to the Racing Authority and a possible extension. Our aim is to repair this historic deficit over the longer-term in an affordable manner for the sport, thus ensuring we do not need to increase fees above the levels set out above.

Open and transparent reporting

We have taken steps over the last 12 months to develop our external financial reporting – including a comprehensive financial review section included within this annual report.

During 2016, we produced a financial performance update showing our forecast results compared to our budget.

Effective people and processes

There are clearly defined reporting processes in place for both the Board and Executive, who are ultimately responsible for approving the budget each year and for agreeing any significant items of expenditure. This rigorous approach to regular financial reporting and continual forecasting ensures appropriate management from a financial perspective.



**IT IS OUR RESPONSIBILITY
TO GOVERN THE SPORT
AND WE AIM TO DO SO IN
AN INCLUSIVE MANNER**

DIRECTORS' REPORT AND GOVERNANCE STATEMENT

It is our responsibility to govern the sport and we aim to do so in an inclusive manner and to make key strategic decisions working in partnership with The Horsemen's Group and the Racecourse Association through the Members' Agreement.

Board role and composition

The Board is responsible for ensuring that we comply with our role and responsibilities on behalf of British racing. The main role of the Board is to provide strategic leadership and set the strategic direction, assisting the Executive Directors in delivering our nine strategic objectives, acting as a critical sounding board for the Executive and constructively challenging the Executive on their recommendations. The Board also monitors and evaluates progress and is accountable for final outcomes.

The Board is comprised of the Chairman, the Chief Executive, a Senior Independent Director, two

Independent Regulatory Directors, two Member-Nominated Directors and five Independent Non-Executive Directors. All Directors have been selected because of their experience and knowledge. There were no changes to the Board's composition during 2016.

The Board is responsible for the following:

- Approval of the fixture list
- Approval of our three-year business plan and budget
- Major items of capital and operating expenditure
- Material contracts
- Racecourse licences
- Administration and approval of the rules of racing
- Oversight of the risk register



The Board meets eight times per year and the attendance record is shown below. As part of its leadership role, four of these meetings were held in regional locations to allow local owners, trainers, other horsemen and racecourse executives to meet with the Board.

DIRECTORS

	Role	Term Expires	Meeting Attendance
Steve Harman	Chairman	30/6/19	8/8
Nick Rust	Chief Executive	N/A – Ex officio	8/8
Andrew Merriam	Independent Regulatory	17/9/18	7/8
Sir Paul Stephenson	Independent Regulatory	28/6/18	8/8
Atholl Duncan	Senior Independent	30/11/17	8/8
Julie Harrington	Non-Executive	30/11/17	8/8
Nöel Harwerth	Non-Executive	30/11/17	8/8
Joe Saumarez Smith	Non-Executive	30/11/17	8/8
Laura Whyte	Non-Executive	30/11/17	8/8
Eamonn Wilmott	Non-Executive	30/11/17	8/8
Rupert Arnold	Member Nominated	31/12/18	8/8
Vivien Currie	Member Nominated	31/12/18	7/8

GOVERNANCE COMMITTEES

The Board has three principal committees relating to governance.

Audit Committee

The Audit Committee is made up of four members, two independent Board directors (of which one is Chairman) and two nominated members from the Racecourses and Horsemen.

The Audit Committee meets twice per year, once pre-audit in November and once post-audit in April. The external auditors, KPMG LLP, and relevant BHA staff also attend both meetings.

	Meeting Attendance
Andrew Merriam (Chairman)	2/2
Atholl Duncan (appointed November 2016)	0/1
John Sanderson	2/2
Philip Freedman	2/2

Main responsibilities of the committee include:

- Monitoring the integrity of the financial statements of the Company
- Reviewing the Company's and/or external auditor's assessment of internal financial controls and risk management systems
- Reviewing the adequacy and security of the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting
- Overseeing the relationship with the external auditor
- Reviewing and approving the external audit plan, the level of non-audit fees incurred and the risk areas and risk register of the company
- Reviewing and monitoring the external auditor's independence and effectiveness.

Remuneration Committee

The Remuneration Committee is made up of four independent, Non-Executive Board directors.

	Meeting Attendance
Laura Whyte (Chairman)	3/3
Andrew Merriam	2/3
Joe Saumarez Smith	3/3
Sir Paul Stephenson	2/3

Main responsibilities of the committee include:

- Determining and agreeing with the Board the policy for the remuneration of key personnel
- Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, determining the total individual remuneration package of key personnel.

Nominations Committee

The Nominations Committee is made up of two independent Board directors (of which one is Chairman) and two nominated members from the Racecourses and Horsemen. The Nominations Committee did not meet in 2016.

Steve Harman (Chairman)

Maggie Carver

Atholl Duncan

Nicholas Cooper

Main responsibilities of the committee include:

- Identifying and nominating candidates to fill any vacancy of Chairman, Chief Executive, or Independent Non-Executive Board Director
- Evaluating the balance of skills, knowledge, diversity and experience on the Board and preparing a description of the role and capabilities required for a particular appointment
- Performance evaluation of the Independent Non-Executive Directors
- Succession planning for the above roles.

Other Committees


The BHA Members' Agreement signed in November 2015 also created two wider industry committees, the Members' Committee and the Executive Committee, which comprise representatives of the BHA and its members. These committees enable the sport to act in a unified manner with the major stakeholders making strategic decisions for the long-term benefit of the industry.

ORGANISATIONAL RISKS

Effectively identifying and understanding risks and adopting relevant controls to mitigate against these risks is fundamental to allowing us, and in certain cases the wider sport, to achieve our strategic objectives. The Executive are tasked with identifying risks and these are reported to the Chief Operating Officer, who along with the Senior Independent Director, Atholl Duncan, is responsible for ensuring the risks are properly monitored and addressed.

Many of the risks identified as part of this process are wider industry risks which would impact racecourses, owners and the sport should they materialise. These include risks related to funding, disease and equine and human welfare. The risks below are an extract of a wider risk register and are primarily risks related to the BHA.

Risk	Mitigation / controls	Risk owner	Risk profile
Procedural issues in future regulatory cases leading to potential financial consequences.	We are implementing all recommendations from the Quinlan Report and Integrity Review.	Chief Regulatory Officer	↓
Failure to ensure the BHA recruits, develops and retains the right talent to deliver the agreed strategy.	A number of key appointments have been made over the past six months. There is also an ongoing succession planning project and action plan to develop talent across all levels of the business.	Director of People and Development	↔
A breach of cybersecurity within the BHA.	We have invested in new hardware to enhance network security and servers to increase disaster recovery capability. Security devices are monitored for threats.	Chief Operating Officer	↑
The BHA's going concern is significantly eroded by increasing spend or reduced income leading to contraction in activities undertaken on behalf of the sport.	Three-year business plan and budget (2017-19) agreed with stakeholders which delivers a small surplus over the period. Forecasts updated on a monthly basis.	Chief Operating Officer	↔

Risk	Mitigation / controls	Risk owner	Risk profile
Agreement of an appropriate and affordable deficit repair plan for the pension scheme presents a financial sustainability risk to cash reserves.	Ongoing discussion with the trustees to provide an affordable, long-term solution to the pension scheme, which could include additional third-party support.	Group Financial Controller	

CODE FOR SPORTS GOVERNANCE

In late 2016, UK Sport and Sport England published a code for sports governance for all sports bodies operating in the UK which receive public funding. While the BHA does not receive public funding and is therefore exempt from the code, we intend to review the code and adopt Tier 3, which is the highest tier of required compliance aimed at organisations receiving more than £1 million per annum in funding, as well as any other recommended best practice requirements.

While we expect our governance structures to already follow most of the code, our review will look at areas where we can make operational improvements. We expect this review to be completed during 2017.



BOARD MEMBERS

Steve Harman

Chairman

Appointed: July 2013

Experience: From 1980 onwards, Steve worked for Royal Dutch Shell in positions across Europe, Asia and the Americas. His roles included CEO of Shell Marine, CEO of Pennzoil and Vice President of Royal Dutch Shell. He has extensive experience of dealing with multiple stakeholders and government organisations, and has sat on various corporate boards while holding a variety of Executive and Non-Executive positions in the UK, America and Asia.

Other roles: A Director and Trustee of Help for Heroes, a Member of Durham University Council, a Non-Executive with two private equity firms, and a supporter and mentor to a number of small business start-ups.

Committee membership: Nominations Committee (Chairman), Members' Committee (Chairman)

Andrew Merriam

Independent Non-Executive Director

Appointed: September 2012

Experience: Qualified Chartered Accountant with more than 30 years' experience in financial services and banking and 10 years running the Bradfords Group, the leading privately-owned supplier of building materials in the UK.

Other roles: Steward of The Jockey Club. Chairman of Jockey Club Estates. Chairman/Director with a number of other companies, including a Director of Fakenham Racecourse. Trustee of Racing to School, Retraining of Racehorses and the British Racing School.

Committee membership: Audit Committee (Chairman), Remuneration Committee, Rules Committee (Chairman), member of the Stewarding Committee.

Nick Rust

Chief Executive

January 2015

Experience: Over 27 years of experience in the betting and gaming industry. Managing Director, Retail, for Ladbrokes Plc with oversight of around 2,500 betting shops and 13,000 staff. Also held senior roles at BskyB including as Managing Director of SkyBet, and at Gala Coral including as Managing Director, Remote Gambling and Coral Retail. He has extensive experience in industry and corporate affairs, having managed key relationships with Government and regulators. Oversaw establishment of British racing's tripartite structure through the Members' Agreement, an industry-wide strategy for growth and replacement of the horserace betting Levy and has excellent relationships across British racing.

Other roles: Non-Executive Director of York Theatre Royal

Committee membership: Executive Committee (Chairman)

Sir Paul Stephenson

Independent Regulatory Director

Appointed: July 2015

Experience: A highly distinguished career as a police officer, holding senior command positions in Merseyside, Lancashire and London. In his roles with the Metropolitan Police Service – where as Commissioner he was the most senior officer in the UK – he advised governments on issues ranging from counter terrorism to serious organised crime and national police improvements, with a focus on modern, transparent and collaborative policing.

Other roles: Trustee of Crimestoppers UK

Committee membership: Remuneration Committee

Atholl Duncan

Senior Independent Director

Appointed: December 2014

Experience: An experienced Non-Executive Director in sports organisations, spent 25 years with the BBC, as a journalist and TV news and sports producer, before becoming Head of News and Current Affairs for the BBC in Scotland. Four years as Director of Corporate Affairs with Scottish Water. Sits on numerous advisory boards, has worked with the Government on various business issues and has good knowledge of sports administration and governance.

Other roles: Executive Director of Institute of Chartered Accountants of Scotland, Board Director of Hibernian Football Club Community Foundation.

Committee membership: Audit Committee, Nominations Committee

Nöel Harwerth

Independent Non-Executive Director

Appointed: December 2014

Experience: A qualified solicitor. Previous roles include Chief Operating Officer of Citibank International and the Chief Tax Officer of Citigroup, Dun & Bradstreet Corporation and Kennecott Copper Corporation. Also previously a Government appointee on the Board of the Tote.

Other roles: Chair of the UK Export Finance Board, and a Non-Executive Director on a number of high profile financial services organisations, including Standard Life plc and London Metal Exchange.

Committee membership: None

Julie Harrington

Independent Non-Executive Director

December 2014

Experience: Considerable knowledge and experience in horseracing as a result of her eight-year career with Northern Racing including roles as Group Operations Director and Managing Director of Uttoxeter Racecourse. Also Regional Marketing Director at Whitbread Inns, Retail Sector Director at British Airways, St George's Park Managing Director and recently appointed CEO of British Cycling.

Other roles: Operations Director across The FA's sites in Burton-upon-Trent and at Wembley Stadium.

Committee membership: None

Joe Saumarez Smith

Independent Non-Executive Director

Appointed: December 2014

Experience: For the past 15 years advised and worked closely with lotteries, governments, investment banks and operating companies on strategy, operational restructuring, finance and merger and acquisition. Co-founded Bede Gaming Ltd, a provider of technology to the online casino and bingo industries, and one of the fastest growing companies in the north-east.

Other roles: CEO of Sports Gaming Limited, a London-based management consultancy to the gaming industry.

Committee membership: Remuneration Committee

Rupert Arnold

Member Nominated Director

Appointed: January 2015

Experience: A director of The Horsemen's Group and Racing to School. Earlier in his career, after employment as assistant trainer to Jeremy Hindley, John Winter and Paul Cole, Rupert held a trainer's licence for six years, training in Upper Lambourn.

Other roles: Chief Executive of the National Trainers Federation, the representative body for licensed racehorse trainers in Great Britain, since 2000.

Committee membership: Members' Committee

Laura Whyte

Independent Non-Executive Director

Appointed: December 2014

Experience: Part of the John Lewis Management Board for 10 years, most recently in the role of Human Resources Director. Other roles at John Lewis included Divisional Registrar; a board role with the aim of delivering an objective, independent view and providing assurance that employees were appropriately supported, that their views were reflected in decision-making and that governance within John Lewis was correctly exercised. Laura also worked with the British Equine Federation as a Non-Executive Director and Chair of their Remuneration Committee from 2013 to 2016.

Other roles: Considerable Non-Executive Director experience including the Defence People and Training Board within the Ministry of Defence, a board member of Capital and Regional plc where she also Chairs the Responsible Business Committee, and a Trustee of Women in Retail. Pro-bono activities include advising the Ebony Horse Club.

Committee membership: Remuneration Committee (Chairman)

Vivien Currie

Member Nominated Director

Appointed: January 2016

Experience: Qualifying as a Chartered Accountant with Ernst & Young, Vivien worked in London, Australia and Glasgow, including a period advising technology start-ups, before joining telecoms business Damovo where as Director of Strategy she was responsible for the integration of the group's 18 countries' sales forces before becoming head of Global Sales and Solutions. Previously also part-owner and Chief Executive of Livingston Football Club, having bought the club and taken it out of administration.

Other roles: Chief Executive of Hamilton Park Racecourse, a member of the Development Board of the Marie Curie Hospice in Glasgow and Vice Chairman of the RCA.

Committee membership: None

Eamonn Wilmott

Independent Non-Executive Director

Appointed: December 2014

Experience: A highly successful entrepreneur, with a record of considerable success in Britain and the US. Previous roles include Chairman of the Thoroughbred Owner & Breeder Magazine and co-founder of Total Performance Data Limited. His early career was as a leader in the development of the internet. He was the Founder and Managing Director of an award-winning digital agency and he was Chairman of a leading worldwide digital agency.

Other roles: Founder and Managing Director of Horses First Racing, a state-of-the-art training yard, in partnership with trainer Jeremy Gask. Owner of a number of horses.

Committee membership: None

RACING INTERESTS

The table below lists the racing interests of Board Directors and Executive Directors.

Board Directors	Horse ownership interests
Steve Harman	Horses in training with Martin Keighley, David Pipe, Jeremy Gask, Phillip Hobbs, Richard Fahey, Charlie Longsdon and Andrew Balding
Nick Rust	Horses in training with Micky Hammond, Richard Philips, Jeremy Gask, Hugo Palmer and Charlie Hills
Andrew Merriam	Horses in training with Warren Greatrex
Atholl Duncan	Horses in training with Jeremy Gask and Hughie Morrison
Julie Harrington	Horse in training with Jeremy Gask
Nöel Harwerth	Horses in training with Jeremy Gask, Jonjo O'Neill, Richard Hannon and Ralph Beckett
Joe Saumarez Smith	Horses in training with Jeremy Gask, Ed Dunlop, Ed Walker and Henry Candy
Laura Whyte	Horses in training with Jeremy Gask
Eamonn Wilmott	Horses in training with Jeremy Gask
Executive Directors	
Richard Wayman	Horses in training with Chris Wall



REMUNERATION REPORT

Remuneration for Executive and Non-Executive Directors is determined by the Remuneration Committee.

EXECUTIVE DIRECTORS

Executive Director pay is a combination of fixed basic salary, allowances (if applicable) and performance-driven remuneration based upon operational delivery and adherence with financial targets.

Element and link to performance	Summary of current policy	Changes in the year ahead
Base salary is set at a level that aims to attract and retain high performing executive directors	Salaries are reviewed annually, taking into account performance or changes in job roles. This is in line with the policy for all employees.	2% standard pay rise applied to most roles. Two Executive Directors, including the Chief Executive, waived their 2% pay rises in 2016.
Allowances are allocated for specific purposes linked to each role	Car allowances are payable to all executive directors. Accommodation and travel allowances are payable under specific circumstances.	No change
Pension and benefits are part of a competitive total remuneration package	The Company operates a defined contribution pension scheme for all employees on a 1:2 matching basis up to a maximum company contribution of 10%.	No change
Annual bonus drives and rewards outstanding performance and delivery	Dependent upon role and is payable based upon financial and operating performance.	No change. Three Executive directors, including the Chief Executive, waived their 2016 performance awards.

There were 11 employees categorised as Executives during 2016 as shown in the table below, their total remuneration paid in 2016, excluding pension contributions, amounted to £1.797 million. Of these 11, nine were Executives at year end. In 2017, further changes to the Executive structure were announced, reducing the total head count.

	Role	Term Expires
Nick Rust	Chief Executive	
Richard Wayman	Chief Operating Officer	Appointed 4 January 2016
Jamie Stier	Chief Regulatory Officer	
Ruth Quinn	Director of International Racing and Racing Development	
Will Lambe	Director of Corporate Affairs	
Gavin Jefferies	Director of Communications	Appointed 4 January 2016
Carole Goldsmith	Director of People and Development	
Brant Dunshea	Director of Integrity and Regulatory Operations	Appointed 1 October 2016
Catherine Beloff	Director of Legal and Governance	Appointed 1 October 2016
Adam Brickell	Director of Integrity, Legal and Risk	Resigned 13 September 2016
Philip Nash	Director of Business Improvement	Resigned 31 December 2016

NON-EXECUTIVE DIRECTORS

The table summarises the main elements of remuneration for Non-Executive Directors.

Element and link to performance	Summary of current policy	Changes in the year ahead
Directors Fees are set according to the role undertaken	Reviewed annually, fees for 2016 were as below: Chairman – £100,000 Independent Regulatory Director – £35,000 Other non-executive directors – £27,000	No change
Benefits	Non-Executive Directors do not receive any benefits from the company outside of Directors' liability insurance.	No change

Full details of total Board remuneration is shown in note three of the financial statements.

PERSONNEL

BHA personnel at a management level, current at time of publication.

Nick Rust

Chief Executive

■ Gordan Markham

Team Leader

■ David Cook

Team Leader

Emma Marley

Head of Raceday Operations

■ Robbie Supple

Starter Team Principal

■ Charles Stebbing

Clerk of the Scales Team Principal

■ Richard Linley

Senior Inspector of Courses

■ Nick Bostock

Judges Team Principal

Catherine Beloff

Director of Legal and Governance

Helen Bryce

Head of Legal

Brant Dunshea

Director of Integrity and Regulatory Operations

Paul Beeby

Head of Integrity

■ Tim Miller

Investigating Officer Team Leader

■ Andrew Streeter

Team coordinator

Annette Baker

Licensing Team Leader

Chris Watts

Head of Integrity Assurance

Tessa Muir

Anti-Doping Manager

Jez Willis

Equine Welfare Integrity Officers' Team Principal

■ Darren Stone

Team Leader

■ Linda Porter

Team Leader

Carole Goldsmith

Director of People and Development

Kate Howarth

HR Manager

Matt Mancini

Welfare Development Manager

Zoe Elliott

Careers Marketing and Recruitment Manager

Gill Greeves

Vocational Training Manager

Gavin Jefferies

Director of Communications

Robin Mounsey

Head of Media

Sheena Coffey

Stakeholder and Internal Communications Manager

Will Lambe

Executive Director

Ross Hamilton

Corporate Affairs Manager

Ruth Quinn

Director of International Racing and Racing Development

Jamie Stier

Chief Regulatory Officer

Paul Barton

Head of Stewarding

- **Sam Angell**
Stipendiary Steward,
Stipendiary Stewards' Team Leader
 - **Kate Smith**
Stewards' Secretary,
Stewards' Secretary Team Leader
 - **Adie Smith**
Stipendiary Steward,
Stewards' Secretary Team Leader
 - **Robert Earnshaw**
Stipendiary Steward Manager
-

Dr Jerry Hill

Chief Medical Advisor

Paul Lifton

Senior Regulatory Projects Officer

Tim Naylor

Head of Regulation

David Sykes

Director of Equine Health and Welfare

Carol Clarkson

Manager of the Centre for Racehorse Studies

Richard Wayman

Chief Operating Officer

Paul Johnson

Head of Racing

Steve Gibson

Head of IT and Business Improvement

- **Jason Pearce**
Solutions Architect
 - **Joel Kinvig**
IT Manager
-

Antonia Newman

Senior Project Manager - Racing

Phil Smith

Head of Handicapping

- **Dominic Gardiner-Hill**
Deputy Head of Handicapping
-

Paul Foster

Group Financial Controller

- **Lorna Ewens**
Financial Accountant
 - **Robbie Boughton**
Office Services Manager
-



KEY STATISTICS

Our success at delivering competitive and compelling racing and growing our sport is base-lined on data around field sizes, horses in training and ownership figures.

While there is a long way to go before we reach previous heights, we've made good progress in recent years, particularly against the sport's broader targets to achieve:

- 1,000 additional horses in training by 2020
- Betting participation levels up by 5 per cent by 2018
- Racecourse attendances to reach 7 million by 2020
- £120 million extra income for the sport per annum by 2018.

At the close of 2016, our sport had recorded 500 additional horses in training, and growth in racehorse ownership, particularly in syndicates. Our sport is a hugely attractive betting product, with total betting activity growing by 2 per cent since 2014 and online betting now overtaking retail.

In a competitive leisure market, nearly six million people went racing in 2016, with the sport recording its third highest attendance figures in the last 10 years and regaining its spot as the second best attended sport after football.

The implementation of a new Levy, which is expected to bring an additional £30-£40 million in Levy receipts, brings with it tremendous opportunities to grow the appeal of our sport, to become more relevant to the betting world and to reinvest more at the grassroots.



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FIXTURES

FIXTURES SCHEDULED

	2012	2013	2014	2015	2016
Flat turf	583	581	584	575	572
Flat all weather	293	307	296	307	317
Jump	580	576	584	589	594
Total	1,456	1,464	1,464	1,471	1,483

Note: flat includes mixed meetings in table above and throughout this section, unless notified otherwise.

FIXTURES RUN

	2012	2013	2014	2015	2016
Flat turf	539	578	573	564	555
Flat all weather	314	315	310	318	330
Jump	515	538	546	558	549
Total	1,368	1,431	1,429	1,440	1,434

Note: includes additional, rescheduled and partially abandoned fixtures. Flat includes mixed.

ABANDONMENTS

	2012	2013	2014	2015	2016
Flat turf	41	7	4	3	7
Flat all weather	7	6	1	0	1
Jump	81	52	41	34	49
Total	129	65	46	37	57

TURF FIXTURES BY GOING

	2012	2013	2014	2015	2016
Firm	19	22	17	13	6
Good to firm	160	294	214	231	228
Good	292	362	356	390	377
Good to soft	208	179	206	232	216
Soft	266	175	227	188	201
Heavy	106	78	95	68	70
Total	1,051	1,110	1,115	1,122	1,098

TOTAL PRIZE MONEY (£'000)

	2012	2013	2014	2015	2016
Flat	66,022	75,903	82,380	89,736	92,354
Jump	31,757	38,320	40,609	42,415	45,249
Total	97,778	114,223	122,989	132,152	137,603

AVERAGE PRIZE MONEY (£) (BY RACE)

	2012	2013	2014	2015	2016
Flat	10,811	11,867	13,060	14,342	14,697
Jump	8,971	10,219	10,695	11,209	12,060
Total	10,136	11,258	12,171	13,161	13,711

RACES

RACES RUN

	2012	2013	2014	2015	2016
Flat turf	3,734	4,002	3,979	3,947	3,901
Flat all weather	2,373	2,394	2,329	2,310	2,383
Steeple chase	1,310	1,387	1,402	1,361	1,348
Hurdle	1,826	1,899	1,968	2,034	2,036
National Hunt Flat	305	357	333	295	280
Hunter chase	99	107	94	94	87
Total	9,647	10,146	10,105	10,041	10,035

ENTRIES

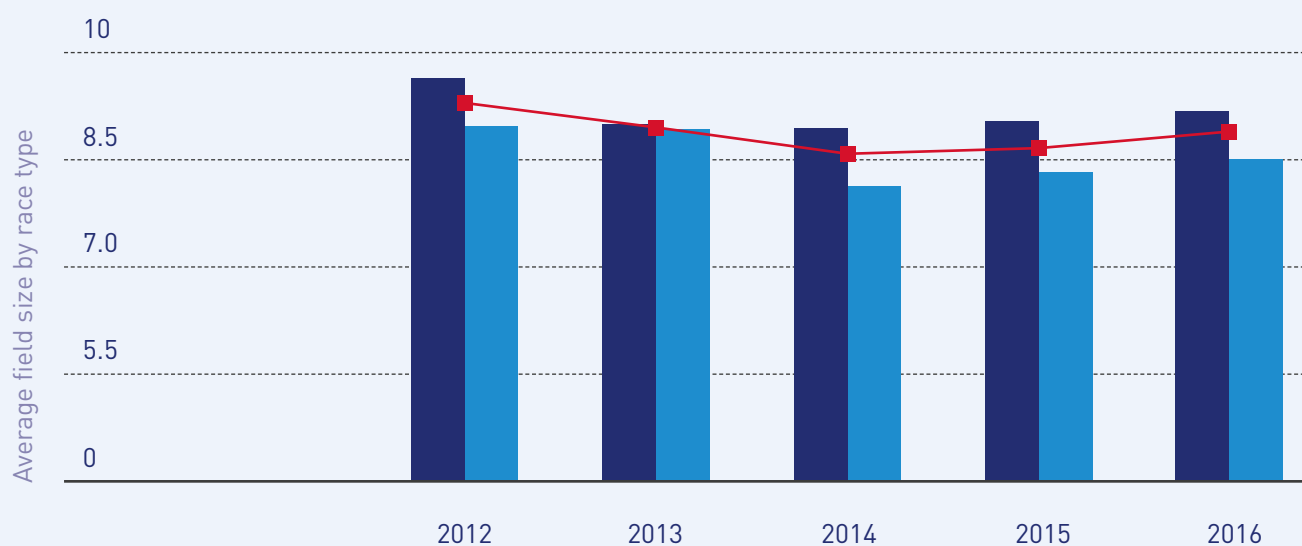
	2012	2013	2014	2015	2016
Flat	147,554	136,611	128,350	128,675	126,162
Jump	78,500	80,270	72,475	73,094	75,949
Total	226,054	216,881	200,825	201,769	202,111

DECLARATIONS

	2012	2013	2014	2015	2016
Flat	65,102	63,570	62,278	62,055	63,384
Jump	34,140	35,957	33,469	33,811	34,626
Total	99,242	99,527	95,747	95,866	98,010

AVERAGE FIELD SIZE

	2012	2013	2014	2015	2016
■ Flat	9.59	8.99	8.93	9.02	9.17
■ Jump	8.92	8.88	8.22	8.35	8.53
■ All	9.35	8.95	8.66	8.77	8.93



ELIMINATIONS

	2012	2013	2014	2015	2016
Flat	8,148	5,723	4,766	4,603	5,215
Jump	1,500	1,546	874	920	1,066
Total	9,648	7,269	5,640	5,523	6,281

TOTAL RUNNERS

	2012	2013	2014	2015	2016
Flat	58,593	57,526	56,309	56,463	57,606
Jump	31,581	33,310	31,222	31,612	32,010
Total	90,174	90,836	87,531	88,075	89,616

INDIVIDUAL RUNNERS

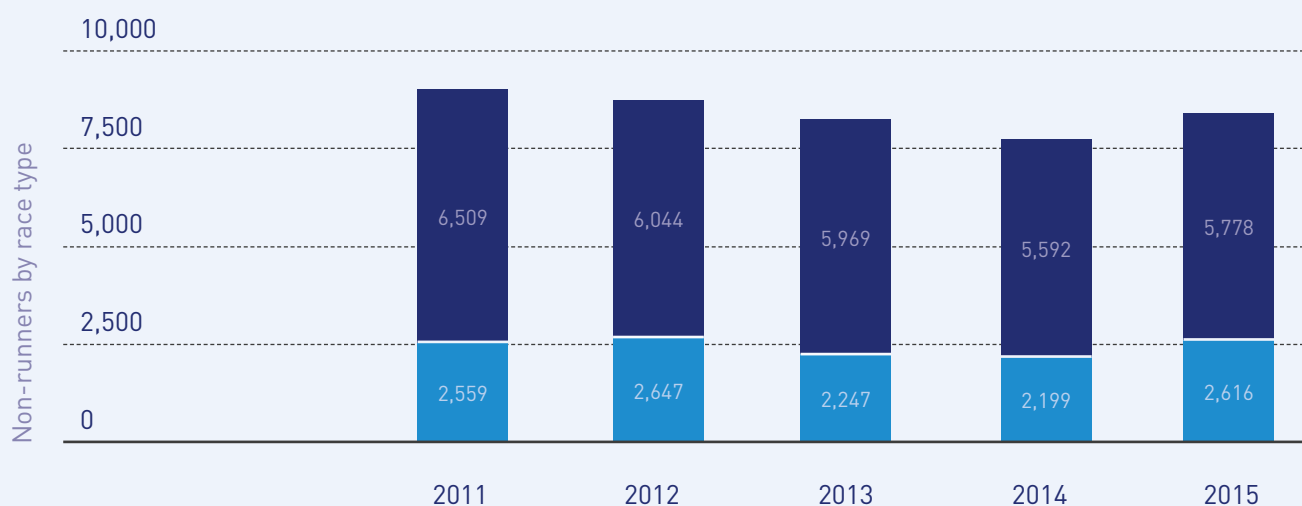
	2012	2013	2014	2015	2016
Flat	9,614	9,588	9,580	9,726	9,996
Jump	7,673	7,702	7,393	7,542	7,550
Dual	1,263	1,216	1,104	1,047	994
Total	18,550	18,506	18,077	18,315	18,540

AVERAGE NUMBER OF RUNS PER HORSE

	2012	2013	2014	2015	2016
Flat	5.4	5.3	5.3	5.2	5.2
Jump	3.5	3.7	3.7	3.7	3.7
Total	4.9	4.9	4.8	4.8	4.8

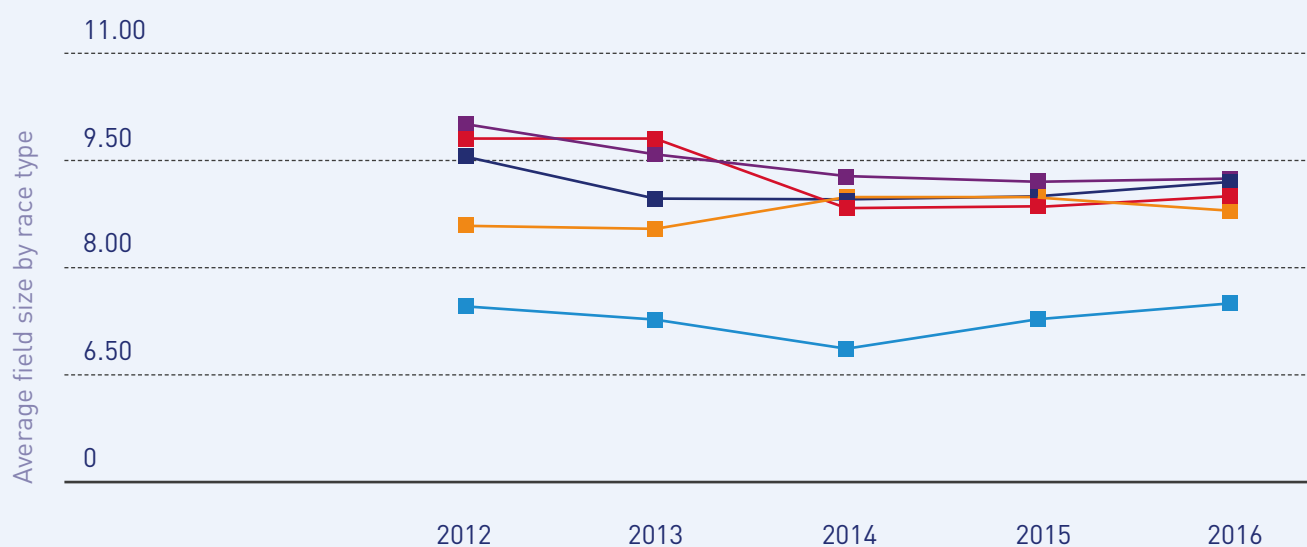
NON-RUNNERS

	2012	2013	2014	2015	2016
■ Flat	6,509	6,044	5,969	5,592	5,778
■ Jump	2,559	2,647	2,247	2,199	2,616
Total	9,068	8,691	8,216	7,791	8,394



AVERAGE FIELD SIZE

	2012	2013	2014	2015	2016
■ Flat	9.59	8.99	8.93	9.02	9.17
Pattern/Listed	9.07	8.98	9.11	9.21	9.18
Handicap	10.18	9.40	9.21	9.33	9.49
WFA conditions	6.55	6.33	6.65	6.50	6.81
Maiden	9.58	8.90	8.89	8.81	9.03
Novice	4.65	4.69	4.94	4.93	7.31
Sellers/claimers	7.28	6.81	7.09	7.17	7.24
Auction	8.30	8.20	8.20	8.24	8.31
Sales	15.64	17.40	15.50	16.10	19.17
■ Steeple Chase	7.51	7.53	7.03	7.31	7.54
Pattern/Listed	10.41	10.84	10.45	10.21	10.08
Handicap	7.76	7.72	7.11	7.41	7.76
Maiden/novice	5.89	5.79	4.80	4.92	4.77
WFA conditions	6.62	5.58	5.31	6.21	5.47
■ Hurdle	9.76	9.75	8.86	8.91	9.08
Pattern/Listed	10.65	9.87	10.02	10.01	9.89
Handicap	10.10	10.17	9.01	9.19	9.57
Maiden/novice	9.60	9.58	8.68	8.46	8.40
WFA conditions	8.02	7.25	6.13	7.11	5.22
Sellers/claimers	7.83	7.98	7.45	7.94	7.84
■ National Hunt Flat	10.09	9.62	9.28	9.16	9.23
■ Hunter Chases	8.65	8.56	8.97	9.02	8.78

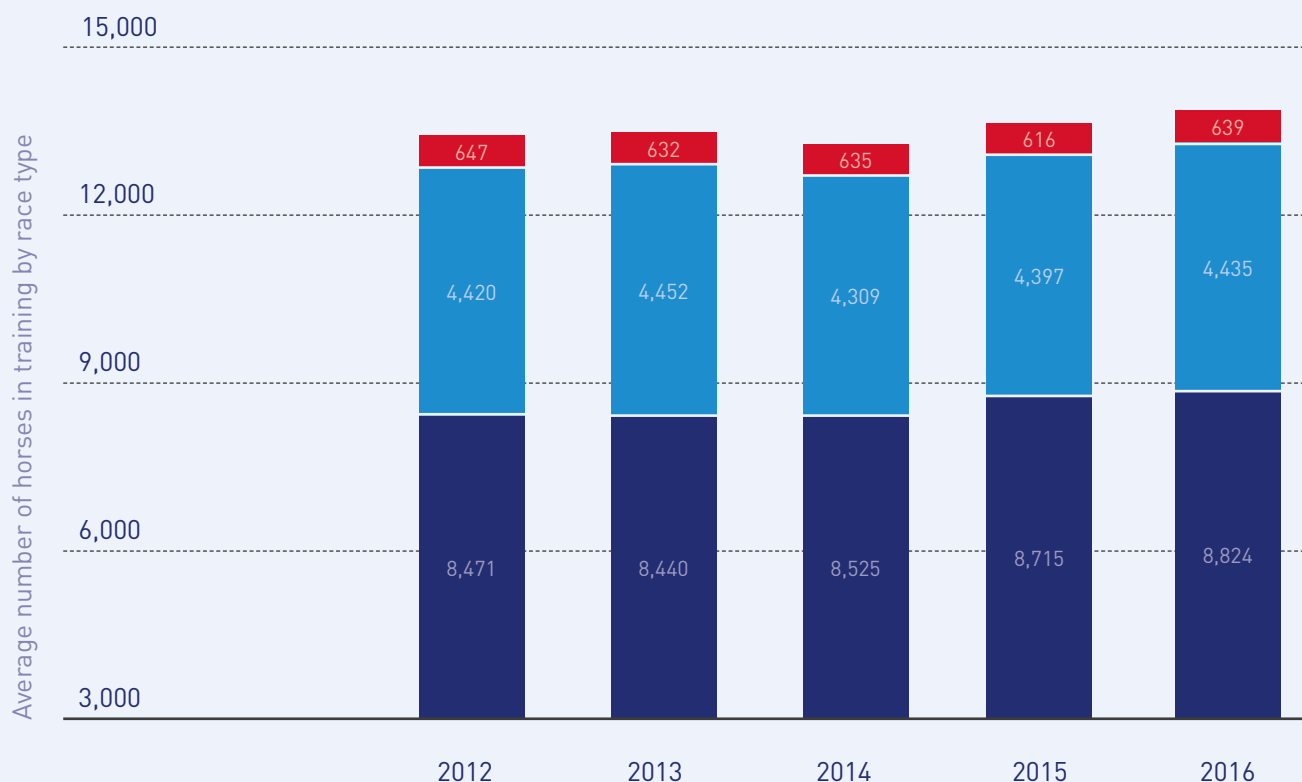


HORSES IN TRAINING

MONTHLY AVERAGE

ALL

	2012	2013	2014	2015	2016
■ Flat	8,471	8,440	8,525	8,715	8,824
■ Jump	4,420	4,452	4,309	4,397	4,435
■ Dual	647	632	635	616	639
All	13,716	13,703	13,528	13,886	14,033



FLAT

	2012	2013	2014	2015	2016
2YO	2,849	2,966	3,044	3,214	3,165
3YO	2,652	2,482	2,495	2,545	2,639
4YO	1,229	1,230	1,161	1,174	1,205
5YO+	1,741	1,763	1,824	1,782	1,815
Total	8,471	8,440	8,525	8,715	8,824

JUMP

	2012	2013	2014	2015	2016
3YO	94	111	122	120	108
4YO	566	528	537	583	587
5YO+	3,760	3,814	3,650	3,695	3,739
Total	4,420	4,452	4,309	4,397	4,435

DUAL

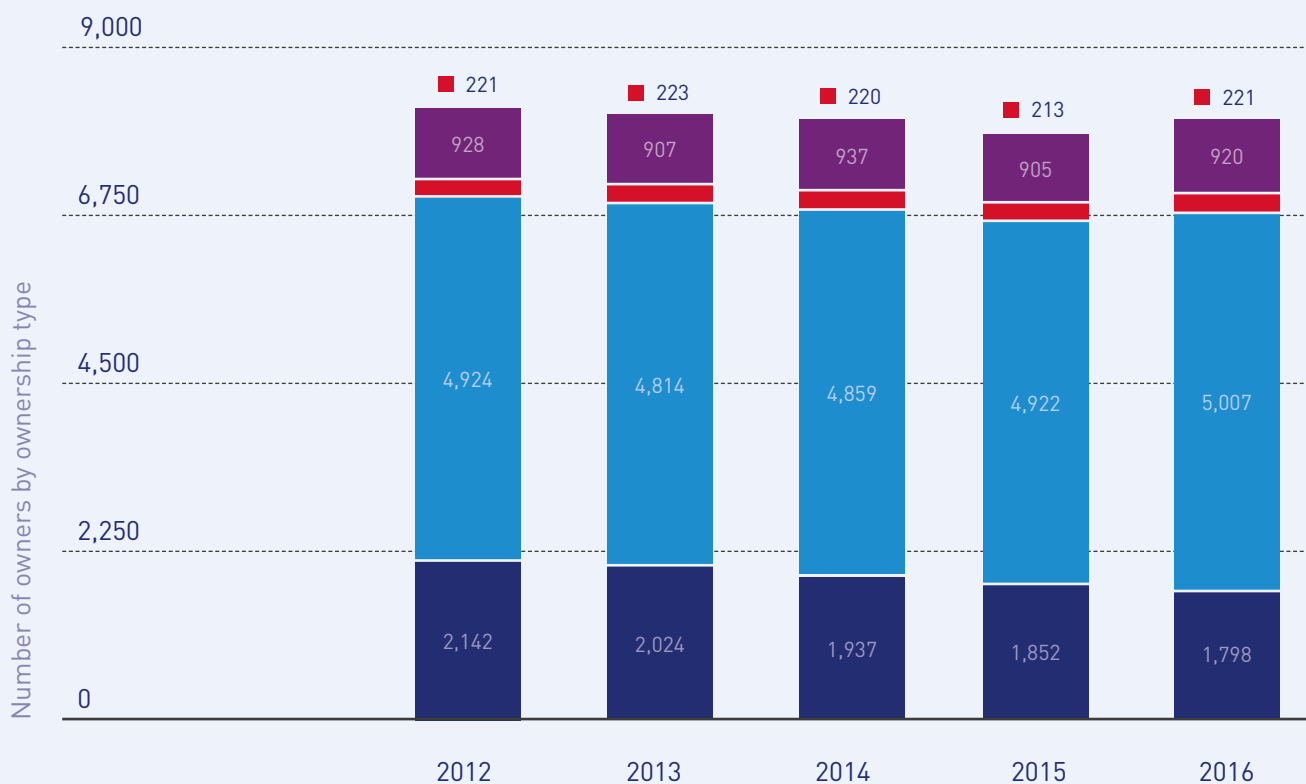
	2012	2013	2014	2015	2016
3YO	64	50	58	52	62
4YO	164	154	138	158	140
5YO+	419	428	439	406	438
Total	647	632	635	616	639

OWNERSHIP FIGURES

NUMBER OF OWNERS

	2012	2013	2014	2015	2016
■ Sole owners	2,142	2,024	1,937	1,852	1,798
■ Partnership/syndicate	4,924	4,814	4,859	4,922	5,007
■ Company	221	223	220	213	221
■ Other	928	907	937	905	920
Total	8,215	7,968	7,931	7,892	7,946

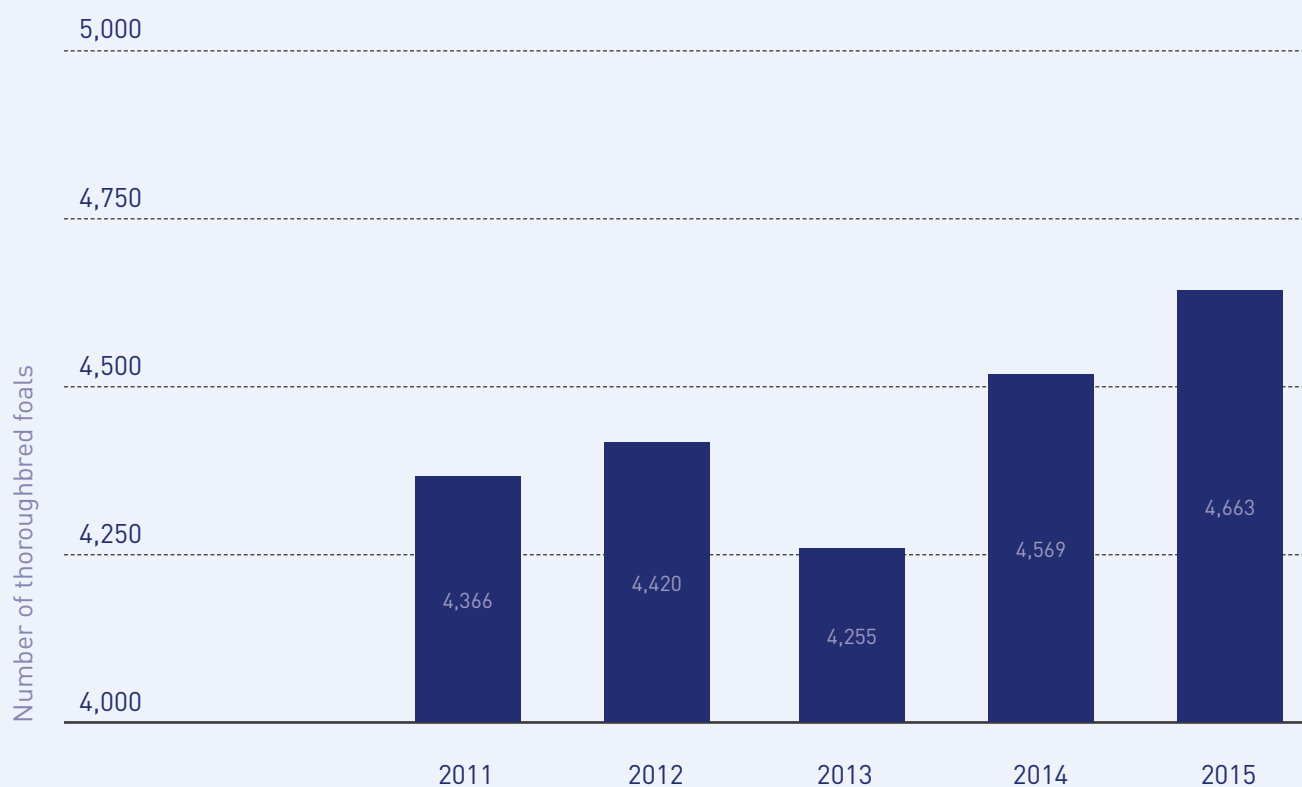
Note: Other includes people who are Sole owners/Company owners in addition to being part of a Partnership/Syndicate.



FOAL CROP

NUMBER OF THOROUGHBRED FOALS

	2012	2013	2014	2015	2016
■ Foals	4,366	4,420	4,255	4,569	4,663



OTHER KPIS

YEAR TO DATE

SEVEN RACE CARDS (%)

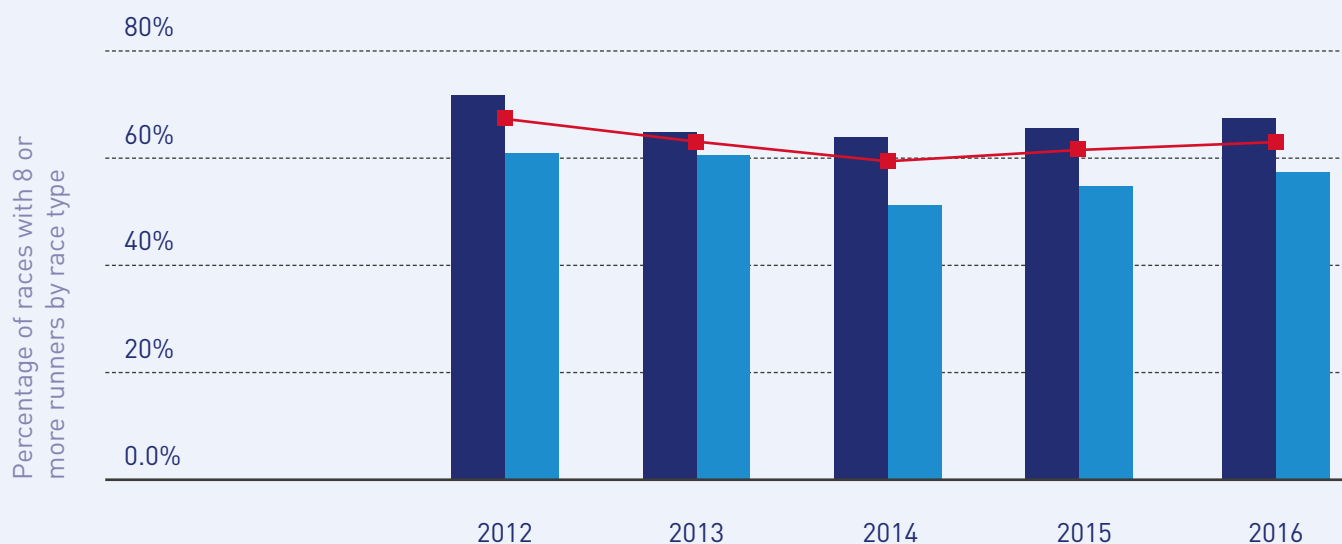
	2012	2013	2014	2015	2016
< 7 Races	18.1	13.4	11.8	21.2	20.5
7+ Races	81.9	86.6	88.2	78.8	79.5

RACES WITH FEWER THAN SIX RUNNERS (%)

	2012	2013	2014	2015	2016
Flat	9.8	13.3	12.3	10.9	10.0
Jump	16.5	15.9	20.5	16.3	18.5
Total	12.2	14.3	15.4	12.9	13.2

RACES WITH EIGHT OR MORE RUNNERS (%)

	2012	2013	2014	2015	2016
■ Flat	71.9	64.8	63.9	65.9	67.9
■ Jump	61.0	60.3	51.3	54.8	57.2
■ Total	67.9	63.1	59.2	61.7	63.9



RACES WITH ODDS-ON FAVOURITES (%)

	2012	2013	2014	2015	2016
Flat	11.2	13.7	13.7	12.7	12.3
Jump	16.9	17.8	18.6	17.8	18.3
Total	13.3	15.2	15.6	14.6	14.6

TERRESTRIALLY TELEVISED RACES

	2012	2013	2014	2015	2016
Flat	342	323	332	340	314
Jump	195	186	205	216	216
Total	537	509	537	556	530







FINANCIAL STATEMENTS

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PROFIT AND LOSS

CONSOLIDATED PROFIT AND LOSS ACCOUNT (for the year ended 31 December 2016)

	Note	2016 £'000	2015 £'000
Group turnover	2	33,500	32,453
Administrative expenses		(32,355)	31,346
Operating profit		1,145	1,107
Other interest receivable and similar income	6	24	34
Interest payable and similar charges	7	(464)	(377)
Profit before taxation	5	705	764
Taxation on profit	8	129	537
Profit for the financial year	16	834	1,301

The profit in the above profit and loss account relate entirely to continuing operations.

The notes on pages 92 to 113 form part of these financial statements.

CONSOLIDATED OTHER COMPREHENSIVE INCOME / (LOSS) (for the year ended 31 December 2016)

	Note	2016 £'000	2015 £'000
Profit for the financial year		834	1,301
Other comprehensive loss			
Remeasurement of the net defined benefit liability	16	(4,348)	(1,785)
Total comprehensive loss for the year		(3,514)	(484)

COMPANY PROFIT AND LOSS ACCOUNT (for the year ended 31 December 2016)

	Note	2016 £'000	2015 £'000
Turnover	2	31,852	31,124
Administrative expenses		(30,846)	(30,015)
Operating profit		1,006	1,109
Other interest receivable and similar income	6	19	27
Interest payable and similar charges	7	(464)	(377)
Profit before taxation	5	561	759
Taxation on profit	8	161	530
Profit for the financial year	16	722	1,289

The profit in the above profit and loss account relate entirely to continuing operations.

The notes on pages 92 to 113 form part of these financial statements

OTHER COMPREHENSIVE INCOME / (LOSS) (for the year ended 31 December 2016)

	Note	2016 £'000	2015 £'000
Profit for the financial year		722	1,289
Other comprehensive loss			
Remeasurement of the net defined benefit liability	16	(4,348)	(1,785)
Total comprehensive loss for the year		(3,626)	(496)

BALANCE SHEET

CONSOLIDATED BALANCE SHEET (at 31 December 2016)

	Note	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	9	1,289	1,195
Tangible assets	10	597	572
		1,886	1,767
Current assets			
Debtors (including £2,076,000 (2015: £2,211,000) due after more than one year)	12	8,724	10,813
Cash at bank and in hand	13	13,428	12,731
		22,152	23,544
Creditors: amounts falling due within one year	14	(15,040)	(16,411)
Net current assets		7,112	7,133
Total assets less current liabilities		8,998	8,900
Provisions for liabilities			
Pension and similar obligations	17	(16,413)	(12,801)
Net liabilities		(7,415)	(3,901)
Capital and reserves			
Capital reserve	16	19	19
Profit and loss account	16	(7,434)	(3,920)
Shareholders' deficit		(7,415)	(3,901)

The notes on pages 92 to 113 form part of these financial statements

These financial statements were approved by the board of directors on 4 May 2017 and were signed on its behalf by: S Harman, Chairman.

COMPANY BALANCE SHEET (at 31 December 2016)

	Note	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	9	1,289	1,195
Tangible assets	10	575	572
Investments	11	3,604	3,604
		5,468	5,371
Current assets			
Debtors	12	6,726	8,401
Cash at bank and in hand	13	11,559	11,407
		18,285	19,808
Creditors: amounts falling due within one year	14	(14,914)	(16,326)
Net current assets		3,371	3,482
Total assets less current liabilities		8,839	8,853
Provisions for liabilities			
Pension and similar obligations	17	(16,413)	(12,801)
Net liabilities		(7,574)	(3,948)
Capital and reserves			
Capital reserve	16	19	19
Profit and loss account	16	(7,593)	(3,967)
Shareholders' deficit		(7,574)	(3,948)

The notes on pages 92 to 113 form part of these financial statements

These financial statements were approved by the board of directors on 4 May 2017 and were signed on its behalf by: S Harman, Chairman.

CASH FLOW

CONSOLIDATED CASH FLOW STATEMENT (for the year ended 31 December 2016)

	Note	2016 £'000	2015 £'000
Cash flows for operating activities			
Profit for the financial year		834	1,301
Adjustments for			
Depreciation, amortisation and impairment		539	531
Interest received		(24)	(34)
Other finance income		464	377
Loss on sale of fixed asset		2	1
Corporation tax reclaimed in respect of prior periods		246	429
		2,061	2,605
Decrease / (increase) in debtors		1,817	(2,282)
(Decrease) / increase in creditors		(1,382)	2,368
Taxation		(129)	(537)
Difference between cash contributions and current service charge		(1,200)	(976)
Net cash from operating activities		1,167	1,178
Cash flows from investing activities			
Capitalised development expenditure		(487)	(419)
Acquisition of tangible fixed assets		(173)	(259)
Interest received		24	34
Net cash from investing activities		(636)	(644)
Cash flows from financing activities			
Loans received from associated undertakings		166	264
Net cash from financing activities		166	264
Increase in cash and cash equivalents	20	697	798

EQUITY CHANGES

STATEMENT OF CHANGES IN EQUITY

	Capital reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2015	19	(3,436)	(3,417)
Total comprehensive income for the year			
Profit	-	1,301	1,301
Other comprehensive loss	-	(1,785)	(1,785)
Balance at 31 December 2015	19	(3,920)	(3,901)

	Capital reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2016	19	(3,920)	(3,901)
Total comprehensive income for the period			
Profit	-	834	834
Other comprehensive loss	-	(4,348)	(4,348)
Balance at 31 December 2016	19	(7,434)	(7,415)

NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

1 ACCOUNTING POLICIES

British Horseracing Authority Limited (the "Company") is a company limited by guarantee and incorporated and domiciled in the UK.

The Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12.

The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

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

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. Judgements made by the directors, in the application

of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 15 in relation to the fair value assessment of financial instruments.

Measurement convention

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

Going concern

The directors believe that the Company and Group are well placed to manage their business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2016. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Company does not own all the shares in its subsidiary, British Horseracing Database Limited, with the minority shareholders holding 3 'B' and 3 'C' shares each, compared to the Company's holding of

4,003,932 'A' shares. No minority interests are shown in the consolidated accounts of the Company as (i) under the provisions contained within the Articles of BHD the 'A' shareholder is the only shareholder entitled to a distribution, if and when a distribution is declared by the Board and (ii) on a winding up the assets are distributed in accordance with the number of shares held in all classes.

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

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

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

Intangible and tangible fixed assets

The cost of intangible and tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Assets under construction relates to work in progress on computer related development. This will be amortised/depreciated once it comes into use on the basis set out below.

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

The rates of depreciation / amortisation are as follows:

Leasehold improvements:	3-5 years or lease term, if shorter
Contract computer development:	7 years
Other computer development:	4 years
Fixtures fittings and office equipment:	3-5 years

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

Fixed asset investments

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

Basic financial instruments

Trade and other debtors / creditors

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

Interest-bearing borrowings classified as basic financial instruments

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

Investments in preference and ordinary shares

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

Investments in subsidiaries, jointly controlled entities and associates

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

Cash and cash equivalents

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

Foreign currencies

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

Turnover

Turnover, which excludes value added tax ('VAT'), represents the invoiced value of goods and services supplied in connection with the administration of horseracing in Great Britain. The Group recognises income and costs upon transfer of title of goods or performance of services and income is recognised in the financial statements of the Company when earned.

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

Related party disclosure

Related Party Disclosures requires the disclosure of the details of material transactions between the Group and any related parties, as defined. Details of material related party transactions are included in note 21 to the financial statements.

The Directors consider that to publish related party disclosures, of the transactions and year end balances between the Company and entities which form part of the British Horseracing Authority Limited group would be disproportionately onerous and would serve little purpose given the information is available to the members in the ordinary course of business. Accordingly, they have decided not to disclose such information in these financial statements.

Provisions

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

Taxation

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

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

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

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

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

Operating leases

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

Employee benefits

Defined contribution plans and other long term employee benefits

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

Defined benefit plans

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

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is

performed triennially by a qualified actuary and the position updated annually using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

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

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Termination benefits

Termination benefits are recognised as an expense when the entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date.

2 SEGMENTAL INFORMATION – GROUP AND COMPANY

	Racing administration	Data licensing	Total
	2016	2016	2016
	£'000	£'000	£'000
Turnover			
United Kingdom and Republic of Ireland	31,591	1,909	33,500
Total sales - Group	31,591	1,909	33,500
Intra group revenue (Company only)	261		
Total sales - Company	31,852		
Total operating profit before interest and taxation	1,016	129	1,145
Net liabilities	(7,090)	(325)	(7,415)

	Racing administration	Data licensing	Total
	2015	2015	2015
	£'000	£'000	£'000
Turnover			
United Kingdom and Republic of Ireland	30,672	1,781	32,453
Total sales	30,672	1,781	32,453
Intra group revenue (Company only)	452		
Total sales - Company	31,124		
Total operating loss before interest and taxation	1,108	(1)	1,107
Net liabilities	(3,474)	(427)	(3,901)

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

3 REMUNERATION OF DIRECTORS AND KEY MANAGEMENT

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

	2016 £'000	2015 £'000
NJ Rust	328	406
SR Harman	100	100
AWK Merriam	27	22
DG Gunn	-	18
DL Whyte	27	22
JW Saumarez Smith	27	22
A Duncan	27	22
E Wilmott	27	22
JA Harrington	27	22
EN Harwerth	27	22
DA Thorpe	-	20
JR Arnold	24	19
Sir PR Stevenson	35	18
VA Currie	24	-
Total	700	735

The costs of NJ Rust, who was Chief Executive, are also represented within the costs included in note 4.
NJ Rust waived his entitlement to a bonus in respect of 2016.

	Number of directors	
	2016	2015
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	1

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £328,000 (2015: £406,000), and Company pension contributions of £24,000 (2015: £24,000) were made to a money purchase scheme on his behalf.

4 STAFF NUMBERS AND COSTS

The average number of persons employed by the Company during the year was 215 (2015: 211).

The aggregate payroll costs of these persons were as follows:

	2016	2015
	£'000	£'000
Wages and salaries	10,149	9,283
Pension costs	1,241	1,241
Social security costs	1,123	956
	12,513	11,480

5 EXPENSES AND AUDITOR'S REMUNERATION

	2016	2015
	£'000	£'000
Included in profit/loss are the following:		
Depreciation/amortisation charge for the year:		
Tangible owned fixed assets	146	307
Intangible owned fixed assets	393	224
Loss on disposal of fixed assets	2	1
Operating leases:		
Building rentals	852	777
Car leases	376	350
Photocopier leases	43	37
Auditor's remuneration:		
Audit of these financial statements	45	41
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries of the company	13	13
Taxation compliance services	30	22
Other tax advisory services	10	12
All other services	1	1

6 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

GROUP	2016	2015
	£'000	£'000
Bank interest	24	34
	24	34

COMPANY	2016	2015
	£'000	£'000
Bank interest	19	27
	19	27

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£'000	£'000
Interest on assets	2,234	2,094
Interest on liabilities	(2,698)	(2,471)
Net interest expense on net defined benefit liabilities	(464)	(377)

8 TAXATION

GROUP	2016 £'000	2015 £'000
Analysis of current tax recognised in profit and loss		
UK corporation tax at 20% (2015: 20.25%)		
Tax on profit for the year	32	(1)
Adjustment in respect of prior periods	(161)	(536)
Total tax credit	(129)	(537)

Reconciliation of effective tax rate	2016 £'000	2015 £'000
Profit excluding taxation	705	764
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	141	155
Effects of:		
Expenses not deductible for tax purposes	57	60
Pension costs not immediately deductible	(147)	(121)
R&D tax credits to offset trading profits	(3)	(25)
R&D tax credits exchanged for cash	(161)	(288)
(over) / under provided in prior year	-	(248)
Capital allowances in excess of depreciation	(16)	(70)
Total current tax credit (see above)	(129)	(537)

The Company has claimed R&D tax credits for 2015. This has been exchanged for cash as there are no profits to offset these credits against. This amount of £161,000 (2015: £288,000) is shown separately and was received from HMRC in January 2017. The Company will continue to seek to claim these going forward, where appropriate, and will only include an amount in respect of the current year such that it offsets any likely tax charge on trading profits. The full amount will be included only once claimed and received from HMRC.

Factors that may affect future tax charges:

A deferred tax asset of £3,283,000 (2015: £2,592,000) has not been recognised on the Group's pension scheme liability. This is due to the uncertainty of there being sufficient taxable profits in future years to enable such tax deductions to be claimed. There are also unrecognised losses of £384,000 which again are unable to be recognised due to insufficient taxable profits in future to use them against.

Further reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2016, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. Given the Company's expectation that it will continue to make small profits and receive group relief, the impact of a reduction in future corporation tax rates is minimal.

COMPANY	2016 £'000	2015 £'000
Analysis of current tax recognised in profit and loss		
UK corporation tax at 20% (2015: 20.25%)		
Tax on profit for the period	-	-
Adjustment in respect of prior years	(161)	(530)
Total current tax credit	(161)	(530)

Reconciliation of effective tax rate	2016 £'000	2015 £'000
Profit excluding taxation	561	759
Current tax at 20% (2015: 20.25%)	112	154
Effects of:		
Expenses not deductible for tax purposes	49	55
Pension costs not immediately deductible	(147)	(121)
R&D tax credits to offset trading profits	(1)	(20)
R&D tax credits exchanged for cash	(161)	(288)
(over) / under provided in prior year	-	(242)
Capital allowances in excess of depreciation	(13)	(68)
Total current tax credit (see above)	(161)	(530)

The Company has claimed R&D tax credits for 2015. This has been exchanged for cash as there are no profits to offset these credits against. This amount of £161,000 is shown separately and was received from HMRC in January 2017. The Company will continue to seek to claim these going forward, where appropriate, and will only include an amount in respect of the current year such that it offsets any likely tax charge on trading profits. The full amount will be included only once claimed and received from HMRC.

Factors that may affect future tax charges:

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Further reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2016, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. Given the Company's expectation that it will continue to make small profits and receive group relief, the impact of a reduction in future corporation tax rates is minimal.

9 INTANGIBLE FIXED ASSETS – GROUP AND COMPANY

	Development Costs	Assets under Construction	Total
	£'000	£'000	£'000
Cost			
At 1 January 2016	1,427	88	1,515
Additions	487	-	487
Transfers	88	(88)	-
Disposals	-	-	-
At 31 December 2016	2,002	-	2,002
Amortisation			
At 1 January 2016	320	-	320
Charge for the year	393	-	393
Disposals	-	-	-
At 31 December 2016	713	-	713
Net book value			
At 31 December 2016	1,289	-	1,289
At 1 January 2016	1,107	88	1,195

These costs are either amortised over 4 years for external development or over the remaining life of the contract to which the development relates. This method of amortisation is believed to be fair and appropriate and represent the useful economic life of the asset in the most appropriate manner. The amortisation charge is included with administrative expenses.

10 TANGIBLE FIXED ASSETS

COMPANY	Leasehold improvements £'000	Fixtures, fittings and office equipment £'000	Total £'000
Cost			
At 1 January 2016	1,150	2,990	4,140
Additions	-	148	148
Transfers	20	(20)	-
Disposals	-	(32)	(32)
At 31 December 2016	1,170	3,086	4,256
Depreciation			
At 1 January 2016	1,056	2,512	3,568
Charge for the year	26	117	143
Disposals	-	(30)	(30)
At 31 December 2016	1,082	2,599	3,681
Net book value			
At 31 December 2016	88	487	575
At 1 January 2016	94	478	572

GROUP	Leasehold improvements £'000	Fixtures, fittings and office equipment £'000	Total £'000
Cost			
At 1 January 2016	1,150	2,990	4,140
Additions	-	173	173
Transfers	20	(20)	-
Disposals	-	(32)	(32)
At 31 December 2016	1,170	3,111	4,281
Depreciation			
At 1 January 2016	1,056	2,512	3,568
Charge for the year	26	120	146
Disposals	-	(30)	(30)
At 31 December 2016	1,082	2,602	3,684
Net book value			
At 31 December 2016	88	509	597
At 1 January 2016	94	478	572

11 FIXED ASSET INVESTMENTS - COMPANY

	Shares in Group Undertakings £'000	Total £'000
Cost		
At 1 January and 31 December 2016	4,004	4,004
Provision		
At 1 January and 31 December 2016	(400)	(400)
Net book value		
At 1 January and 31 December 2016	3,604	3,604

The Company has the following direct investments:

	Country of incorporation	Number of shares	Class of shares held	Ownership 2016 %	Ownership 2015 %
British Horseracing Database Limited	UK	4,003,932	Ordinary	100	100
British Horseracing Limited*	UK	2	Ordinary	100	100
British Horseracing Board Limited*	UK	2	Ordinary	100	100
Racing For All*	UK	2	Ordinary	100	100
Horseracing Regulatory Authority Limited*	UK	1,000	Ordinary	100	100

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

The Company has the following indirect investments through its subsidiaries:

	Country of incorporation	Number of shares	Class of shares held	Ownership 2015 %	Ownership 2014 %
Great British Racing Limited (formerly Racing Enterprises Limited)	UK	4,003,932	Ordinary	99.99985	99.99985
British Champions Series Limited	UK	139	Ordinary	13.9	13.9

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

12 DEBTORS

	Group	Group	Company	Company
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Trade debtors	3,367	3,963	3,286	3,424
Amounts owed by group undertakings	-	-	321	466
Amounts owed by related parties	32	39	32	39
Corporation tax asset	161	267	161	246
Other debtors	2,238	3,560	2,212	3,550
Amounts owed by BCS Limited	2,212	2,302	-	-
Prepayments and accrued income	714	682	714	676
	8,724	10,813	6,726	8,401
Due within one year	6,648	8,602	6,726	8,401
Due after one year	2,076	2,211	-	-
	8,724	10,813	6,726	8,401

Included within other debtors is a balance of £250,000 (2015: £325,000) which has been fully provided for and therefore has a net carrying value of £nil (2015: £nil). A repayment of £75,000 was received during the year in relation to this balance.

Included in the above amount owed by BCS Limited is a loan balance of £2,211,000. This loan will be repaid between 1 January 2016 and 31 December 2025 over which time interest of £486,000 will have been earned. The interest rate charged varies according to which element of the loan it relates to. The first repayment of £91,000 was made in 2016. The second scheduled repayment of £135,000 is due in 2017.

The loan to BCS Limited is stated at fair value calculated using an interest rate which the directors believe accurately represents a market rate. All other financial instruments are held at fair value as they are repayable on demand.

13 CASH - GROUP AND COMPANY

Included within the cash balance of £13,428,000 (2015: £12,731,000) and company cash balances of £11,559,000 (2015: £11,407,000) are the following ring fenced balances.

	2016	2015
	£'000	£'000
Early Closing monies	518	522
Development Fund	184	191
On Course physios	20	15
British Owners and Breeders Incentive Scheme	-	506
Plus 10 bonus scheme	2,423	2,631
BHA Grant Scheme	659	520
Trainers benevolent fund	4	20
Industry recruitment and training grant fund	642	420
July 2018 LLP	327	-
Prize money due for distribution	1,873	1,522
	6,650	6,347

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Group	Company	Company
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Trade creditors	2,939	3,153	2,666	2,906
Amounts owed to group undertakings	-	-	251	239
Ring fenced funds (note 13)	6,650	6,347	6,650	6,347
Corporation tax	11	-	-	-
Other taxes and social security	753	277	711	277
Other creditors	3,466	5,402	3,415	5,325
Accruals and deferred income	1,221	1,232	1,221	1,232
	15,040	16,411	14,914	16,326

All financial instruments are held at fair value and are payable on demand.

15 CARRYING AMOUNT OF FINANCIAL INSTRUMENTS - GROUP

The carrying amounts of the financial assets and liabilities include:

	2016	2015
	£'000	£'000
Assets measured at fair value through profit or loss	7,849	9,864
Liabilities measured at fair value through profit or loss	7,169	8,832

All of the Group's financial assets and liabilities are held at fair value. In the case of debtors this is the same as book value as the debts, with the exception of the loan from GBR to BCS, are repayable on demand. Similarly all financial liabilities are held at fair value as they are payable on demand.

In relation to the loan from GBR to BCS the fair value has been determined by reviewing an appropriate rate of borrowing available both at the time of the initial loan being granted in 2011 and when the loan was extended and renegotiated in 2013. Given that BCS is jointly owned by a combination of the group (who own 13.9%) and other larger racecourses and racecourse groups, it is reasonable in determining an appropriate discount rate to review the major shareholders ability to borrow as a way of assessing how to value the loan. Using a variety of indicators including libor plus 0.8%, libor plus 2.5% and the interest rate on loan available from within the Racing industry, averaging these sources gives a rate of 3.25% which has been applied. Using this rate to discount the loans gives a fair value in line with the amount shown in note 12.

The directors believe that there is minimal credit risk given the success of BCS since inception and unless the first repayment due in 2016 is not made in accordance with the repayment plan then it will continue to take a positive view of the recoverability and therefore fair value of this loan going forward.

16 RESERVES

GROUP	Capital reserve	Profit and loss account	Total
	£'000	£'000	£'000
At 1 January 2016	19	(3,920)	(3,901)
Profit for the financial year	-	834	834
Remeasurement of the net defined benefit liability	-	(4,348)	(4,348)
At 31 December 2016	19	(7,434)	(7,415)

COMPANY	Capital reserve	Profit and loss account	Total
	£'000	£'000	£'000
At 1 January 2016	19	(3,967)	(3,948)
Profit for the financial year	-	722	722
Remeasurement of the net defined benefit liability	-	(4,348)	(4,348)
At 31 December 2016	19	(7,593)	(7,574)

17 PENSION SCHEME

Overview

The Company operates a pension scheme for its employees, the British Horseracing Authority Pension Scheme ('the Scheme'). The Scheme has two sections, a defined benefit section which closed to future accrual on 31 December 2015 and a defined contribution section. The defined contribution section is also used for the purposes of auto enrolment.

Defined benefit section

The defined benefit section was closed to future accrual on 31 December 2015. Prior to this, the defined benefit section has been based upon career average revalued earnings.

The latest full actuarial valuation of the defined benefit section of the Scheme was carried out at 31 December 2014 and was updated for FRS 17 purposes to 31 December 2016 by a qualified independent actuary.

The company will contribute £1,158,000 as an annual deficit repair payment in 2017 and has a recovery plan agreed with the trustees of the Scheme that is in place until September 2024.

The trustees of the Scheme have a guarantee from the Horserace Betting Levy Board ('HBLB') that if the BHA does not make its annual payments for either the annual deficit payment or its ongoing services contributions then the HBLB will make these payments. This guarantee is effective until the earlier of 30 September 2024 or the date at which the Scheme deficit using the 2007 actuarial assumptions has been fully paid off.

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

Net pension liability:

	Value at 31 December 2016 £'000	Value at 31 December 2015 £'000
Defined benefit obligation	(87,776)	(72,126)
Plan assets	71,363	59,325
Deficit	(16,413)	(12,801)
Related deferred tax asset	-	-
Net pension liability	(16,413)	(12,801)

Movements in present value of defined benefit obligation:

	Value at 31 December 2016 £'000	Value at 31 December 2015 £'000
At start of year	72,126	71,668
Current service cost	-	725
Interest cost	2,698	2,471
Actuarial losses / (gains) due to assumption changes	15,535	(3,758)
Experience (gain) / loss	(318)	3,147
Contributions by members	-	14
Benefits paid	(2,265)	(2,141)
At end of year	87,776	72,126

Movements in fair value of plan assets:

	Value at 31 December 2016 £'000	Value at 31 December 2015 £'000
At start of year	59,325	60,053
Interest on assets	2,234	2,094
Actuarial gain / (loss) on scheme assets	10,869	(2,396)
Contributions by employer	1,200	1,701
Contributions by members	-	14
Benefits paid	(2,265)	(2,141)
At end of year	71,363	59,325

Expense recognised in the profit and loss account:

	31 December 2016	31 December 2015
	£'000	£'000
Current service cost	-	(725)
Net interest on net defined benefit liability	(464)	(377)
Total expense recognised in profit and loss	(464)	(1,102)

The total amount recognised in other comprehensive income is a loss of £4,348,000 (2015: loss of £1,785,000).

Cumulative actuarial losses reported in other comprehensive income for accounting periods ending on or after 22 June 2002, are losses of £20,208,000 (2015: £15,860,000).

Scheme assets:

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

	Value at 31 December 2016	Value at 31 December 2015
	£'000	£'000
Equities and other return seeking assets	20,192	18,120
Bonds and other defensive assets	49,818	39,902
Property	1,222	1,166
Cash	120	137
Annuity	11	-
Total market value of assets	71,363	59,325
Actual return on plan assets	13,103	(302)

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

	31 December 2016	31 December 2015
	%	£'000
Rate of increase in salaries	3.60	3.30
Inflation (Consumer Price Index)	2.80	2.50
Inflation (Retail Price Index)	3.60	3.30
Rate of increase in pensions in payment	2.50 - 5.00	2.50 - 5.00
Discount rate applied to scheme liabilities	2.80	3.80

In valuing the liabilities of the pension fund at 31 December 2016, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity.

The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.8 years (male), 25.0 years (female).
- Future retiree, currently aged 45, upon reaching 65: 24.2 years (male), 26.4 years (female).

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

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

	2016	2015	2014	2013	2012
	£'000	£'000	£'000	£'000	£'000
Present value of scheme liabilities	(87,776)	(72,126)	(71,668)	(61,083)	(61,689)
Fair value of scheme assets	71,363	59,325	60,053	50,131	49,125
Deficit	(16,413)	(12,801)	(11,615)	(10,952)	(12,564)

Experience adjustments:

	Year ending 31 December 2016	Year ending 31 December 2015	Year ending 31 December 2014
Difference between the expected and actual return on scheme assets:			
Amount (£'000)	10,869	(2,396)	8,090
Percentage of year end scheme assets	15%	4%	13%

Experience (gains) and losses on scheme liabilities:

Amount (£'000)	(318)	3,147	-
Percentage of year end scheme liabilities	0.3%	4%	-

Total amount recognised in other comprehensive income:

Amount (£'000)	(4,348)	(1,785)	(1,281)
Percentage of year end scheme liabilities	5%	2%	2%

The defined benefit element of the scheme was closed to future accrual on 31 December 2015 and therefore in 2016, the only contributions being paid into this section relate to the agreed deficit repair contributions at the rates recommended by the Scheme Actuary. Cash contributions to the defined benefit element amounted to £1,158,000 to the Scheme in 2016 (2015: £1,706,461).

Analysis of amount recognised in other comprehensive income:

	Year ending 31 December 2016 £'000	Year ending 31 December 2015 £'000	Year ending 31 December 2014 £'000
Actuarial gain / (loss) on scheme assets	10,869	(2,396)	8,090
Changes in actuarial assumptions	(15,535)	3,758	(9,371)
Experience gains / (losses)	318	(3,147)	-
Actuarial gain / (loss) recognised in other comprehensive income	(4,348)	(1,785)	(1,281)

Analysis of amount recognised in other comprehensive income (continued):

	Year ending 31 December 2013 £'000	Year ending 31 December 2012 £'000
Actuarial (loss) / gain on scheme assets	(599)	1,599
Changes in actuarial assumptions	1,499	(7,100)
Experience gains / (losses)	11	(527)
Actuarial (loss) / gain recognised in other comprehensive income	911	(6,028)

Defined contribution section

The Company's contribution to the defined contribution scheme is charged to the profit and loss account in the period in which they are paid and amounted to £1,241,103 in 2016 (2015: £692,486).

There was no amount payable to the pension fund as at 31 December 2016: £208,000 (2015: £210,000).

In addition the Company paid £nil into the personal pension schemes of certain employees (2015: £nil).

18 LIABILITY OF MEMBERS

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

19 COMMITMENTS

The Group has a contract with Weatherbys Thoroughbred Limited for the provision of substantial racing and general administration services which expires at the end of 2020. At 31 December 2016 the Group and Company had annual commitments under non-cancellable operating leases as follows:

	2016	2016	2015	2015
	Land and Buildings	Other	Land and Buildings	Other
	£'000	£'000	£'000	£'000
Expiring within one year	-	35	-	30
Expiring between one and five years inclusive	852	351	850	284
Over five years	-	-	-	-
	852	386	850	314

In 2015, the lease commitments included in other relate to motor cars.

20 ANALYSIS OF NET FUNDS

	At 1 January 2016	Cash Flow	At 31 December 2016
	£'000	£'000	£'000
Cash at bank and in hand	5,614	392	6,006
Ring fenced cash	6,347	303	6,650
Short term deposits	770	2	772
Total	12,731	697	13,428

21 RELATED PARTY TRANSACTIONS

The directors consider that the disclosures required by FRS102 of the transactions and year end balances between the Company and entities which form part of the British Horseracing Authority Limited group would be disproportionately onerous and would serve little purpose given the information is available to the members in the ordinary course of business. Accordingly, they have decided not to disclose such information in these accounts.

Identity of related parties with which the Company has transacted

The company has transacted with the following related parties, all of which are related by virtue of one of their employees being a member of the Board of the Company, or as a member body of the Company.

- Racecourse Association Limited
- Racehorse Owners Association Limited
- Thoroughbred Breeders Association
- Fakenham Racecourse Limited
- National Trainers Federation – from 19 January 2015
- Horsemen's Group
- British Champions Series Limited
- The Hamilton Park Racecourse Company Limited – from 1 January 2016

Other related party transactions:

	Sales to		Administrative expenses incurred from	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Racecourse Association Limited	41	42	3	7
Racehorse Owners Association Limited	93	140	-	2
Thoroughbred Breeders Association	36	19	-	-
Fakenham Racecourse Limited	181	178	-	-
The Hamilton Park Racecourse Company Limited	-	N/A	-	N/A
National Trainers Federation	3	3	-	-
Horsemen's Group	4	-	(75)	(175)
British Champions Series Limited	50	-	1	-
	408	382	(71)	(168)

	Receivables outstanding		Creditors outstanding	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Racecourse Association Limited	4	11	-	-
Racehorse Owners Association Limited	28	28	-	-
Thoroughbred Breeders Association	-	-	-	-
Fakenham Racecourse Limited	-	-	-	-
The Hamilton Park Racecourse Company Limited	-	N/A	-	N/A
National Trainers Federation	-	-	-	-
Horsemen's Group	-	-	-	-
British Champions Series Limited	2,212	2,302	-	-
	2,244	2,341	-	-



All figures within the document are correct as of time of print 06.06.17

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