



# 2017

ANNUAL REPORT AND ACCOUNTS



**BRITISH  
HORSERACING  
AUTHORITY**





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# BHA VISION AND MISSION

OUR VISION

TOGETHER, WE WILL BUILD A  
BRIGHTER FUTURE FOR OUR SPORT,  
OUR HORSES AND OUR PEOPLE

OUR MISSION

The British Horseracing Authority is responsible for the governance, administration and regulation of horseracing and the wider horseracing industry in Britain. The BHA leads on the development and growth of racing, and prioritises the health and welfare of the sport’s participants

OUR VALUES

- Integrity:** We aim to do the right thing to uphold the BHA’s 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.



STRATEGIC OBJECTIVES 2018



**Equine Welfare Leadership:** To provide equine welfare leadership



**Keeping racing fair and clean:** To grow confidence in British Racing through appropriate regulation and integrity procedures



**Growing British racing together:** To lead in growing British racing's relevance, revenues and reputation



**Competitive and compelling racing:** To deliver competitive and compelling racing



**World class racing:** To continue to develop a framework that advances Britain's ability to stage the best quality racing in the world



**Looking after our people:** To implement properly-funded and integrated recruitment, training and retention activities

↑  
**Enablers:** culture, values and capability; innovation and technology; representing British racing.  
↑

# CHAIRMAN'S STATEMENT

A key question to answer in any Chairman's statement is whether racing is in better shape at the end of the year in question - 2017? The answer has to be 'yes'.

Four of our events are in the top ten of sporting attendances in the United Kingdom. Royal Ascot, the Cheltenham Festival, the Investec Epsom Derby and the Aintree Randox Health Grand National pulled in nearly 850,000 spectators between them. Add in a record Champions Day, and it's clear why racing is in a strong second place behind football, attracting a bigger audience than rugby union, cricket, tennis and motorsport.

Those figures reflect huge credit on our racecourse colleagues who organise these prestigious meetings and market them so successfully to the public. They also reflect credit on the racing staff, jockeys, owners, breeders and trainers whose investment of money, time, courage and most importantly, passion, ensures those spectators are treated to enthralling sporting contests.

The commercial foundations of racing were considerably strengthened by the introduction of the new Levy system on 25th April 2017. In my role as Chairman of the BHA, I have ensured that securing this new agreement was given our absolute focus. We should be proud of the way our sport worked together to achieve this, in a way that was unthinkable only a few years ago.

In anticipation of an increased Levy income, we were able to increase prize money for 2018 to a record £160 million. Remember, it was only £95m in 2012. We concentrated on increasing returns in the lower and middle tiers of our sport, in recognition of the vital role that owners play as investors in racing. As I write, the yield from the Levy for 2017-18 is over £40 million higher

than in the previous year (and almost £50million more than it would have been without Levy reform).

In order to distribute these increased revenues effectively, the Racing Authority is already active in shadow form and by April 2019 will have taken over formal responsibilities from the Horserace Betting Levy Board. I'm delighted that Sir Hugh Robertson, the former Sports Minister, is now the chair of this Authority. I know he will bring significant and much needed value to our industry.

The Levy reform is one huge step for racing. The next stage of developing racing funding will be as important in the context of the recent FORT decision.

Westminster and many others will expect racing to continue to play a key role in responsible gambling, animal welfare, industry staffing and supporting grassroots businesses.

Social attitudes to gambling and indeed to animal welfare do pose long-term challenges to our sport. That is why looking after the welfare of our horses continues to be the first priority in our industry strategy and why we must demonstrate that racing is a socially responsible form of betting.

Staffing remains a major issue in many areas. The BHA is working hard with many others in the sport but there is a need to direct more resource and expertise into this critical area (including recruitment and retention).



Many, including Westminster politicians, will expect racing to develop a vibrant and cohesive Tote providing substantial value to racing through innovation and global leverage. Racing will also need to develop a clear, more unified and more valuable media strategy, as many other sports have.

Racing must show in a post-Brexit world how we are incentivising British breeding and reducing our reliance on horses supplied from overseas. So a lot more to do and plenty with Westminster!

No sport can afford to be complacent so with the ink barely dry on Levy reform, we looked afresh at our strategy for growing racing. There are great opportunities ahead as customers engage with sports through digital channels. Viewing and betting are both moving online. It's a challenge for racing to adapt at the same speed as customer habits change, but the signs are positive. Betting on horseracing was up 3% in 2017 and our sport is working with the bookmakers to sustain that growth.

As a regulator, the BHA has also identified some risks to our sport and is moving to address these. I appreciate we have not always communicated the reasons for change as well as we could, for example around stewarding and bloodstock sales practices. But we do listen to a wide range of views across our sport and ensure that any changes we make will be understood.

We see it as our duty to ensure the sport keeps pace with the expectations of broadcasters and viewers who want to see decisions made quickly, transparently and accurately. Racing has some catching up to do in its use of technology and innovation, but we cannot afford to fall behind if we are to maintain the confidence of the betting and viewing publics. We have also suffered some mistakes on course and these cannot be acceptable in any sport.

This report is being published in mid-2018 and I am glad to see that many of the trends remain positive, although the weather has impacted field sizes.

I want to thank some teams playing their part in delivering great racing. ITV are doing a fine job and we should recognise this; the tripartite joint venture structure we introduced in racing in 2015 continues to work well and the BHA team work tirelessly for our great sport.

As I reach my 6th year as Chair I would also like to thank the number of people who have supported me personally over the years and indeed in recent months. I look forward to helping this sport for many years to come.

**Steve Harman**  
**Chairman**



# CHIEF EXECUTIVE'S FOREWORD

Reflecting on this report and the progress we have made in a number of areas, I am struck by two recurring themes. The first is the importance of working together with others and the progress we make when we do so. The second is about improving the way we run and regulate our sport, so we maintain and build public trust.

While this is the BHA's Annual Report, much of what it contains is the result of a real team effort by the leaders of British racing. We made a conscious decision in 2013 to speak to Government with a single voice and this combined lobbying approach bore fruit when we finally secured reform of the Levy in 2017. When we unite in pursuit of common goals, we can achieve great things and make real progress.

While Levy reform is a landmark achievement, there is evidence of the same spirit of togetherness elsewhere in this report. To pick out one example, we made changes to the process for compiling the 2018 fixture list, with the clear objective of increasing the involvement and input of the sport's various customers, participants and stakeholders. As I write, we have just published the fixtures for 2019, following a process that was further modified, based on feedback from the previous year.

Building strong relationships requires good communication. Recognition of this resulted in a change to the BHA's organisational structure in 2017, in which we appointed a new Director of Communications and Corporate Affairs to the Executive, bringing together our communications, stakeholder engagement and corporate affairs functions into a combined team.

This was an explicit acknowledgement that we want to communicate more openly and effectively, not just with the sport itself but with audiences outside racing.

Many other sports have been under public and media scrutiny because of failures around governance, integrity and an associated lack of transparency. We want the media's focus always to be on the good things about our exciting sport and that means having the highest possible standards of welfare and safety for both equine and human participants, as well as world class levels of integrity. It is not just about having those standards, it's about being seen to have them.

That's all part of our regulatory role but, as the governing body, we are also tasked with leadership. While we always strive to build support and seek consensus, we sometimes have to be willing to take tough, unpopular decisions when they are necessary to the long-term interests of the sport. It is our role to scan the horizon for potential threats and weaknesses and, as I'm fond of saying, to have sleepless nights on behalf of British racing. You won't always like our conclusions, and it goes without saying that devoting time and effort to effective communication of the outcomes that result is always a worthwhile investment.

Racing's biggest challenges are arguably not those presented by government policies on gambling or the potential complications presented by a British exit from the EU. Our biggest existential challenge is our relevance to the public, and our need to drive greater interest and engagement in racing, which will in turn increase attendances, horse ownership, media value,

betting revenues, sponsorship and, most importantly, the attractiveness of racing as a career choice.

You will notice that, over the past year, we have rationalised and reduced the number of our strategic priorities from nine to six. While you will read about a range of technical projects that underpin each of these headings, be in no doubt that we have chosen as priorities the areas that are most vital in growing public interest and trust in our sport.

**Equine welfare leadership:** Public perceptions and misconceptions about equine welfare remain a major barrier to public support for racing. We must simultaneously strive for the highest standards and be more open to talking about welfare, to build understanding and to demonstrate improvement.

**Keeping racing fair and clean:** To maintain trust, the public and racing's participants must be confident that British racing is fair, and that rule-breaking, doping and corruption are never tolerated.

**Competitive and compelling racing:** Competition for people's attention and interest from a range of sports, leisure pursuits and other activities is higher than it has ever been. To grow public interest in racing, we need to put customers at the heart of our product and race planning, so we grab their attention and facilitate their engagement, in ways that work for them.

**World class racing:** We want people to know they are witnessing something truly world class when they watch British racing. That means providing opportunities that aid the maximum progression of individual horses, so they are able to fulfil their potential, as well as investing in the continued development of the thoroughbred breed more generally.



**Looking after our people:** This remains the industry's greatest challenge and we must work together to tackle it at multiple levels, from recruitment to retention, from training to retraining. Part of this challenge is about making racing an attractive, enjoyable and rewarding career option.

**Growing British racing together:** As I've said, the glue that holds everything else together is our ability to work together as a sport, with the common aim of growing and developing racing for a bright and secure future.

Some would find this all rather daunting. I don't. I look around and see huge strength in British racing, a strength that's based on our shared passion for the sport and the love of our horses. It is my privilege to speak sometimes at the industry's stud and stable staff awards and I defy anyone who attends to come away without being uplifted by the sheer humility and excellence of racing's staff.

I'm lucky to see those values displayed daily by our hard-working team at the BHA, especially those who travel the length and breadth of Britain to enable meetings to run smoothly within our rules. I'm glad to have this opportunity to thank them publicly for their vital contribution to British racing.

So I'm confident that our sport will make the most of the moment of opportunity we have through increasing revenues to refresh our appeal and adapt to changing social attitudes. I look forward to working together to achieve that by demonstrating that racing is relevant, responsive and responsible.

**Nick Rust**  
Chief Executive

# FINANCIAL REPORT

2017 was the first year of our current three year budget cycle, over which we are aiming to break even. Performance was better than expected with income ending higher than both budget and forecast, delivering an increased surplus.

The advantage of being slightly ahead of our three year plan was that fee inflation for 2018 was able to be set at lower levels than previously anticipated and lower than inflation. This positive step should help participants and racecourses financially over 2018 and beyond and will hopefully support further growth across the sport.

We continually aim to deliver value for money for the sport. This remains challenging given our fixed long term contracts which are tied to inflation and the fact that over half of our costs are related to people, which are subject to salary inflation. This has had a significant impact in 2018 but again we have managed these increases within our three year plan.

Activity in 2017 increased in many areas as we continued to respond to changes across the industry:

- The new statutory levy delivering over

£40m additional income for the sport

- Creation of the new independent judicial panel to preside over compliance cases which will deliver a higher standard of regulation
- Continued delivery of large scale capital projects which allows improved use of technology on a raceday
- We undertook reviews into both corporate governance and handicapping, the results of which will start to be implemented in 2018
- We launched the diversity in racing steering group and have started to take actions to address issues relating to diversity including gender pay
- We have responded to identification issues by adding additional processes into raceday regulation
- We are rolling out enhanced integrity education and training
- We continue to make improvements to the race programme to improve field sizes. A key change was made in 2017 to the programme for 2yo novices. That was extended in 2018 to cover 3yos and older horses.
- New ownership structures and a racing administration site were launched which will reduce overall ownership administration and streamline previous processes.

## HEADLINE NUMBERS FOR 2016 AND 2017

	2016	2017
	£'000	£'000
Income	31,852	33,236
Administrative costs	(32,046)	(32,907)
Operating surplus/(deficit)	(194)	329
Interest	19	12
Surplus/(deficit) before statutory adjustments and tax	(175)	341

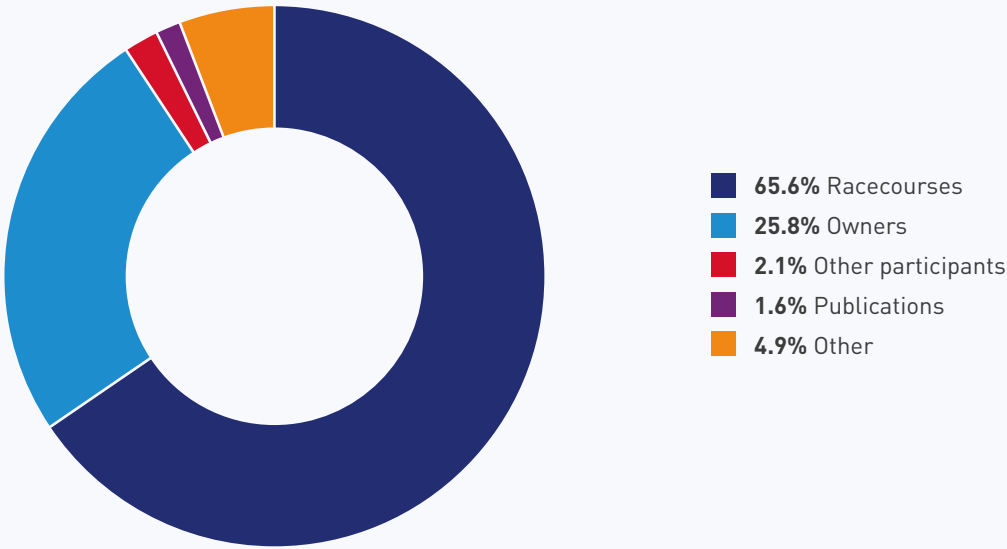
PROVIDING VALUE  
FOR MONEY FOR THE  
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INCOME

	2016	2017	Variance	Variance
	£'000	£'000	£'000	%
Racecourses	20,625	21,811	1,186	5.8
Owners	8,287	8,570	283	3.4
Other participants	662	699	37	5.6
Publications	540	515	(25)	(4.6)
Management and property charges	535	552	17	3.2
Fines	175	132	(43)	(24.6)
International runner and permanent import testing	129	184	55	42.6
Industry training income	55	39	(16)	(29.1)
Other	518	409	(109)	(21.0)
Total income*	31,526	32,911	1,385	4.4
Great British Racing International funding**	326	325	(1)	(0.3)
Total statutory income	31,852	33,236	1,384	4.3

\* 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 EXPLAINED

The structure of our income does not really change each year with circa 65% coming from racecourses, 26% from owners and 9% from other areas. All fees rose by 2% in January 2017 generating circa £600,000 additional income. The balance of the increase arose from changes in activity and the release of deferred income from previous years.

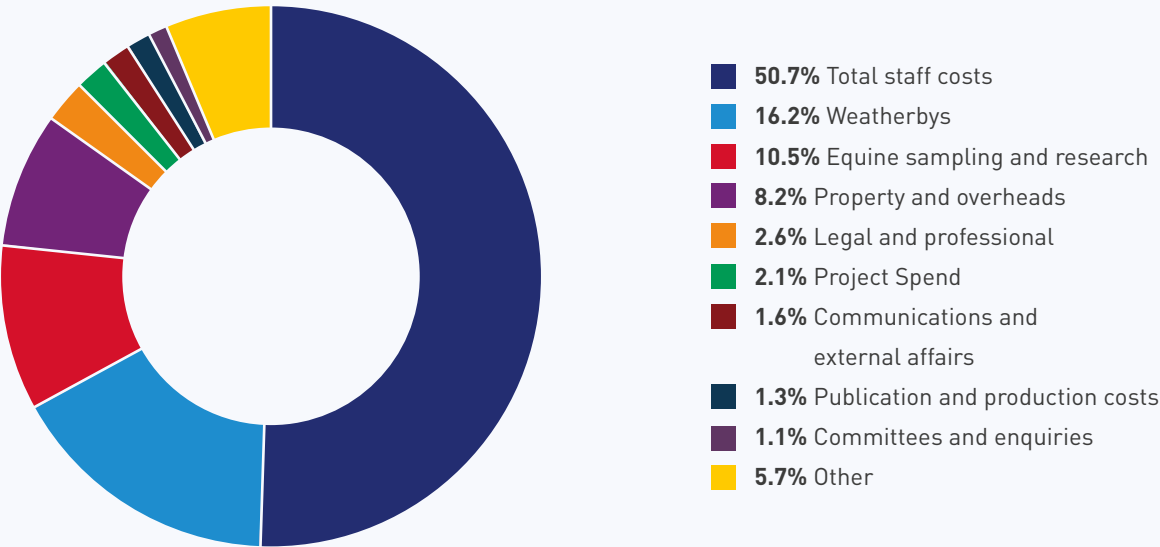
- Income from **racecourses** is derived from charges for regulation, integrity and governance services. Racecourses receive central funding from the Horserace Betting Levy Board to assist them in funding a large proportion of these costs.
- The most significant changes in our income structure were in our **ownership** fees which were tied to changes in ownership structures. The most notable was the removal of the re-registration fee for joint ownerships which was removed in May 2017 and meant that over 1,800 re-registrations were not charged, saving owners £40,000. However, despite this we saw increased activity in many areas which more than compensated

- for this. In addition, we aligned owners' annual re-registrations to one date specific to them to remove unnecessary administration and make the annual re-registration process simpler.
- Income from racecourses and owners makes up more than 90% of our income, the balance comes from other participant fees, racing publications and other sundry income. We continue to see a downturn in activity from racing publications with more users switching online to access this information. The new online racing administration site was launched in late 2017 to both trainers and owners and we have seen a strong uptake in those using this platform. The new site contains increased free race programming information as well as driving increased usage of online entry and declarations.
  - The new site has more free race-programming information and is driving increased usage of online entry and declarations.



COSTS

	2016	2017	Variance	Variance
	£'000	£'000	£'000	%
Total staff costs	16,373	16,833	460	2.8
Weatherbys	5,293	5,341	48	0.9
Equine sampling and research	3,368	3,465	97	2.9
Property and overheads	2,488	2,713	225	9.0
Legal and professional	1,307	847	(460)	(35.2)
Project spend	614	697	83	13.5
Communications and corporate affairs	514	520	6	1.2
Publication and production costs	424	409	(15)	(3.5)
Committees and enquiries	348	414	66	19.0
IT infrastructure and network costs	175	194	19	10.9
Industry careers marketing	172	174	2	1.2
Internal staff training and recruitment	204	197	(7)	(3.4)
BHD licence fee	152	160	8	5.3
Impairment charge*	-	148	148	N/A
Horsemen's Group loan repayment	(75)	(50)	25	(33.3)
Other	267	447	180	67.4
GBRI**	422	398	(24)	(5.7)
Total***	32,046	32,907	861	2.7



\* The impairment charge of £148,000 relates to a write down of the Company's investment in British Horseracing Database Limited (BHD), which is driven by the company's investment in Great British Racing Limited (GBR) which relates to a write-down in 2017. For operational purposes this is a non trading transaction and should be excluded for cost comparison purposes.

\*\* GBRI total costs amounted to £398,000, offset by £325,000 of income that GBRI derives from other sources, making a net cost of £73,000 to the BHA.

\*\*\* 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 on Page 20.

COSTS BROKEN DOWN

- **Total staff costs** include the cost of all staff and the BHA Board. Overall, costs rose by 2.8% due to an increased headcount (see page 17) 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 increased by 0.9% despite inflation of 1.38% being applied in 2017, meaning a small real terms saving was delivered.
- **Equine sampling and research** is provided under an agreement with LGC and through our facility at the Centre for Racehorse Studies in Newmarket. The 2.9% increase in costs is driven by both inflation and increased activity.
- The entire increase in our **property and overhead costs** is due to depreciation driven by significant capital expenditure in the last 2-3 years.
- **Legal and professional costs** reduced by over 35% in 2017. This was almost entirely a function of reduced costs in compliance and disciplinary as well as reduced spend on levy replacement.
- **Project spend** varies each year and covers integrity, equine science, medical, and other central projects such as the Quinlan review, and its implementation.
- **Communications and corporate affairs** includes costs associated with our government relations activity, the Stud and Stable Staff Awards sponsored by Godolphin, The Horse Comes First campaign, which is co-funded 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. For the third year running we reduced the costs of these publications.
- **Committee and enquiry costs** have increased due to the formation of the judicial panel and its associated costs.
- During the year, we received a repayment from **The Horsemen's Group** of £50,000. A balance of £200,000 remains outstanding.



STAFF ANALYSIS

Our headcount was 230 at 31 December 2017, nine higher than at the same time in 2016. These numbers exclude sessional staff who perform a vital role primarily in raceday regulation and operations, who are not included in the table below. Following internal reporting changes, the HR department headcount is now shown in Racing and operations. The 2016 numbers have been restated accordingly. Our statutory numbers, which include sessional staff, are shown in note four of the accounts.

	Number of staff	Number of staff	
Business area	2016	2017	Variance
Integrity and regulatory operations	97	102	5
Raceday operations and regulation	51	54	3
Racing and operations	42	40	(2)
Executive (including executive support)	14	15	1
Communications and corporate affairs	7	8	1
Industry people and development and HR	5	5	-
GBRI	4	4	-
Legal and governance	1	2	1
Total	221	230	9

The **Integrity and Regulatory operations** team provide raceday and non raceday integrity functions. The increased staffing relates to extra investigative and licensing resource as well as more raceday roles.

**Raceday operations and regulation** is responsible for providing raceday veterinary and stewarding functions as well as head office disciplinary and compliance functions. The increases in 2017 are due to the recruitment of two new veterinary officers and one internal transfer from Racing and operations to manage specific regulatory projects.

The **Racing and operations** team had various temporary vacancies at 31 December 2017 offset by maternity cover. Once these vacancies are filled this number will increase.

The **Executive office** includes our executive directors and their support staff. The increase is due to an additional executive assistant hired to support the new executive team.

The **Communications and Corporate affairs** teams were merged during the year as part of the new structures put in place. This increased team arose due to a temporary vacancy at the end of 2016 which was filled in 2017.

The **Legal and Governance** functions took on permanent in-house legal support. This structure, which was implemented as part of the Quinlan review in 2016, continues to evolve.

GENDER PAY GAP

We are required to comply with Gender Pay Gap reporting requirements given our relevant employees are over 250 at the snapshot date of 5 April 2017. Relevant employees at this date include a number of sessional workers who are ordinarily excluded from our headcount numbers above.

The results are shown in the tables below.

Mean gender pay gap in hourly pay	16%
Median gender pay gap in hourly pay	15%
Mean bonus gender pay gap	66%
Median bonus gender pay gap	31%
Proportion of Males and Females receiving a bonus	Males – 20%: Females – 34%

Proportion of males and females in each quartile – Pay by quartile	Male	Female
Quartile 1	78%	22%
Quartile 2	73%	27%
Quartile 3	80%	20%
Quartile 4	47%	53%

The BHA's gender pay gap, which is slightly below the national average, is primarily owing to

- Fewer women in senior management positions and raceday roles
- Under representation of women in the upper three pay quartiles
- A relative concentration of female employees in the lowest pay quartile

We have a gender bonus gap of 66% (mean) and 31% (median). The gender bonus gap is a result of a performance-related incentive plan at Executive level linked to organisational and individual performance. At the time of the survey, 30% of the Executive were women.

The BHA is committed to attracting more women into the organisation at managerial levels and to positive action to support women in our promotion processes.

We have increased our training and development budget to support positive action and will increase recruitment from outside traditional racing circles to appeal to more women and minorities.





RECONCILIATION TO STATUTORY NUMBERS

When preparing statutory accounts, we are required to make an adjustment to the way we treat pension contributions. In the information provided on page 16, we show pension contributions based upon the cash contributions paid. For statutory purposes, we replace these contributions with interest and service costs as prescribed under Financial Reporting Standard 102. This improves our results for 2017 by £715,000.

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.

	2016	2017
	£'000	£'000
Surplus / (deficit) before statutory adjustments and before tax	(175)	341
Adjustments in respect of FRS 102 for pensions	736	715
<b>Statutory surplus before tax</b>	<b>561</b>	<b>1,056</b>

TAXATION

We continue to take advantage of Research and Development (R&D) tax credits for expenditure incurred in veterinary research, medical research and IT development. This resulted in a tax credit of £173,000.

	2016	2017
	£'000	£'000
Surplus before taxation	561	1,056
Taxation	161	173
<b>Surplus after taxation</b>	<b>722</b>	<b>1,229</b>





# STRATEGIC REPORT

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# EQUINE WELFARE LEADERSHIP

The BHA leads on equine welfare matters on behalf of the sport and in 2017 created a new Executive-level role of Director of Equine Health and Welfare to lead on the development and implementation of a new equine welfare strategy for the sport.

The creation of the role of Director of Equine Health and Welfare reflects the critical importance of equine welfare for the BHA and British racing. British racing is already amongst the world's best-regulated animal activities, but we must continuously seek to improve standards for our horses throughout their entire lives and ensure that decisions taken are underpinned by robust research, science and data.

The Equine Health and Welfare Strategy has been developed with the following objectives:

- Provide equine welfare leadership for racing on behalf of the sport
- Measure and benchmark current welfare levels in UK racing thoroughbreds
- Make evidence-based policy changes on welfare concerns to maintain and improve welfare in all sectors of the racing industry
- Establish traceability from birth to well-beyond retirement
- Maintain public trust through open communication, objective engagement and response to perceived and real welfare concerns within the racing industry

British racing, through the BHA, Horserace Betting Levy Board and The Racing Foundation, invested almost £2 million in veterinary research and education in 2017. A number of projects were commenced in line with the objectives of the Strategy.

### Equine Health and Welfare Database

A priority of the strategy is to develop a fully integrated, BHA-controlled UK thoroughbred database that will allow us to comprehensively assess and monitor all data related to a thoroughbred received by the BHA and allow defined, appropriate, evidence-based welfare decisions to be made. It will also allow the BHA to identify areas of loss from the industry and improve raceday catastrophic injury and fatality analysis.

### 30 day foal notification

Another priority of the strategy is to establish full and consistent thoroughbred traceability. In November, we announced a new requirement for breeders to notify the Weatherbys General Stud Book (GB) within 30 days of the birth of a foal bred for racing. This will allow the BHA to trace the welfare and whereabouts of foals before they arrive in a registered training yard and brings Britain in to line with international practice across many other major racing jurisdictions.

### Wind Surgery Declarations

It was announced in November that racecards will be able to carry information that confirms when a horse is having its first run after having undergone wind surgery. This was introduced with the sport's betting customer as the focus, in the interests of openness and transparency, particularly following consultation with the Horserace Bettors Forum (HBF). The development also allows the BHA to collect research data on the nature, frequency and impact of wind surgeries on racehorses.



### Equine Vision Project

In 2017, the BHA and The Racing Foundation funded an innovative research project at Exeter University to investigate the design, colour and depth of obstacles and the difference between how humans and equines see them in comparison to their surroundings. The initial findings suggest that alternative colours may be more visible to horses against the surrounding vegetation under different lights and weather conditions as it is unlikely that the current orange markers can be seen well by horses against the fence/hurdle or surrounding vegetation. The research project is ongoing with further findings expected to be announced in 2018.

### Horse Comes First National Raceday

Communicating and promoting the sport's high standards of equine welfare is vital. The animal welfare standards demanded by the British public have never been higher and it is important that the perception of British racing is consistent with the actual high standards of care provided to thoroughbreds before, during and after their racing career. The annual Horse Comes First raceday was held in December at Bangor, Chelmsford City, Cheltenham and Doncaster racecourses. ITV broadcast a number of the activities taking place throughout the day at Cheltenham, including the painted horse display and also aired an interview with the BHA Chief Regulatory Officer on the topic of the whip.





# KEEPING RACING FAIR AND CLEAN

As regulation and integrity evolve around the world, it is vital that British racing is seen as progressive and as a leader. That means embracing new and improved procedures, driving changes to processes and maximising the use of technology, while also ensuring the rules of the sport and requirements of participants are understood through ongoing education.

Throughout 2017, the BHA continued to implement recommendations from the 2016 Integrity and Quinlan Reviews, most notably, appointing the new Independent Judicial Panel Chairman and Panel Members. Resource in the integrity department was bolstered with the appointment of Chris Watts as Head of Integrity Assurance and Emma Marley was appointed as Head of Racecourse Operations.

Stewarding

The BHA announced that it would be undertaking a consultation on the future stewarding model for British racing. Ensuring the highest standards of governance and regulation is fundamental to all sports, and British racing is no exception. As the governing and regulatory body of the sport, the BHA must continue to ensure that we are operating to best practice to protect the integrity of our sport for the benefit of participants and fans.

- The consultation was therefore commenced with the following objectives:
- Continue to develop as a governing and regulatory body that operates in the best interests of the sport and has the confidence of participants and the racing and betting public
  - Ensure there is clear accountability and consistency in managing raceday integrity risks and decision-making.

- Create a sustainable, efficient and progressive model that meets the demands of a modern-day fixture list

- 128 responses were received in the initial stage of consultation which allowed for the development of a series of core, underlying principles which might form the foundations of a new stewarding model:
- Streamlined and accountable raceday management
  - An efficient and legally sound stewarding model
  - Enhanced training and management the stewarding team
  - Supporting the integrity functions of British racing
  - Meeting sports governance standards

Consultation on these principles began at the end of 2017.

Strict Liability

The BHA announced in November, that it will seek to amend the Rules of Racing to avoid weakening the ability for penalties to be imposed for breaching the equine anti-doping rules. This followed a decision by the independent Appeal Board to dismiss a BHA appeal against a Disciplinary Panel decision not to impose a penalty on a trainer for breaching racing's strict liability rules. The clarification of the interpretation of Rule (G)11.4 does not challenge the principle of strict liability but did highlight issues with the way the rule is currently written.

Fast Track Protocol

A Fast Track Protocol was published in November for lower level rule breaches. The objective of the fast track protocol is to increase the efficiency within the BHA's regulatory function and resolve applicable cases in a swift manner with less of an impact on resources and cost for the BHA and participants involved. It was recommended in both the Integrity and Quinlan Reviews.

Examples of cases which may be accelerated through this channel are: failure to notify gelding operations or breaches concerning vaccination, passport and identity checks, although each case's suitability will be judged on an individual basis.

Investigation Charter/Guidance Note

An 'Investigation Charter' and guidance note were introduced in December for those subject to an investigation in order to provide clearer guidance as to what to expect during the course of disciplinary proceedings. Instructions and information are

provided to participants as to what is expected of them and the BHA staff who they will come into contact with, as well as setting out guidelines regarding the possible length of investigations and the regularity of updates they will receive.

Anti-Doping

The rolling implementation of a paperless sampling application culminated in all post-race testing being conducted on the app from Royal Ascot onwards. By the end of 2017 other types of raceday testing e.g. TC02 were also being undertaken via the app. In 2017 we also carried out retrospective regulatory testing.

Rules Re-Write

Progress continued on the project to re-write the Rules of Racing in a more accessible format for our participants. Consultation with stakeholders took place throughout 2017 and the legal drafting commenced.

2017 INTEGRITY BENCHMARKING SURVEY

In 2017 the BHA commissioned ComRes to undertake a survey to measure perceptions and confidence around integrity in British racing and therefore identify areas for improvement. The results will provide an annual benchmark of stakeholder perceptions of integrity.

The survey was conducted online and 1,723 responses were received across a range of stakeholder types: owners, jockeys and jockeys' agents, trainers, breeders, stakeholders, betting/HBF, media, racecourses and racing fans.

Perceptions of BHA

- Stakeholders generally consider the BHA to perform well as the governing body and regulator of British racing - over eight in ten report this (82%) with only 14% considering the BHA to have performed not well as governing body and regulator

- Favourability towards the BHA is generally high across stakeholder groups
- Those more familiar with the BHA are more likely to be favourable towards its work. Nearly eight in ten (78%) of those familiar with the BHA report being favourable towards it.

Points of action

- There is a lack of familiarity with the BHA's quasi-judicial panels; a majority of BHA stakeholders were previously unaware of these panels (67%)
- The favourability ratings the BHA enjoys is not currently being converted to advocacy for the organisation, with a third (33%) saying they would speak about the BHA in neutral terms
- There is a relationship between favourability toward the BHA and confidence that British racing is run with integrity, with two in five (41%) stakeholders saying they are not very confident



KEY FINDINGS

There is a broad consensus that the BHA is effective across a wide range of performance measures

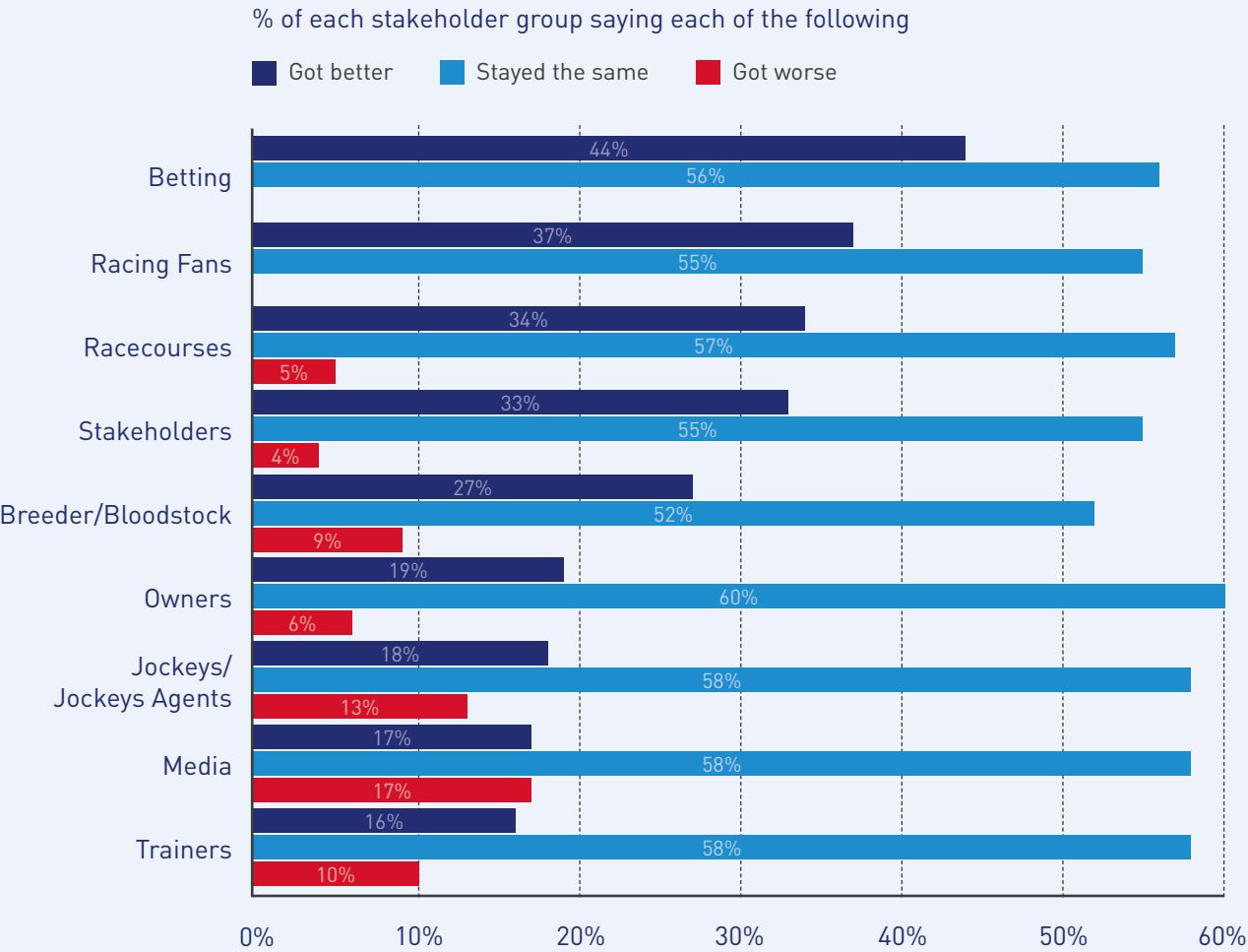
Performance measure	NET: Effective
Keeping racing fair and clean	81%
Safeguarding the good reputation of British racing	79%
Investigating rules breaches	72%
Keeping racing free of crime and corruption	71%
Making it easy for people to comply with the rules of racing	69%
Ensuring horses are run on their merits	68%
Prosecuting those who break the rules	65%
Making sure only proper and suitable persons take part in racing	64%
Providing suitable education on the rules of racing	63%
Monitoring racing betting markets	60%

The majority of respondents across all stakeholder groups are confident that British racing is run with integrity

Stakeholder	NET: Confident
Betting	100%
Racecourses	96%
Breeder/Bloodstock	94%
Stakeholders	91%
Racing Fans	91%
Owners	92%
Jockeys/Jockeys Agents	77%
Media	75%
Trainers	70%

INTEGRITY OF BRITISH HORSERACING OVER LAST 12 MONTHS

A majority of stakeholders think that the integrity of British racing has stayed the same over the last twelve months



Racing fans are the most likely to report being confident that the quasi-judicial panels can and will act independently of the BHA

Stakeholder	NET: Effective
Racing fans	85%
Media	83%
Stakeholders	76%
Racecourses	71%
Betting	56%
Breeder/Bloodstock	55%
Owners	54%
Jockeys/Jockeys Agents	52%
Trainers	46%





JUDICIAL PANEL

In February, His Honour Brian Barker CBE QC was appointed as the first Judicial Panel Chairman. He began the recruitment process for the expanded Disciplinary and Licensing Panel encouraging former jockeys and trainers to apply as recommended by the Quinlan review.

In accordance with Christopher Quinlan’s recommendations, the new quasi-judicial panel were appointed by the Judicial Panel Chairman following an open, competitive process, judged against published criteria.

Chairmen	
Tim Charlton QC	Disciplinary Panel chairman since 2005
His Honour Philip Curl	A retired Circuit Judge, steward at racecourses which include Newmarket and Yarmouth since 2002 and a member of the Disciplinary Panel since 2011
David Fish QC	Queen’s Counsel practising in Manchester and for many years an owner with a comprehensive knowledge of horseracing
Patrick Milmo QC	Queen’s Counsel practising in London, a current chairman of the Disciplinary Panel and a long-standing owner and breeder
J Stuart Morrison	A retired solicitor and a former immigration judge. An owner since 1990, enjoying Group 2 success. At one time in partnership in a bookmaking business and a non-executive director of Ayr racecourse
William Norris QC	A barrister practising in London and currently a chairman of the Disciplinary Panel. Has owned racehorses and a trustee of the Injured Jockeys Fund
HH James O’Mahony	A Circuit Judge in Kent with a wide knowledge of horseracing
Sebastian Prentis	A barrister practising in London, currently the legally qualified member of the Licensing Committee. Will sit only on Licensing Committee cases

Members	
David Adam	A former steward from 1988 to 2014 and an owner. Chairman of Racing to School
Tony Connell	A retired senior lawyer at the Crown Prosecution Service and a member of several racecourses with a comprehensive knowledge of horseracing
Edward Dorrell	A current member of the Disciplinary Panel and the Licensing Committee and a steward. Will only act on licensing matters
John Dyer	A barrister in London and an owner, with a strong knowledge of horseracing
Chloe Fairley	A barrister practising in Leeds who rides out regularly for a Yorkshire-based trainer and rode the winner of the MacMillan charity race for amateurs at York in 2014
Dr Lyn Griffiths	Formerly a Racecourse Medical Officer over many years. A senior medico-legal adviser for the Medical Protection Society
Gardie Grissell	A former trainer who trained more than 300 winners
Jodie Mogford	A former jockey who rode over 170 winners under National Hunt Rules. Currently assistant trainer to Graeme McPherson QC and will therefore not sit on any cases which involve a licensed trainer or where Graeme McPherson is acting for either party
Jenny Pitman OBE	A former trainer who trained the winners of both the Grand National and the Cheltenham Gold Cup
Diana Powles	A current member of the Disciplinary Panel and now a retiring steward who has acted since 1998 at several racecourses
Philip Robinson	A former jockey who rode more than 1000 winners on the Flat including more than 30 Group 1 winners worldwide. Philip is Coaching Development Manager for JETS with responsibility for leading and developing the industry’s Jockey Coaches. He will not sit on any cases which involve his students past, or present
Simon Rowlands	A specialist in form, race analysis and betting. Employed for many years by Timeform, amongst others, and previously Chairman of the Horserace Bettors Forum
Steve Winfield	An owner, breeder and devotee of horseracing, with wide knowledge, and extensive regulatory and disciplinary experience. Formerly the Chairman of the Greyhound Regulatory Board
Yvonne Mee	A retired Investigating Officer and Stable Inspector, joining the panel in July 2018
John de Moraville	A former BHA handicapper for 19 years and previously a racing journalist with the Daily Express, joining the panel in November 2018



STEWARDS' ENQUIRIES

	2016	2017
Intereference (in breach)	632 (455)	810 (592)
Whip (in breach)	452 (452)	524 (524)
Running and riding (in breach)	143 (26)	150 (34)

DISCIPLINARY PANEL CASES

	2016	2017
Exclusion order by the disciplinary officer	11	5
Exclusion following disciplinary hearing	3	1
Suspended following disciplinary hearing	1	0
Disqualification following disciplinary hearings	4	4
Disqualifications for debts / arrears	13	28
<b>Total exclusions / disqualifications</b>	<b>32</b>	<b>5</b>
Appeals from racecourse	15	15
Referrals from racecourse	47	56
Other disciplinary cases	16	10
Compliance cases from integrity	24	3
<b>Total</b>	<b>102</b>	<b>84</b>
<b>Appeal board</b>	<b>2</b>	<b>2</b>

INVESTIGATIONS

	2016	2017
Intelligence	3,496	3,392
Investigations opened	99	104
Investigations closed	87	115

ANTI-DOPING

Human	2016	2017
Breathaliser (positives)	2,080 (1)	1,935 (3)
Urine (positives)	436 (2)	421 (2)
Racing School urine tests (positives)	37 (0)	14 (0)
Tests undertaken in connection with reinstatement of licences (positives)	8 (0)	8 (1)
<b>Total</b>	<b>2,561 (3)</b>	<b>2,378 (6)</b>

Equine	2016	2017
Number of races	10,035	10,288
Number of runners	89,616	90,993
<b>Raceday – Total*</b>	<b>8,690 (21)</b>	<b>9,123 (16)</b>
% Adverse analytical findings (post-race)	0.24%	0.18%
Out-of-competition testing (including yard visits, international runners, imports and auctions)**	1,846	2,303
<b>Total</b>	<b>10,536</b>	<b>11,426</b>

\*predominantly samples collected post-race, but includes those samples collected pre-race, or from horses withdrawn by the Stewards  
\*\*does not include one 2017 AAF in Point-to-Point, and one 2016 Adverse Analytical Finding following retrospective testing





# GROWING BRITISH RACING TOGETHER

The sport's unified governance structure through the Members' Agreement, and enhanced income streams through the new Levy and media rights deals, provide the optimum conditions to refresh the industry's strategy for growth and position British racing for a brighter future.

## Horserace Betting Levy

In April, the Minister for Sport and Civil Society, Tracey Crouch MP, signed the Horserace Betting Levy Regulations (2017), the result of sustained and co-ordinated industry-wide lobbying. The Levy now applies to all betting operators accepting bets on British racing. It received cross-party support in both Houses of Parliament and the industry was also successful in its representations for the rate to be at least 10% of gross profits. European Commission State Aid clearance was received in April and no legal challenges were brought against the legislation in the UK or Europe. The second phase of the replacement process was launched in December with a Government consultation process of replacement of the Horserace Betting Levy Board with a tripartite Racing Authority.

## Industry Strategy

With a sustainable funding mechanism the sport was presented with the opportunity to refresh our thinking about a long term strategy for British racing, building on the foundations of the 2014 Strategy for Growth.

A programme of work was undertaken, through the Members' and Executive Committees and consultation across stakeholders, which highlighted six strategic priorities for a refreshed industry strategy:

1. Integrity and Regulation
2. Equine Welfare
3. People
4. Ownership and Horse Population
5. Betting Industry Partnership
6. Customer Growth

The BHA will lead the work undertaken in the areas of Integrity and Regulation, Equine Welfare and People.

## New Racing Administration

The new Racing Administration system to owners was launched in August 2017 and was accompanied by a number of other reforms to help streamline the administration of ownership.

## Improvements included:

- Simplification of ownership registration structures, reducing the options from 8 to 5: Sole owner, Company, Partnership, Syndicate and Racing Club
- Removal of a number of fees, with others simplified to save owners £140k per annum
- Alignment of re-registration fees to one date in the year to avoid the drip-feeding of charges and letters received
- Improved registration process with all new Partnership,

## Brexit

The BHA has been working with key stakeholders in Britain, Ireland and France to co-ordinate high level European Commission engagement regarding the impact on the European thoroughbred industry of Britain's withdrawal from the EU.

## Engagement activity throughout 2017 included:

- **May:** Commissioner Phil Hogan (European Commissioner for Agriculture) roundtable with the thoroughbred racing sector in London
- **July:** BHA participation in a European and Mediterranean Horseracing Federation (EMHF) delegation visit to Brussels, meeting several MEPs, European Commission and UK Government officials

- **August:** Lord Gardiner of Kimble (Minister for Rural Affairs and Biosecurity) visit to Newmarket incorporating the Animal Health Trust, Cheveley Park Stud and the July Course
- **September:** Meeting in Brussels with representatives of Michel Barnier (EU Brexit Chief Negotiator) Task Force 50 team to discuss the future of thoroughbred movement and the Tripartite Agreement
- **December:** Working group established with Defra officials regarding the future principles for thoroughbred movement beyond EU withdrawal
- **Ongoing:** Submissions to relevant UK Government consultations, including the Migration Advisory Committee inquiry into EEA workers in the UK Labour Market with British racing's evidence also included in the submission from the Department for Digital, Culture, Media and Sport

Syndicate and Racing Club registrations now completed online. The new registrations are quicker and easier to complete, with turnaround time between submitting the forms and approval of applications also reduced

- Availability of information has been improved so that owners can now manage their ownerships online as well as having free access to other features, such as the Programme Book and handicap ratings

Throughout the construction of the new Racing Administration system, the BHA worked closely with owners, trainers and racing secretaries holding workshops across the country and online webinars to better understand their requirements. We continue to seek feedback from all users to refine the system and ensure it meets their needs.

## Syndicates

The BHA introduced a Syndicate Code of Conduct in February designed to promote transparency and ensure that Syndicate members are better protected and informed when entering into Syndicate ownership. It does not define the way that syndicates operate, but highlights a number of basic requirements that all syndicators will need to ensure are met. It is the first

time the Rules of Racing will include specific protection for Syndicate members and it is anticipated that this should improve the confidence of prospective and existing owners in the Syndicate market.







# COMPETITIVE AND COMPELLING RACING

For British racing to grow, the sport must be responsive to the requirements of its various customers, including fans, racegoers and bettors. The demand from each of these groups is for a competitive and varied racing product, staged at customer-friendly times. As well as matching the requirements of the horse population, the programme of races must be progressive so that horses have the opportunity to fulfil their potential.

## Supporting Grassroots Racing

The BHA, RCA and Horsemen's Group announced a package of proposals in July to invest additional Levy income in 2018 to further support the three key objectives of the Fixture list. Central to the proposals was a £9.7m boost to mid and lower-tier racing through prize money funding supported by a new appearance money scheme and race incentive fund. Most races in Britain will now be run with a total value of at least £6,000 (from 2018), improving returns to horsemen and hopefully increasing field sizes at Class 3 and below over jumps and Class 4 and below on the flat.

In addition, an existing £6m race incentive fund will continue to incentivise the programming of races at Class 1 to 3, with a £500k Development Fund continuing to be used to support longer term strategic initiatives to enhance the breed, alongside £1m of new funding collected through an auction of BHA Fixtures.

## Publication of the 2018 Fixture List

The Fixture List for 2018 was compiled with the agreed objectives of:

- Supporting ownership
- Delivering more competitive and compelling racing
- Increasing customer engagement

## Non-runners

Following extensive data analysis and consultation with the NTF, PJA, RCA, ROA and HBF the Board approved a package of recommendations aiming to reduce the number of non-runners:

- BHA to publish tables showing individual trainer non-runner rates from the previous 12 months at the end of each quarter
- Any trainer with more than 100 declarations in the period with a non-runner rate above a published threshold percentage (namely 50% above the average non-runner rate) will be suspended from using self-certificates for 12 months
- Any horse that has been declared a non-runner with a vet's certificate would not be able to race on the two days following the race
- Stewards to hold an enquiry when a horse is scheduled to run on identical going to that on which it had been withdrawn because of the ground during the previous month



Focus was placed on optimisation of the Fixture list to satisfy the demands of the sport's customers – while continuing to support horsemen in servicing fixtures – keeping the Fixture list at a broadly similar size to 2017 on account of current field size trends and the number of horses in training.

It was also announced that a week-long Jump break would be introduced after the Bet365 Jump Finale at Sandown, with the new Jump season starting on the following Saturday afternoon at Uttoxeter for professional riders.

## Northern Lights Jump Series

Following the successful launch of the Jump Challenger Series the BHA introduced five new series of races designed to provide greater opportunities for mid-tier jump horses at tracks from Doncaster northwards.

Culminating in five £25k Finals run on Northern Lights Finals Day at Carlisle racecourse on 3 December:

- 3m Handicap Chase Series
- 2 ½ m Handicap Chase Series
- 2m Handicap Hurdle Series
- 3m Handicap Hurdle Series
- 2 ½ m Mares' Handicap Chase Series

## Handicapping Review

In 2017, the BHA concluded an internal review of its handicapping function; the first review of this area since 2011. The review, which was completed by racing journalist and broadcaster Lydia Hislop, focused on four key areas: the aims of handicapping, handicapping methodology, operational matters, and team structures and roles.

The review produced 30 recommendations including ensuring that BHA handicapping policy is predicated on objective and rigorously scientific data-interrogation, improving the handicapping information made available online, introducing new race types to the race programme and, ultimately, helping the BHA handicapping function best align itself to meet the needs of the sport's participants and customers. An implementation plan, including consultation with industry stakeholders, is underway in 2018.





# WORLD CLASS RACING

Continued development of the framework that sees Britain further its position as the home of the best racing in the world requires quality, variety and opportunity for all aspects of the thoroughbred as it progresses, and for the breed on a wider basis.

It is essential for Britain to lead the way by encouraging wider acceptance amongst racing authorities to uphold the value of Black Type with a consistent qualitative assessment of Group/Graded and Listed races and an overall international programme that is fit for purpose. Britain should continue to strive to attract the top horses and provide incentives for overseas investment.

Stayers

In 2017, an industry-wide Stayers’ Forum was established to help generate ideas to more widely publicise the staying horse and to find effective means to encourage more breeders to patronise middle-distance stallions.

The European Pattern Committee announced a further tranche of enhancements to the Pattern and Listed race programme for stayers in 2017 as part of their commitment to help safeguard the future of the staying horse in Europe.

The BHA Development Fund also announced a number of grassroots initiatives to support stayers including a new 13f conditions race for three-year-olds at Newbury in October; three valuable staying Class 2 Handicaps for three-year-olds at Musselburgh, Haydock and Chester, each with a prize fund of at least £50k and a prize fund boost to £105k for the Melrose Handicap at York’s Ebor Festival.



STRADIVARIUS AND ANDREA ATZENI WIN THE GROUP 1 QATAR GOODWOOD CUP STAKES

EUROPEAN PATTERN COMMITTEE

The following British races received changes announced by the European Pattern Committee:

Name	Venue	Date	Distance & Age	Previous status	New status
Edinburgh Gin Fillies' Stakes	Musselburgh	3 June	7f 3yo+ fillies		Listed
Queen's Vase	Royal Ascot	23 June	Altered from 2m to 1m6f 3yos	Listed	Group 2
Qatar Goodwood Cup Stakes	Qatar Goodwood Festival	1 August	2m 3yo+	Group 2	Group 1
Arran Scottish Fillies' Sprint	Ayr	22 September	51/2f 3yo+ fillies		Listed
Princess Royal Stakes	Newmarket	29 September	1m4f 3yo+ fillies	Listed	Group 3

Jump Pattern Upgrades

In August, the Jump Pattern Committee announced a number of upgrades to the British Jump Pattern and Listed races for the 2017/18 season. This included the re-naming of Aintree’s Listed Chase over 3m1f in December to The Many Clouds Chase as well as being upgraded from Listed to Grade 2.

Upgraded Races:

Name	Venue	Date	Distance & Age	Previous status	New Distance
Totequadpot Novices' Chase	Chepstow	14 October	2m 31/2f 4yo+	Class 2	Listed
The Many Clouds Chase	Aintree	9 December	3m1f 4yo+	Listed	Group 2
Pertemps Network Final Handicap Hurdle	Cheltenham Festival	15 March	3m 5yo+	Listed	Grade 3
Betway Handicap Chase	Randox Health Grand National Festival	14 April	3m 5yo+	Listed	Grade 3

**Jump Pattern Committee:** Adrian Grazebrook (Chairman), Ed Arkell, Richard Aston, Anthony Bromley, David Cleary, Sam Hoskins, Philip Hobbs, Emma Lavelle, Steve Mellish, Paul Nicholls, Richard Norris, Ruth Quinn, Lucinda Russell

**Flat Pattern Committee:** Adrian Grazebrook (Chairman), Andrew Balding, Andy Clifton, Simon Crisford, Philip Freedman, William Haggas, Lydia Hislop, Ruth Quinn, Julian Richmond-Watson, Amanda Skiffington, Nick Smith, Nicholas Wrigley



# LOOKING AFTER OUR PEOPLE

Recruiting, training and retaining staff remains one of the dominant challenges facing the industry. All three areas are inter-related and we cannot focus on one without the others if we are to achieve sustainable improvement to staffing.

The BHA is keen to demonstrate leadership in this area, but cannot operate without collaboration with the sport's major stakeholders to develop a common strategy, make the case for increased funding and ensure the money that is available is used in the most efficient way and goes as far as possible.

Brexit presents challenges and opportunities in this area, but where it may provide opportunities, it can still only be part of a solution around highly skilled, specialist roles. We are making this case to Government but it must sit within a compelling domestic strategy. We are constantly looking to other relevant industries to ensure we are operating to best practice but we must continue to, as a sport, promote the varied and rewarding roles available in a positive manner.

The Stud and Stable Staff Awards sponsored by Godolphin and the National Trainers Federation's Lycetts Team Champion Awards present opportunities to tell positive stories and to celebrate best practice, of which there are countless examples.

Overall, the number of new recruits are holding up and particularly growing amongst under 19s. In 2017 there were 1,366 new joiners to the industry (414 u19), however, the number of people leaving the industry was higher. It would therefore appear that the key challenge is addressing the retention of staff, particularly as we have an industry turnover rate that is 10% higher than the national average.

A great deal of activity took place throughout 2017 to promote careers in racing, train and develop racing staff and improve the physical and mental wellbeing of participants.

## Industry Programme Board

The BHA convened a cross-industry working group to ensure a strategic approach is taken regarding our People Strategy.



## Careersinracing

The re-built Careersinracing website has proved popular with a huge range of careers content created in both written and video format. The job board remains the most used area of the site with an average of 162 racing jobs live at any time. Roles advertised range from racing grooms to catering roles at racecourses.

We are continuing to work with key equestrian press and partners including The Apprenticeship Guide, British Grooms Association, Horse and Rider, Local Rider, Your Horse and the regional free equestrian magazines to cover careersinracing and have achieved considerable press coverage in these journals.

Careersinracing sponsored the Charles Owen Pony Racing racecourse series for the PRA giving best turned out prizes throughout the year and culminating in a final at Cheltenham Racecourse. A Cross Country fence was also sponsored at the Pony Club National Championships. Sponsorship activated with British Eventing – JAS Indoor Jumping Series – two month fence sponsorship, British Eventing XC fence sponsorship Mitsubishi Motors Cup at Badminton.

As part of Racing Staff Week we delivered a Golden Ticket promotion open to all racing staff to find a Golden Ticket with a £100 voucher in them.

## Mental Health

In February we announced the appointment of mental health charity Mind as an advisory board to assist the sport in achieving its commitments and obligations to the Mental Health Charter for Sport and Recreation

## Licensing and training procedures

In partnership with key stakeholders we announced in March 2017 a significant overhaul to the jockey licensing and training process, including the introduction of a pre-licence assessment before being considered for the main apprentice/conditional course. The objective of the changes is to better equip jockeys with the necessary technical skills as they progress through the early stages of their career and to meet their personal development needs. More rigorous entry criteria at this stage will ensure the most suitable applicants enter the training process and minimise drop-out rates further along the process.



**TERRY DOHERTY EMPLOYEE OF THE YEAR**

## Godolphin Stud and Stable Staff Awards

The BHA hosted the 13th running of the awards, generously sponsored by Godolphin and in association with the Racing Post. The awards were hosted for the first time by ITV's Ed Chamberlin with guest presenter and special guest Freddie Tylicki who presented the Employee of the Year Award to Terry Doherty of Watership Down Stud.

### The winners:

**EMPLOYEE OF THE YEAR**  
Terry Doherty

**LEADERSHIP AWARD**  
Rory O'Dowd (Brian Meehan)

**RIDER/GROOM AWARD**  
Jamie Bunsell (Paul Henderson)

**STUD STAFF AWARD**  
Terry Doherty (Watership Down Stud)

**DEDICATION TO RACING AWARD**  
Colin Nutter (Sir Mark Prescott)

**RORY MACDONALD COMMUNITY AWARD**  
Elisha Whittington (Tom Dascombe)

**ROR SPECIAL RECOGNITION AWARD**  
Sarah Monkman (Racing Welfare)





Diversity in Racing Steering Group

A research study into women’s representation and diversity in horseracing by Oxford Brookes University, on behalf of Women in Racing and co-funded by The Racing Foundation, was published in May. One of its key recommendations was the establishment of an independent body to act as champions in the industry for efforts to increase its diversity. The BHA announced the formation of a Diversity in Racing Steering Group in August and welcomed applications for membership.

The final membership of the group, which met twice in the second half of 2017, is as follows:

Nick Rust (BHA) – Chair, Catherine Beloff (BHA), Laura Whyte (BHA), Debbie Grey (NARS), Linda Bowles (The Jockey Club), Susannah Gill (ARC), Patricia Pugh (Horsemen’s Group), Sulekha Varma (RCA), Lee Mottershead (Racing Post), Victoria Morgan, Guy Disney, Francesca Leyland, Josh Apiafi, Tanya Stevenson, Rishi Persad, Harriet Rochester

CAREERSINRACING

Digital Marketing

1.1m unique individuals reached through social media advertising

78,928 visitors to the Apprenticeship page on the website

247,000 promotional video views across Facebook and Instagram

Website and Job Board

A total of 335,416 visitors

13,213 registered candidates on the job board

Over 1,000 racing jobs processed and promoted via social media

Campaign highlights

Rebuilt main careers website and job board into mobile friendly format

‘Golden ticket’ promotion for Racing Staff Week

Entry to Employment Programme created and promoted for Equine College students

Events and Sponsorship

Sponsored and exploited sponsorship rights at the Pony Club Championships 2017, Badminton Mitsubishi Horse Trials & JAS Eventing

Recruitment stand presence at 3 large events: The Skills Show, The Diversity Show and British Champions Day



# DIRECTORS' REPORT AND GOVERNANCE STATEMENT

Governance in sport was increasingly under scrutiny during 2017, particularly following the publication of UK Sport's Code for Sports Governance.

Although the BHA does not receive public funding and therefore is not bound by the Code, nor is it a listed company, the directors are mindful of the BHA's position as the governing and regulatory body of horseracing in Great Britain and believe in striving for the highest level of corporate governance as evidenced by the following:

- a separate Chairman and Chief Executive;
- laid down procedures;
- a Nominations and Remuneration Committee;
- an Audit Committee;
- the use of clearly defined authorities for all expenditure;
- adherence to the principles of better regulation and regular independent scrutiny of compliance;
- formal consultation processes with stakeholders on all matters of regulation and governance;
- a directors' code of practice adopted by the Board;
- regular monitoring by the Board of directors;

The Board is comprised of the Chairman, Chief Executive, a Senior Independent Director, two Independent Regulatory Directors, two Member-Nominated Directors and four Independent Non-Executive Directors.

During 2017, the only change to the Board was the departure of Eamonn Wilmott who left the Board having completed his term as a Director. Mr Wilmott's term concluded at the end of November 2017.

The Board is specifically responsible for the following:

- Approval of the annual fixture list
- Approval of our three-year business plan and budget
- Approving major items of capital and operating expenditure
- Agreeing material contracts
- Approval of Racecourse licences
- Administration and approval of the rules of racing
- Oversight of the risk register

The Board met eight times in 2017 and the attendance of each Board member is recorded below. The BHA Board continued to uphold its commitment to hold meetings in regional locations to facilitate engagement with regional stakeholders, holding three of their meetings away from London and one meeting via conference call in order to minimise costs.



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



BOARD MEMBERS



**Steve Harman, Chairman**  
Appointed July 2013;  
Term Expires November 2018  
2017 Meetings attended: 8/8

**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. Board member Durham University and Chairman of Ustinov College Council. Shareholdings in St George’s Recruitment and VIP Escapes. A supporter and mentor to a range of entrepreneurial start-ups.

**Committee membership:** Nominations Committee (Chairman), Members’ Committee (Chairman)

**Horse ownership interests:** Horses in training with Philip Hobbs, David Pipe, Charlie Longsdon, Richard Fahey, Andrew Balding and Martin Keighley



**Nick Rust, Chief Executive**  
Appointed January 2015  
2017 Meetings attended: 8/8

**Experience:** Over 27 years of experience in the betting and gaming industry. Most recently as Managing Director, Retail, for Ladbrokes Plc but also in previous senior roles at BskyB including as Managing Director of SkyBet, and at Gala Coral. 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), Rules Committee

**Horse ownership interests:** Horses in training with Micky Hammond, Hugo Palmer and Charlie Hills



**Atholl Duncan, Senior Independent Director**  
Appointed December 2014;  
Term Expires December 2020  
2017 Meetings attended: 7/8

**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. Atholl sits on numerous advisory boards, has worked with the Government on various business issues and has good knowledge of sports administration and governance, and is a Member of the Caledonian Racing Society.

**Other roles:** Executive Director of Institute of Chartered Accountants of Scotland

**Committee membership:** Audit Committee, Nominations Committee

**Horse ownership interests:** Horses in training with Lucinda Russell and Richard Hughes



**Andrew Merriam, Independent Regulatory Director**  
Appointed September 2012;  
Term Expires December 2019  
2017 Meetings attended: 7/8

**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. Andrew’s other racing interests include being a Member of The Jockey Club and Chairman of the Point-to-Point Authority. He is also a Trustee of Racing to School, Retraining of Racehorses and the British Racing School.

**Other roles:** Chairman of Berners-Allsopp Estate Management Co Ltd and Deputy Lieutenant of the County of Suffolk

**Committee membership:** Audit Committee (Chairman), Remuneration Committee, Rules Committee (Chairman), Stewarding Committee.

**Horse ownership interests:** Horses in training with Warren Greatrex



**Sir Paul Stephenson, Independent Regulatory Director**  
Appointed July 2015;  
Term expires June 2021  
2017 Meetings attended: 7/8

**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 police 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 and Director of Sir Paul Stephenson Ltd

**Committee membership:** Remuneration Committee

**Horse ownership interests:** None



**Julie Harrington, Independent Non-Executive Director**  
Appointed December 2014;  
Term expires August 2018  
2017 Meetings attended: 7/8

**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. Julie was also Regional Marketing Director at Whitbread Inns, Retail Sector Director at British Airways, Managing Director of St George’s Park, and was appointed Chief Executive of British Cycling in 2016.

**Other roles:** Chief Executive of British Cycling

**Committee membership:** None

**Horse ownership interests:** None



**Noël Harwerth, Independent Non-Executive Director**  
Appointed December 2014;  
Term expires July 2019  
2017 Meetings attended: 7/8

**Experience:** A qualified solicitor, previous roles include Chief Operating Officer of Citibank International and Chief tax Officer of Citigroup, Dun & Bradstreet Corporation and Kennecott Cooper Corporation.

**Other roles:** Chair of the UK Export Finance Board and a Non-Executive member of the Department for International Trade Board. A Non-Executive Director of Standard Life, the London Metal Exchange, CHAPS Co and Sirius Minerals

**Committee membership:** None

**Horse ownership interests:** Horses in training with Richard Hannon and Ralph Beckett



**Joe Saumarez Smith, Independent Non-Executive Director**  
Appointed December 2014;  
Term expires December 2020  
2017 Meetings attended: 8/8

**Experience:** Joe has 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. Joe is a shareholder in Star Bloodstock Ltd, Total Performance Data Ltd, Anglo Australian Racing and Wagon Wheel 14 Betting Fund.

**Other roles:** Chairman of Bede Gaming and Chief Executive of Sports Gaming Ltd. A Director Irish Online Bingo Lottery and Scratchcards Ltd. Shareholdings in Bede Gaming (Holdings) Ltd, Helix Technologies Ltd and eWater Pay Ltd, Crowd Connected Ltd, Flexyfoot Ltd, Talent Pool Ltd, Online Domain Services Ltd and The Games Company Ltd

**Committee membership:** Remuneration Committee

**Horse ownership interests:** Horses in training with Ed Dunlop, Ed Walker, Martin Keighley





**Laura Whyte,**  
**Independent Non-Executive Director**  
Appointed December 2014;  
Term expires December 2020  
2017 Meetings attended: 7/8

**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 aimed at ensuring employee views were appropriately supported and reflected. Laura also worked with the British Equestrian Federation as a Non-Executive Director and Chair of their Remuneration Committee from 2013 to 2016.  
**Other roles:** Non-Executive Director of the Defence People and Training Board within the Ministry of Defence, Non-Executive Director of Capital and Regional Plc. Executive Trustee of Women in Retail and a Director of Carrington Whyte Consulting Ltd. Investment portfolio includes shares in 32red and William Hill.  
**Committee membership:** Remuneration Committee (Chairman)  
**Horse ownership interests:** None



**Rupert Arnold,**  
**Member Nominated Director**  
Appointed January 2015;  
Term expires December 2018  
2017 Meetings attended: 8/8

**Experience:** Rupert is Chief Executive of the National Trainers Federation, the representative body for licensed racehorse trainers in Great Britain. He is a director of the Horsemen's Group and Racing to School. Earlier in his career, after employment as assistant trainer, Rupert held a trainer's licence for six years,. Also a Trustee of the National Trainers Federation Charitable Trust and the Racehorse Trainers Benevolent Fund  
**Other roles:** Director and Trustee of The Hunslet Club (Leeds)  
**Committee membership:** Members' Committee  
**Horse ownership interests:** None



**Vivien Currie,**  
**Member Nominated Director**  
Appointed January 2016;  
Term expires December 2018  
2017 Meetings attended: 8/8

**Experience:** Vivien is Chief Executive of Hamilton Park racecourse and Vice Chairman of the Racecourse Association. A Qualified Chartered Accountant with Ernst & Young, working in London, Australia and Glasgow, 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:** Member of the Development Board of the Marie Curie Hospice (Glasgow)  
**Committee membership:** Audit Committee  
**Horse ownership interests:** None



**Eamonn Wilmott,**  
**Independent Non-Executive Director**  
Appointed December 2014  
Term expired November 2017  
2017 Meetings attended: 7/8

**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 Ltd. 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.  
**Committee membership:** None  
**Horse ownership interests:** None

\*All Directors are required to provide to the Integrity Department of the BHA a list of betting operators with which accounts are currently held. A randomised audit is conducted on an annual basis.





GOVERNANCE COMMITTEES

The Board has three principal committees relating to governance.

Audit Committee

The Audit Committee has 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 a year, once pre-audit in November and once post-audit in April. The external auditors and relevant BHA staff also attend both meetings.

Main responsibilities 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 and the level of non-audit fees incurred
- Overseeing the risk register of the company

	Meeting Attendance
Andrew Merriam (Chairman)	2/2
Atholl Duncan	2/2
Vivien Currie	2/2
Philip Freedman	2/2

Remuneration Committee

The Remuneration Committee has four members, all independent Board directors.

Main responsibilities of the committee include:

- Determining and agreeing with the Board 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

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

Nominations Committee

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

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.

	Meeting Attendance
Steve Harman (Chairman)	1/1
Maggie Carver	1/1
Atholl Duncan	1/1
Nicholas Cooper	1/1

Other relevant committees:

Members’ Committee

The Members’ Committee is a tripartite industry committee responsible for high-level strategic decisions for the sport. It meets three times a year and reports to the BHA Board.

**Voting Members:** Steve Harman, Chair (BHA), Julian Richmond-Watson (TBA), Maggie Carver (RCA), Nicholas Cooper C.B.E. (ROA), Rupert Arnold (NTF/Licensed Personnel)  
**Non-Voting Members:** David Thorpe (RCA), Nick Rust (BHA), Roger Weatherby (RCA)  
**Invited Observers:** Charles Barnett (RCA), Jonjo Sanderson (RCA), Nigel Payne (PJA), Philip Freedman (Horsemen’s Group), Tony Langham (Great British Racing)

Executive Committee

The Executive Committee is a tripartite industry committee responsible for taking executive decisions and implementing the strategy set by the Members’ Committee. It meets eight times a year and reports to the Members’ Committee. Two meetings have full representation from industry Chief Executives.

**Executive Representatives:** Nick Rust, Chair (BHA), Charlie Liverton (Horsemen’s Group) and Stephen Atkin (RCA)  
**Non-Voting Attendees:** Rod Street (Great British Racing)

ORGANISATIONAL RISKS

The Company maintains a risk register which is reviewed regularly by both the Audit Committee and Board. This register includes BHA operational risks and industry risks in areas where BHA has leadership responsibilities.

The register was last reviewed in April 2018 and the key BHA operational risks include:

Cyber security

A breach of cyber security would have major operational and reputational issues for BHA. As such we have trained staff to improve awareness and sought third party support to assess and improve our cyber security.

Data protection breach

In our role as regulatory of the sport we retain personal and sensitive data. We have undertaken a significant review of all documents and notices to ensure compliance with GDPR and have appointed a Data Protection Officer.

Pension deficit contributions

Following the 2017 triennial valuation, an affordable deficit repair plan needs to be agreed with the trustees. This becomes increasingly more difficult when the current HBLB guarantee expires in 2024. Management are discussing appropriate plans with the trustees and are confident of finding a workable and affordable solution.

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 and performance-driven remuneration based upon operational delivery and adherence with financial targets.

Element and link to performance	Summary of current policy	Changes ahead in 2018
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.	None
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.	None
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%.	None
Annual bonus drives and rewards outstanding performance and delivery	Dependent upon role and is payable based upon financial and operating performance.	Under review

There were 11 employees categorised as Executive Directors with two appointments and two resignations throughout 2017. Their total remuneration, excluding pension contributions, amounted to £1.670m down £127,000 compared to 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
Directors Fees are set according to the role undertaken	Reviewed annually, fees for 2017 were as below: Chairman – £100,000 Independent Regulatory Directors – £27,000–£35,000 Other Non-Executive Directors – £27,000
Benefits	Non-Executive Directors do not receive any benefits from the company outside of Directors' liability insurance

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



The image features two horses in the foreground, their heads and necks visible. They are wearing harnesses. Overlaid on the horses and the background are various digital elements: a crowd of people, a horse race track, a horse diagram, and a target symbol. The background is a light blue with white geometric shapes.

# FINANCIAL STATEMENTS

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# PROFIT AND LOSS

## CONSOLIDATED PROFIT AND LOSS ACCOUNT (for the year ended 31 December 2017)

	Note	2017 £'000	2016 £'000
Group turnover	2	34,717	33,500
Administrative expenses		(33,348)	(32,355)
<b>Operating profit</b>		<b>1,369</b>	<b>1,145</b>
Other interest receivable and similar income	6	17	24
Interest payable and similar charges	7	(443)	(464)
<b>Profit before taxation</b>	5	<b>943</b>	<b>705</b>
Taxation on profit	8	219	129
<b>Profit for the financial year</b>	16	<b>1,162</b>	<b>834</b>

The profit in the above profit and loss account relate entirely to continuing operations.  
The notes on pages 60 to 81 form part of these financial statements.

## CONSOLIDATED OTHER COMPREHENSIVE INCOME / (LOSS) (for the year ended 31 December 2017)

	Note	2017 £'000	2016 £'000
<b>Profit for the financial year</b>		<b>1,162</b>	<b>834</b>
<b>Other comprehensive loss</b>			
Remeasurement of the net defined benefit liability	17	(2,217)	(4,348)
<b>Total comprehensive loss for the year</b>		<b>(1,055)</b>	<b>(3,514)</b>

## COMPANY PROFIT AND LOSS ACCOUNT (for the year ended 31 December 2017)

	Note	2017 £'000	2016 £'000
Turnover	2	33,236	31,852
Administrative expenses		(31,749)	(30,846)
<b>Operating profit</b>		<b>1,487</b>	<b>1,006</b>
Other interest receivable and similar income	6	12	19
Interest payable and similar charges	7	(443)	(464)
<b>Profit before taxation</b>	5	<b>1,056</b>	<b>561</b>
Taxation on profit	8	173	161
<b>Profit for the financial year</b>	16	<b>1,229</b>	<b>722</b>

The profit in the above profit and loss account relate entirely to continuing operations.  
The notes on pages 60 to 81 form part of these financial statements.

## OTHER COMPREHENSIVE INCOME / (LOSS) (for the year ended 31 December 2017)

	Note	2017 £'000	2016 £'000
<b>Profit for the financial year</b>		<b>1,229</b>	<b>722</b>
<b>Other comprehensive loss</b>			
Remeasurement of the net defined benefit liability	17	(2,217)	(4,348)
<b>Total comprehensive loss for the year</b>		<b>(988)</b>	<b>(3,626)</b>



# BALANCE SHEET

## CONSOLIDATED BALANCE SHEET (at 31 December 2017)

	Note	2017 £'000	2016 £'000
<b>Fixed assets</b>			
Intangible assets	9	1,386	1,289
Tangible assets	10	606	597
		1,992	1,886
<b>Current assets</b>			
Debtors (including £2,076,000 (2015: £2,211,000) due after more than one year)	12	10,046	8,724
Cash at bank and in hand	13	12,415	13,428
		22,461	22,152
<b>Creditors: amounts falling due within one year</b>	14	(15,008)	(15,040)
<b>Net current assets</b>		7,453	7,112
<b>Total assets less current liabilities</b>		9,445	8,998
<b>Provisions for liabilities</b>			
Pension and similar obligations	17	(17,915)	(16,413)
<b>Net liabilities</b>		(8,470)	(7,415)
<b>Capital and reserves</b>			
Capital reserve	16	19	19
Profit and loss account	16	(8,489)	(7,434)
<b>Shareholders' deficit</b>		(8,470)	(7,415)

The notes on pages 60 to 81 form part of these financial statements

These financial statements were approved by the board of directors on 23 April 2018 and were signed on its behalf by: N Rust, Director.

## COMPANY BALANCE SHEET (at 31 December 2017)

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Intangible assets	9	1,386	1,289
Tangible assets	10	591	575
Investments	11	3,456	3,604
		5,433	5,468
<b>Current assets</b>			
Debtors	12	7,872	6,726
Cash at bank and in hand	13	10,811	11,559
		18,683	18,285
<b>Creditors: amounts falling due within one year</b>	14	(14,763)	(14,914)
<b>Net current assets</b>		3,920	3,371
<b>Total assets less current liabilities</b>		9,353	8,839
<b>Provisions for liabilities</b>			
Pension and similar obligations	17	(17,915)	(16,413)
<b>Net liabilities</b>		(8,562)	(7,574)
<b>Capital and reserves</b>			
Capital reserve	16	19	19
Profit and loss account	16	(8,581)	(7,593)
<b>Shareholders' deficit</b>		(8,562)	(7,574)

The notes on pages 60 to 81 form part of these financial statements

These financial statements were approved by the board of directors on 23 April 2018 and were signed on its behalf by: N Rust, Director.

CASH FLOW

CONSOLIDATED CASH FLOW STATEMENT (for the year ended 31 December 2017)

	Note	2017 £'000	2016 £'000
<b>Cash flows for operating activities</b>			
Profit for the financial year		1,162	834
<b>Adjustments for</b>			
Depreciation, amortisation and impairment		772	539
Interest received		(17)	(24)
Other finance income		443	464
Loss on sale of fixed asset		-	2
Corporation tax reclaimed in respect of prior periods		154	246
		2,514	2,061
Decrease / (increase) in debtors		(1,452)	1,817
(Decrease) / increase in creditors		(23)	(1,382)
Taxation		(219)	(129)
Difference between cash contributions and current service charge		(1,158)	(1,200)
Net cash from operating activities		(338)	1,167
<b>Cash flows from investing activities</b>			
Capitalised development expenditure		(553)	(487)
Acquisition of tangible fixed assets		(325)	(173)
Interest received		17	24
Net cash from investing activities		(861)	(636)
<b>Cash flows from financing activities</b>			
Loans received from associated undertakings		186	166
Net cash from financing activities		186	166
Increase in cash and cash equivalents	20	(1,013)	697

EQUITY CHANGES

STATEMENT OF CHANGES IN EQUITY

	Capital reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2016	19	(3,920)	(3,901)
<b>Total comprehensive income for the year</b>			
Profit	-	834	834
Other comprehensive loss	-	(4,348)	(4,348)
Balance at 31 December 2016	19	(7,434)	(7,415)
	Capital reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2017	19	(7,434)	(7,415)
<b>Total comprehensive income for the period</b>			
Profit	-	1,162	1,162
Other comprehensive loss	-	(2,217)	(2,217)
Balance at 31 December 2017	19	(8,489)	(8,470)



# NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

## 1 ACCOUNTING POLICIES

British Horseracing Authority Limited (the “Company”) is a company limited by guarantee and incorporated, registered and domiciled in the UK. The registered number is 02813358 and the registered office is 75 High Holborn, London, WC1V 6LS.

The Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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

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

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; 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.

The Group has net liabilities which are primarily due to the Deficit of the Group Pension Scheme which has a long term plan to be settled and therefore has limited impact on annual cash flows.

On this basis the directors 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 2017.

A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control

ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Company does not own all the shares in its subsidiary, British Horseracing Database Limited (‘BHD’), with the minority shareholders holding 3 ‘B’ and 3 ‘C’ shares each, compared to the Company’s holding of 4,003,932 ‘A’ shares. No minority interests are shown in the consolidated accounts of the Company as (i) under the provisions contained within the Articles of BHD the ‘A’ shareholder is the only shareholder entitled to a distribution, if and when a distribution is declared by the Board and (ii) on a winding up the assets are distributed in accordance with the number of shares held in all classes.

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

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

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

### Intangible and tangible fixed assets

The cost of intangible and tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. 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 recognition 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 Company’s income is invoiced and recognised when these services are delivered to racecourses and other participants.

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

**Interest receivable and interest payable**

Other interest receivable and similar income include interest receivable on funds invested. Interest income is recognised in the profit or loss as it accrues.

Interest payable and similar expenses include interest payable, and interest expenses in relation to pension scheme assets and liabilities. interest payable is recognised in profit or loss as it accrues.

**Related party disclosure**

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

**Provisions**

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

**Taxation**

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

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

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

certain tax charges or allowances are greater or smaller than the corresponding income or expense.

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

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that 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 by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

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

Remeasurement of the net defined benefit 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, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.



## 2 SEGMENTAL INFORMATION – GROUP AND COMPANY

	Racing administration	Data licensing	Total
	2017	2017	2017
	£'000	£'000	£'000
<b>Turnover</b>			
United Kingdom and Republic of Ireland	32,708	2,009	34,717
<b>Total sales - Group</b>	<b>32,708</b>	<b>2,009</b>	<b>34,717</b>
Intra group revenue (Company only)	528		
<b>Total sales - Company</b>	<b>33,236</b>		
<b>Total operating profit before interest and taxation</b>	<b>1,262</b>	<b>107</b>	<b>1,369</b>
<b>Net liabilities</b>	<b>(7,922)</b>	<b>(548)</b>	<b>(8,470)</b>

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

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:

	2017	2016
	£'000	£'000
NJ Rust	380	328
SR Harman	100	100
AWK Merriam	27	27
DL Whyte	27	27
JW Saumarez Smith	27	27
A Duncan	27	27
E Wilmott	25	27
JA Harrington	27	27
EN Harwerth	27	27
JR Arnold	27	24
Sir PR Stevenson	35	35
VA Currie	27	24
<b>Total</b>	<b>756</b>	<b>700</b>

The costs of NJ Rust, who was Chief Executive, are also represented within the costs included in note 4.

	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 £380,000 (2016: £328,000), and Company pension contributions of £24,300 (2016: £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 is shown below:

	2017	2016
	£'000	£'000
Permanent staff	232	226
Sessional staff	25	21
	257	247

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£'000	£'000
Wages and salaries	10,509	10,149
Pension costs	1,261	1,241
Social security costs	1,153	1,123
	12,923	12,513

#### 5 EXPENSES AND AUDITOR'S REMUNERATION

	2017	2016
	£'000	£'000

Included in profit/loss are the following:

Depreciation/amortisation charge for the year:

Tangible owned fixed assets	316	146
Intangible owned fixed assets	456	393
Loss on disposal of fixed assets	-	2
Impairment charges	148	-

Operating leases:

Building rentals	852	852
Car leases	376	376
Photocopier leases	47	43

Auditor's remuneration:

Audit of these financial statements	44	45
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Amounts receivable by auditors and their associates in respect of:

Audit of financial statements of subsidiaries of the company	14	13
Taxation compliance services	25	30
Other tax advisory services	9	10
All other services	1	1

#### 6 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

GROUP	2017	2016
	£'000	£'000
Bank interest	17	24
	17	24

COMPANY	2016	2015
	£'000	£'000
Bank interest	12	19
	12	19

#### 7 INTEREST PAYABLE AND SIMILAR CHARGES - GROUP AND COMPANY

	2017	2016
	£'000	£'000
Interest on assets	1,966	2,234
Interest on liabilities	(2,409)	(2,698)
<b>Net interest expense on net defined benefit liabilities</b>	<b>(443)</b>	<b>(464)</b>



8 TAXATION

GROUP	2017 £'000	2016 £'000
Analysis of current tax recognised in profit and loss		
UK corporation tax at 19.25% (2016: 20%)		
Tax on profit for the year	(25)	32
Adjustment in respect of prior periods	(141)	(161)
Total current tax	(166)	(129)
Deferred tax credit for the year	(53)	-
Total tax	(219)	(129)
Reconciliation of effective tax rate	2017 £'000	2016 £'000
Profit excluding taxation	943	705
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	182	141
Effects of:		
Expenses not deductible for tax purposes	28	57
Pension costs not immediately deductible	(138)	(147)
R&D tax credits to offset trading profits	(180)	(3)
R&D tax credits exchanged for cash	(137)	(161)
(over) / under provided in prior year	(4)	-
Capital allowances in excess of depreciation	30	(16)
Total current tax credit (see above)	(219)	(129)

The Company has claimed R&D tax credits for 2016 which were exchanged for cash. This amount of £137,000 (2016: £161,000) is shown separately and was received from HMRC in January 2018. The Company will continue to seek to claim these going forward, where appropriate, and will include an appropriate amount in determining the current year tax charge, both in offsetting trading profits but also as a cash-in value.

Factors that may affect future tax charges:

A deferred tax asset of £53,000 (2016: £nil) has been recognised in the balance sheet in respect of anticipated R&D credits. In addition, £3,449,000 (2016: £3,283,000) 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 trading losses of £383,000 (2016: £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 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, the impact of a reduction in future corporation tax rates is minimal.

COMPANY	2017 £'000	2016 £'000
Analysis of current tax recognised in profit and loss		
UK corporation tax at 19.25% (2016: 20%)		
Adjustment in respect of prior years	(137)	(161)
Total current tax	(137)	(161)
Tax on profit for the year – deferred tax	(36)	-
Total current tax credit	(173)	(161)
Reconciliation of effective tax rate	2017 £'000	2016 £'000
Profit excluding taxation	1,056	561
Current tax at 20% (2015: 20.25%)	203	112
Effects of:		
Expenses not deductible for tax purposes	49	49
Pension costs not immediately deductible	(138)	(147)
R&D tax credits to offset trading profits	(180)	(1)
R&D tax credits exchanged for cash	(137)	(161)
(over) / under provided in prior year	-	-
Capital allowances in excess of depreciation	30	(13)
Total current tax credit (see above)	(173)	(161)

The Company has claimed R&D tax credits for 2016 which were exchanged for cash. This amount of £137,000 (2016: £161,000) is shown separately and was received from HMRC in January 2018. The Company will continue to seek to claim these going forward, where appropriate, and will include an appropriate amount in determining the current year tax charge, both in offsetting trading profits but also as a cash-in value.

Factors that may affect future tax charges:

A deferred tax asset of £36,000 (2016: £nil) has been recognised in the balance sheet in respect of anticipated R&D credits. In addition, £3,449,000 (2016: £3,283,000) 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 trading losses of £383,000 (2016: £383,000) 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 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 £'000	Assets under Construction £'000	Total £'000
<b>Cost</b>			
At 1 January 2017	2,002	-	2,002
Additions	140	413	553
<b>At 31 December 2017</b>	<b>2,142</b>	<b>413</b>	<b>2,555</b>
<b>Amortisation</b>			
At 1 January 2017	713	-	713
Charge for the year	456	-	456
<b>At 31 December 2017</b>	<b>1,169</b>	<b>-</b>	<b>1,169</b>
<b>Net book value</b>			
<b>At 31 December 2017</b>	<b>973</b>	<b>413</b>	<b>1,386</b>
At 1 January 2017	1,289	-	1,289

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

## 10 TANGIBLE FIXED ASSETS

COMPANY	Leasehold improvements £'000	Fixtures, fittings and office equipment £'000	Total £'000
<b>Cost</b>			
At 1 January 2017	1,170	3,086	4,256
Additions	54	271	325
Disposals	-	(236)	(236)
<b>At 31 December 2017</b>	<b>1,224</b>	<b>3,121</b>	<b>4,345</b>
<b>Depreciation</b>			
At 1 January 2017	1,082	2,599	3,681
Charge for the year	45	264	309
Disposals	-	(236)	(236)
<b>At 31 December 2017</b>	<b>1,127</b>	<b>2,627</b>	<b>3,754</b>
<b>Net book value</b>			
<b>At 31 December 2017</b>	<b>97</b>	<b>494</b>	<b>591</b>
At 1 January 2017	88	494	575

GROUP	Leasehold improvements £'000	Fixtures, fittings and office equipment £'000	Total £'000
<b>Cost</b>			
At 1 January 2017	1,170	3,111	4,281
Additions	54	271	325
Transfers	-	-	-
Disposals	-	(236)	(236)
<b>At 31 December 2017</b>	<b>1,224</b>	<b>3,146</b>	<b>4,370</b>
<b>Depreciation</b>			
At 1 January 2017	1,082	2,602	3,684
Charge for the year	45	271	316
Disposals	-	(236)	(236)
<b>At 31 December 2017</b>	<b>1,127</b>	<b>2,637</b>	<b>3,764</b>
<b>Net book value</b>			
<b>At 31 December 2017</b>	<b>97</b>	<b>509</b>	<b>606</b>
At 1 January 2016	88	509	597



11 FIXED ASSET INVESTMENTS - COMPANY

	Shares in Group Undertakings £'000	Total £'000
<b>Cost</b>		
At 1 January and 31 December 2017	4,004	4,004
<b>Provision</b>		
At 1 January	(400)	(400)
Impairment charge for the year	(148)	(148)
<b>and 31 December 2017</b>	<b>(548)</b>	<b>(548)</b>
<b>Net book value</b>		
<b>At 31 January 2017</b>	<b>3,456</b>	<b>3,456</b>
<b>At 1 January 2017</b>	<b>3,604</b>	<b>3,604</b>

The Company has the following direct investments:

	Country of incorporation	Number of shares	Class of shares held	Ownership 2017 %	Ownership 2016 %
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 2017 %	Ownership 2016 %
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 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Trade debtors	4,104	3,367	4,104	3,286
Amounts owed by group undertakings	-	-	180	321
Corporation tax asset	164	161	137	161
Deferred tax asset	53	-	36	-
Other debtors	2,721	2,270	2,721	2,244
VAT	29	-	-	-
Amounts owed by BCS Limited	2,076	2,212	-	-
Prepayments and accrued income	899	714	694	714
	10,046	8,724	7,872	6,726
Due within one year	8,063	6,648	7,828	6,726
Due after one year	1,983	2,076	44	-
	10,046	8,724	7,872	6,726

Included within company and group other debtors is a balance of £200,000 (2016: £250,000) with the Horsemen’s Group which has been fully provided for and therefore has a net carrying value of £nil (2016: £nil). A repayment of £50,000 was received during the year in relation to this balance.

Included in the above group balance owed by BCS Limited is a loan balance of £2,076,000 which represents an amount drawn down by BCS. 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 next repayment of £363,000 is scheduled for December 2018. £226,000 has been repaid to date.

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 group cash balance of £12,415,000 (2016: £13,428,000) and company cash balances of £10,811,000 (2016: £11,559,000) are the following ring fenced balances.

	2017 £'000	2016 £'000
Early Closing monies	513	518
Development Fund	391	184
On Course physios	1	20
Plus 10 bonus scheme	2,068	2,423
BHA Grant Scheme	183	659
Trainers benevolent fund	17	4
Industry recruitment and training grant fund	810	642
July 2018 LLP	-	327
Prize money due for distribution	1,998	1,873
	5,981	6,650

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Trade creditors	2,932	2,939	2,695	2,666
Amounts owed to group undertakings	-	-	71	251
Ring fenced funds (note 13)	5,981	6,650	5,981	6,650
Corporation tax	2	11	-	-
Other taxes and social security	746	753	740	711
Other creditors	4,795	3,466	4,724	3,415
Accruals and deferred income	552	1,221	552	1,221
	15,008	15,040	14,763	14,914

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:

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Assets measured at fair value through profit or loss	15,540	14,626	11,835	10,760
Liabilities measured at fair value through profit or loss	7,827	6,553	7,590	6,480

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 £'000	Profit and loss account £'000	Total £'000
At 1 January 2017	19	(7,434)	(7,415)
Profit for the financial year	-	1,162	1,162
Remeasurement of the net defined benefit liability	-	(2,217)	(2,217)
At 31 December 2017	19	(8,489)	(8,470)

COMPANY	Capital reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2017	19	(7,593)	(7,574)
Profit for the financial year	-	1,229	1,229
Remeasurement of the net defined benefit liability	-	(2,217)	(2,217)
At 31 December 2017	19	(8,581)	(8,562)

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 2017 by a qualified independent actuary.

The company will contribute £1,158,000 as an annual deficit repair payment in 2018 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 2017 £'000	Value at 31 December 2016 £'000
Defined benefit obligation	(91,576)	(87,776)
Plan assets	73,661	71,363
Deficit	(17,915)	(16,413)
Related deferred tax asset	-	-
Net pension liability	(17,915)	(16,413)

**Movements in present value of defined benefit obligation:**

	Value at 31 December 2017 £'000	Value at 31 December 2016 £'000
At start of year	87,776	72,126
Current service cost	-	-
Interest cost	2,409	2,698
Actuarial losses / (gains) due to assumption changes	4,116	2,698
Experience (gain) / loss	757	(318)
Contributions by members	-	-
Benefits paid	(3,482)	(2,265)
At end of year	91,576	87,776

**Movements in fair value of plan assets:**

	Value at 31 December 2017 £'000	Value at 31 December 2016 £'000
At start of year	71,363	59,325
Interest on assets	1,966	2,234
Actuarial gain / (loss) on scheme assets	2,656	10,869
Contributions by employer	1,158	1,200
Contributions by members	-	-
Benefits paid	(3,482)	(2,265)
At end of year	73,661	71,363

**Expense recognised in the profit and loss account:**

	31 December 2017 £'000	31 December 2016 £'000
Current service cost	-	-
Net interest on net defined benefit liability	(443)	(464)
<b>Total expense recognised in profit and loss</b>	<b>(443)</b>	<b>(464)</b>

The total amount recognised in other comprehensive income is a loss of £2,217,000 (2016: loss of £4,348,000).

Cumulative actuarial losses reported in other comprehensive income for accounting periods ending on or after 22 June 2002, are losses of £22,425,000 (2016: £20,208,000).

**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 2017 £'000	Value at 31 December 2016 £'000
Equities and other return seeking assets	19,712	20,192
Bonds and other defensive assets	51,045	49,818
Property	2,364	1,222
Cash	529	120
Annuity	11	11
<b>Total market value of assets</b>	<b>73,661</b>	<b>71,363</b>
<b>Actual return on plan assets</b>	<b>4,622</b>	<b>13,103</b>

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

	31 December 2017	31 December 2016
	%	%
Discount rate	<b>2.50</b>	2.80
Inflation (Consumer Price Index)	<b>2.80</b>	2.80
Inflation (Retail Price Index)	<b>3.60</b>	3.60
Pension increase (RPI max 5%)	<b>3.40</b>	3.40
Pension increase (RPI max 2.5%)	<b>2.30</b>	2.30
Pension increase (CPI max 2.5%)	<b>2.10</b>	2.10

In valuing the liabilities of the pension fund at 31 December 2017, 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: 22.9 years (male), 25.0 years (female).
- Future retiree, currently aged 45, upon reaching 65: 24.2 years (male), 26.5 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:**

	2017	2016	2015	2014	2013
	£'000	£'000	£'000	£'000	£'000
Present value of scheme liabilities	<b>(91,576)</b>	(87,776)	(72,126)	(71,668)	(61,083)
Fair value of scheme assets	<b>73,661</b>	71,363	59,325	60,053	50,131
<b>Deficit</b>	<b>(17,915)</b>	(16,413)	(12,801)	(11,615)	(10,952)

**Experience adjustments:**

	Year ending 31 December 2017	Year ending 31 December 2016	Year ending 31 December 2015
Difference between the expected and actual return on scheme assets gain/(loss):			
Amount (£'000)	<b>2,656</b>	10,869	(2,396)
Percentage of year end scheme assets	<b>4%</b>	15%	4%

## Experience (gains) and losses on scheme liabilities:

Amount (£'000)	<b>(757)</b>	318	(3,147)
Percentage of year end scheme liabilities	<b>0.8%</b>	0.3%	4%

## Total amount recognised in other comprehensive income:

Amount (£'000)	(2,217)	(4,348)	(1,785)
Percentage of year end scheme liabilities	<b>2%</b>	5%	2%

The defined benefit element of the scheme was closed to future accrual on 31 December 2015 and therefore from 2016 onwards, the only contributions being paid into this section relate to the agreed deficit repair contributions at the rates recommended by the Scheme Actuary. Cash contributions to the defined benefit element amounted to £1,158,000 to the Scheme in 2017 (2016: £1,158,000). The £1,200,000 shown in this note in respect of employer contributions in 2017 includes £42,000 related to December 2016 and is therefore a timing difference only.

**Analysis of amount recognised in other comprehensive income:**

	Year ending 31 December 2017	Year ending 31 December 2016	Year ending 31 December 2015
	£'000	£'000	£'000
Actuarial gain / (loss) on scheme assets	<b>2,656</b>	<b>10,869</b>	(2,396)
Changes in actuarial assumptions	<b>(4,116)</b>	(15,535)	3,758
Experience gains / (losses)	<b>(757)</b>	318	(3,147)
<b>Actuarial loss recognised in other comprehensive income</b>	<b>(2,217)</b>	<b>(4,348)</b>	(1,785)

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

	Year ending 31 December 2014	Year ending 31 December 2013
	£'000	£'000
Actuarial (loss) / gain on scheme assets	8,090	(599)
Changes in actuarial assumptions	(9,371)	1,499
Experience gains / (losses)	-	11
<b>Actuarial (loss) / gain recognised in other comprehensive income</b>	<b>(1,281)</b>	<b>911</b>

**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 £1,261,356 in 2017 (2016: £1,241,103 ).

The amount payable to the pension fund as at 31 December 2017 was £209,000 (2016: £208,000)

In addition the Company paid £23,000 into the personal pension schemes of certain employees (2016: £17,000).

**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 2017 the Group and Company had annual commitments under non-cancellable operating leases as follows:

	2017	2017	2016	2016
	Land and Buildings	Other	Land and Buildings	Other
	£'000	£'000	£'000	£'000
Expiring within one year	849	297	849	396
Expiring between one and five years inclusive	1,112	227	1,961	510
Over five years	-	-	-	-
	1,961	524	2,810	906

The lease commitments included in other relate to motor cars.

## 20 ANALYSIS OF NET FUNDS

	At 1 January 2017	Cash Flow	At 31 December 2017
	£'000	£'000	£'000
Cash at bank and in hand	6,006	(346)	5,660
Ring fenced cash	6,650	(669)	5,981
Short term deposits	772	2	774
<b>Total</b>	13,428	(1,013)	12,415

## 21 RELATED PARTY TRANSACTIONS

### Identity of related parties with which the Company has transacted

The company has transacted with the following related parties, all of which are related by virtue of one of their employees/appointments/directors 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
- Horsemen's Group
- British Champions Series Limited
- The Hamilton Park Racecourse Company Limited
- Point to Point Authority Limited
- Retraining of Racehorses Limited
- Racing to School Limited
- Jockey Club Racecourses Limited
- Jockey Club Estates
- Racing Welfare
- British Horseracing Database Limited
- Great British Racing Limited
- Crimestoppers Enterprises Limited
- Horserace Betting Levy Board

Other related party transactions:	2017	Sales to	Administrative expenses incurred from	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Racecourse Association Limited	43	41	1	3
Racehorse Owners Association Limited	98	93	-	-
Thoroughbred Breeders Association	37	36	-	-
Fakenham Racecourse Limited	185	181	-	-
The Hamilton Park Racecourse Company Limited	256	250	6	-
National Trainers Federation	1	3	-	-
Horsemen's Group	-	4	(50)	(75)
Point to Point Authority Limited	145	145	-	-
Retraining of Racehorses Limited	-	-	1	1
Racing to School Limited	5	8	-	-
Jockey Club Racecourses Limited	8	13	26	16
Jockey Club Estates	-	-	2	6
Racing Welfare	4	2	2	1
Horserace Betting Levy Board	44	35	-	-
Great British Racing Limited	969	709	10	126
British Horseracing Database Limited	5,365	5,329	5,380	5,344
Crimestoppers Enterprises Limited	-	-	9	9
British Champions Series Limited	34	50	-	1
	7,194	6,899	5,387	5,432

	Receivables outstanding		Creditors outstanding	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Racecourse Association Limited	9	4	-	-
Racehorse Owners Association Limited	27	28	-	-
Thoroughbred Breeders Association	-	-	-	-
Fakenham Racecourse Limited	-	-	-	-
The Hamilton Park Racecourse Company Limited	-	-	-	-
National Trainers Federation	-	-	-	-
Horsemen's Group	-	-	-	-
Point to Point Authority Limited	44	43	-	-
Retraining of Racehorses Limited	171	217	-	-
Racing to School Limited	62	143	-	-
Jockey Club Racecourses Limited	-	13	-	-
Jockey Club Estates	-	-	-	-
Racing Welfare	-	-	-	-
Horserace Betting Levy Board	1	34	-	-
Great British Racing Limited	180	184	-	61
British Horseracing Database Limited	-	-	71	53
Crimestoppers Enterprises Limited	-	-	-	-
British Champions Series Limited	2,078	2,212	-	-
	2,572	2,212	71	114



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