

The Wolverhampton Racecourse Limited

Directors' report and financial statements

31 December 1995

Registered number 2159607



The Wolverhampton Racecourse Limited

Financial statements

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The Wolverhampton Racecourse Limited

Directors' report

The directors submit their report and the audited financial statements for the year ended 31 December 1995.

Principal activity

The principal activity of the company is that of a racecourse operator of Wolverhampton Racecourse, West Midlands.

Review of the business operations and results

The company made a profit before taxation of £250,814 (1994: loss before tax of £4,447,417). No dividend is recommended (1994: £nil). The profit has been transferred to reserves.

Fixed assets

Movements in tangible fixed assets are shown in the notes to the financial statements.

Directors

The directors who served during the year, and their holdings in the shares of the company, were as follows:

		Ordinary shares	
		1995	1994
RA Muddle		1	1
RJ Muddle		-	-
Brigadier A Parker Bowles	- appointed 1 May 1995	-	-
WA Parker	- appointed 1 May 1995	-	-
J Bell	- appointed 1 May 1995	-	-

The interests of the directors in the shares of the parent company are shown in the directors' report of that company.

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors to the company will be proposed at the forthcoming Annual General Meeting.

By order of the board


RJ Muddle
Director

Registered Office:

Dunstall Park
Gorsebrook Road
Wolverhampton
WV6 0PE

10 June 1996

The Wolverhampton Racecourse Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



St Nicholas House
Park Row
NOTTINGHAM
NG1 6FQ

Report of the auditors to the members of The Wolverhampton Racecourse Limited

We have audited the financial statements on pages 4 to 11.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Chartered Accountants
Registered Auditors*

10 June 1996

The Wolverhampton Racecourse Limited

Profit and loss account

for the year ended 31 December 1995

	Notes	1995 £	1994 £
Turnover	1	2,995,930	1,480,243
Cost of sales		(1,751,874)	(1,698,477)
Gross profit/(loss)		1,244,056	(218,234)
Administrative expenses		(835,871)	(1,061,562)
Operating profit/(loss)		408,185	(1,279,796)
Income from fixed asset investment	2	10,912	-
Profit on sale of fixed assets		41,745	20,360
Permanent diminution on revaluation of fixed assets		-	(2,952,617)
Interest payable and similar charges	3	(210,028)	(235,364)
Profit/(loss) on ordinary activities before taxation	4	250,814	(4,447,417)
Tax on profit/(loss) on ordinary activities	6	-	-
Profit/(loss) on ordinary activities after taxation	14	250,814	(4,447,417)

In both the current and preceding years, the company made no material acquisitions and had no discontinued operations.

Note of historical cost profits and losses

for the year ended 31 December 1995

	1995 £	1994 £
Reported profit/(loss) on ordinary activities	250,814	(4,447,417)
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	(142,009)	-
Historical cost profit/(loss) on ordinary activities before taxation	108,805	(4,447,417)
Historical cost profit/(loss) on ordinary activities after taxation, minority interests, extraordinary items and dividends	108,805	(4,447,417)

There were no recognised gains or losses in either the current or preceding years other than those disclosed in the profit and loss account.

The Wolverhampton Racecourse Limited

Balance sheet at 31 December 1995

	Notes	1995 £	1994 £
Fixed assets			
Tangible assets	7	9,021,588	9,477,823
Investments	8	195,225	194,700
		<u>9,216,813</u>	<u>9,672,523</u>
Current assets			
Debtors	9	1,870,462	1,974,834
Cash at bank and in hand		17,536	600,120
		<u>1,887,998</u>	<u>2,574,954</u>
Creditors: amounts falling due within one year	10	(4,462,463)	(5,178,220)
Net current liabilities		<u>(2,574,465)</u>	<u>(2,603,266)</u>
Total assets less current liabilities		<u>6,642,348</u>	<u>7,069,257</u>
Creditors: amounts falling due after more than one year	11	(3,610,500)	(4,039,670)
Net assets		<u>3,031,848</u>	<u>3,029,587</u>
Capital credits	12	2,758,111	3,084,809
Capital grants	12	3,017,103	2,938,958
		<u>5,775,214</u>	<u>6,023,767</u>
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account	14	(2,743,466)	(2,994,280)
Equity shareholders' funds	15	<u>(2,743,366)</u>	<u>(2,994,180)</u>
		<u>3,031,848</u>	<u>3,029,587</u>

These financial statements were approved by the board of directors on 10 June 1996 and were signed on its behalf by:


RJ Muddle
Director

The Wolverhampton Racecourse Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the company's financial statements.

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, as modified by the revaluation of certain fixed assets.

Going concern

The financial statements have been prepared on a going concern basis which assumes the ongoing support of the parent undertaking.

Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking.

Tangible fixed assets

Depreciation is provided at the following annual rates:

Buildings	- Equally over 40 years on cost
Flood lights	- Equally over 10 years on cost
Plant and equipment	- 15% on the reducing balance basis
All weather track	- Equally over 7 years on cost
Motor vehicles	- 25% on cost

Freehold land is not depreciated.

Turnover

Turnover represents the amounts received by the company for goods and services provided during the year from its racing and related activities, excluding value added tax.

Deferred taxation

Deferred tax is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

Grants:

Capital based grants are included within capital grants in the balance sheet and credited to trading profit over the estimated useful economic lives of the assets to which they relate.

The Wolverhampton Racecourse Limited

Notes (continued)

2 Income from fixed asset investments

	1995	1994
	£	£
Dividends receivable from unlisted investments	10,912	-
	<u> </u>	<u> </u>

3 Interest payable

	1995	1994
	£	£
On bank loans, overdraft and other loans repayable within five years	47,338	18,222
All other loans	162,690	217,142
	<u> </u>	<u> </u>
	<u>210,028</u>	<u>235,364</u>

4 Profit/(loss) on ordinary activities before taxation

	1995	1994
	£	£
<i>Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting) the following:</i>		
Directors' remuneration	27,550	36,825
Auditors' remuneration	5,050	5,050
Depreciation of tangible fixed assets	589,765	756,759
Amortisation of capital credits and grants	(398,357)	(394,266)
	<u> </u>	<u> </u>

5 Staff numbers and costs

The average number of persons employed by the company (excluding directors) during the year, analysed by category, was as follows:

	1995	1994
	Number	Number
Office and management	3	3
Racecourse operation	35	43
Other	11	-
	<u> </u>	<u> </u>
	49	46
	<u> </u>	<u> </u>
	£	£

The aggregate payroll costs of these persons were as follows:

	1995	1994
	£	£
Wages and salaries	251,854	238,090
Social security costs	17,504	14,479
	<u> </u>	<u> </u>
	<u>269,358</u>	<u>252,569</u>

The Wolverhampton Racecourse Limited

Notes (continued)

5 Staff numbers and costs (continued)

The chairman waived his emoluments in the years ended 31 December 1995 and 1994. The emoluments of the highest paid director were £27,550 (1994: £36,825). The emoluments of the directors, excluding pension contributions, fell in the following bands:

	1995 Number	1994 Number
£0 - £5,000	2	2
£5,001 - £10,000	1	-
£10,001 - £15,000	1	-
£35,001 - £40,000	-	1
	<u> </u>	<u> </u>

6 Taxation

There was no tax charge in the current or preceding years.

7 Tangible fixed assets

	All weather track £	Freehold land and buildings £	Flood lights £	Plant and equipment £	Motor vehicles £	Total £
<i>Cost or valuation:</i>						
At 1 January 1995	780,000	6,116,130	578,870	2,307,034	60,829	9,842,863
Additions	-	144,454	-	94,828	-	239,282
Disposals	-	(105,752)	-	-	-	(105,752)
At 31 December 1995	<u>780,000</u>	<u>6,154,832</u>	<u>578,870</u>	<u>2,401,862</u>	<u>60,829</u>	<u>9,976,393</u>
<i>Depreciation:</i>						
At 1 January 1995	-	-	-	353,040	12,000	365,040
Charged in year	111,431	108,466	57,887	299,776	12,205	589,765
At 31 December 1995	<u>111,431</u>	<u>108,466</u>	<u>57,887</u>	<u>652,816</u>	<u>24,205</u>	<u>954,805</u>
<i>Net book value:</i>						
At 31 December 1995	<u>668,569</u>	<u>6,046,366</u>	<u>520,983</u>	<u>1,749,046</u>	<u>36,624</u>	<u>9,021,588</u>
At 31 December 1994	<u>780,000</u>	<u>6,116,130</u>	<u>578,870</u>	<u>1,953,994</u>	<u>48,829</u>	<u>9,477,823</u>

Freehold land and buildings, all-weather track and floodlights were revalued as at 31 December 1994 by Smiths Gore, an independent firm of chartered surveyors, on an open market basis.

The valuation was made in accordance with the RICS Statement of Asset Valuation Practice and Guidance Notes.

The Wolverhampton Racecourse Limited

Notes (continued)

8 Investments

	1995	1994
	£	£
Shares held in Satellite Information Services Limited		
at cost	194,700	194,700
Racehorse	525	-
	<u>195,225</u>	<u>194,700</u>

9 Debtors

	1995	1994
	£	£
Trade debtors	107,335	248,366
Amounts owed by fellow subsidiary undertakings	1,533,425	1,530,146
Other debtors	143,366	167,036
Corporation tax	2,214	27,054
Prepayments and accrued income	84,122	2,232
	<u>1,870,462</u>	<u>1,974,834</u>

10 Creditors: amounts falling due within one year

	1995	1994
	£	£
Bank loans and overdraft	387,645	208,330
Horserace Betting Levy Board loan	200,000	200,000
Obligations under hire purchase contracts	-	7,262
Amounts owed to parent and fellow subsidiary undertakings	3,390,850	4,366,001
Other taxation and social security costs	8,006	7,725
Other creditors	475,962	388,902
	<u>4,462,463</u>	<u>5,178,220</u>

11 Creditors: amounts falling due after more than one year

	1995	1994
	£	£
Bank loan	2,010,500	2,239,670
Horserace Betting Levy Board loan	1,600,000	1,800,000
	<u>3,610,500</u>	<u>4,039,670</u>

The Wolverhampton Racecourse Limited

Notes (continued)

12 Creditors: amounts falling due after more than one year (continued)

	1995	1994
	£	£
The bank loan is repayable in instalments as follows:		
Within two to five years	1,000,000	1,000,000
After five years	1,010,500	1,239,670
	<u>2,010,500</u>	<u>2,239,670</u>

The bank overdraft and loan are secured by a fixed charge over the freehold land. The bank loan is repayable in monthly instalments and interest is applied at 2% above the base rate.

The Horserace Betting Levy Board has provided interest free loans to the company, secured on the floating assets. The loans are repayable in equal instalments over ten years. The amount of the loan due after five years is £800,000.

12 Capital grants and credits

	1995	1994
	£	£
Capital credits	2,758,111	3,084,809
- Amortised over the estimated useful life of the asset to which the capital credit has been applied		
- Repayable if the property ceases to be used as a racecourse		
Department of Environment grants	2,611,883	2,549,157
- Amortised over the 40 year estimated useful life of the grandstand		
- Repayable under certain circumstances		
Sundry capital contributions		
Tote	139,776	143,455
Ladbrokes	47,500	48,750
City Challenge	217,944	197,596
- Amortised over the 40 year estimated useful life of the grandstand		
- Ladbrokes and City Challenge are refundable in certain circumstances		
- Tote is non-refundable		
	<u>3,017,103</u>	<u>2,939,958</u>
	<u>5,775,214</u>	<u>6,023,767</u>
	£	£
Amortised:		
Within one year	398,357	394,266
Within two to five years	1,593,428	1,577,064
After more than five years	3,783,429	4,052,437
	<u>5,775,214</u>	<u>6,023,767</u>

The Wolverhampton Racecourse Limited

Notes (continued)

13 Share capital

	1995	1994
	£	£
<i>Authorised:</i>		
100 ordinary shares of £1 each	100	100
	==	==
<i>Allotted, called up and fully paid:</i>		
100 ordinary shares of £1 each	100	100
	==	==

14 Reserves

	1995	1994
	£	£
At 1 January	(2,994,280)	1,453,137
Profit/(loss) for the year	250,814	(4,447,417)
	==	==
At 31 December	(2,743,466)	(2,994,280)
	==	==

15 Reconciliation of movements in shareholders' funds

	1995	1994
	£	£
Profit/(loss) for the financial year	250,814	(4,447,417)
	==	==
Net addition/(reduction) to shareholders' funds	250,814	(4,447,417)
Opening shareholders' funds	(2,994,180)	1,453,237
	==	==
Closing shareholders' funds	(2,743,366)	(2,994,180)
	==	==

16 Capital commitments

There were no capital commitments at 31 December 1995 (1994: £nil).

17 Contingent liabilities

The company has guaranteed the bank borrowings of its parent company and fellow subsidiary undertakings.

At 31 December 1995 the total borrowings guaranteed were £2,260,745 (1994: £2,889,172).

18 Ultimate holding company

The ultimate holding company is The Racecourse Leisure Corporation plc which is incorporated in Great Britain and registered in England and Wales. A copy of the financial statements can be obtained from the company's registered office, Dunstall Park, Gorsebrook Road, Wolverhampton WV6 0PE.

The Wolverhampton Racecourse Limited

Detailed trading and profit and loss account for the year ended 31 December 1995

The following information does not form part of the audited statutory financial statements and is included solely for the information of management

	1995	1994
Number of races	52	43
	£	£
Raceday income	474,670	646,026
Less: Raceday expenditure	(483,284)	(571,393)
	(8,614)	74,633
Prize money - Non executive contributions	1,035,880	123,344
Less: Prize money paid	(1,268,590)	(1,127,084)
	(232,710)	(1,003,740)
Net raceday deficit for the year	(241,324)	(929,107)
Add other income		
Dividends	10,912	-
Racing activities	1,230,818	548,466
Letting of land and buildings	46,352	25,403
Non-racing income	208,210	137,004
Amortisation of grants and credits	398,357	394,266
	1,894,649	1,105,139
	1,653,325	176,032
Less expenses		
Wages and salaries	204,307	188,915
Directors' remuneration	27,550	36,825
Management charge	-	55,000
Rent and rates	54,824	31,818
Insurance	16,308	23,411
Advertising	10,262	48,736
Printing, stationery and postage	12,697	26,112
Maintenance of track and course	49,527	65,867
Maintenance of buildings	9,725	-
Maintenance of vehicles	13,270	9,474
Equipment repairs	7,043	5,313
Entertainment	2,227	6,566
Course and stable cleaning	4,697	7,476
Cash collection	1,380	1,789
Light and heat	54,828	77,929
Travel and subsistence	3,083	2,549
Security	39,257	41,407
Legal and professional	33,523	28,838
Audit and accountancy	12,358	5,050
Bad debts	49,733	-
Consultancy	16,875	-
Subscriptions and donations	100	-
Bank charges	12,090	12,374
Bank interest	47,338	18,222
Loan interest	162,690	217,142
Sundry expenses	8,798	23,620
Depreciation	589,766	756,759
Permanent diminution on revaluation of fixed assets	-	2,952,617
	(1,444,256)	(4,643,809)
	209,069	(4,467,777)
Profit on sale of fixed assets	41,745	20,360
Net profit/(loss) for the year	250,814	(4,447,417)