

Dunstall Park Centre Limited

Directors' report and financial statements

31 December 1998

Registered number 2159607



Financial statements

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Directors' report

The directors submit their report and the audited financial statements for the year ended 31 December 1998.

Principal activity

The principal activity of the company is that of operator of Wolverhampton Racecourse, West Midlands, a leisure complex embracing a racecourse, conference and exhibition centre and hotel.

Review of the business operations and results

The directors are pleased to report a solid performance during the year under review.

Year 2000

The directors recognise the potential problems which could arise in connection with the move into the next millennium. A programme has been put in place to address the issue within a suitable time frame.

It is not anticipated that the costs involved with ensuring Year 2000 compliance will have a material impact on the company.

Directors

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

	Ordinary shares	
	1998	1997
RA Muddle	1	1
RJ Muddle	-	-
Brigadier A Parker Bowles	-	-
WA Parker	-	-
GT Lowndes	-	-

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

Directors' report *(continued)*

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

29 April 1999

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 Dunstall Park Centre Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

As described on page 3, 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 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to be 'A. Jones' or similar, written in a cursive style.

*Chartered Accountants
Registered Auditors*

29 April 1999

Profit and loss account
for the year ended 31 December 1998

	<i>Notes</i>	1998 £	1997 £
Turnover	3	2,839,634	2,674,703
Cost of sales		(1,880,268)	(1,596,281)
Gross profit		959,366	1,078,422
Administrative expenses - other		(1,180,463)	(759,461)
Administrative expenses - exceptional items	4	-	2,768,193
		(1,180,463)	2,008,732
Operating (loss)/profit		(221,097)	3,087,154
Income from fixed asset investment	2	335,036	20,687
Interest payable and similar charges	5	(137,985)	(159,434)
(Loss)/profit on ordinary activities before taxation	6	(24,046)	2,948,407
Tax on (loss)/profit on ordinary activities	8	(67,008)	-
(Loss)/profit for the financial year	17	(91,054)	2,948,407

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

In both the current and preceding years, there was no material difference between the (loss)/profit reported in the profit and loss account and the (loss)/profit on an unmodified historical cost basis.

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

Balance sheet
at 31 December 1998

	Notes	£	1998 £	£	1997 £
Fixed assets					
Tangible assets	9		12,395,695		12,490,306
Investments	10		211,227		208,350
			<u>12,606,922</u>		<u>12,698,656</u>
Current assets					
Stocks	11	23,897		22,041	
Debtors	12	2,105,604		1,960,043	
Cash at bank and in hand		8,136		3,720	
			<u>2,137,637</u>	<u>1,985,804</u>	
Creditors: amounts falling due within one year	13	(5,283,992)		(4,982,490)	
Net current liabilities			<u>(3,146,355)</u>		<u>(2,996,686)</u>
Total assets less current liabilities			<u>9,460,567</u>		<u>9,701,970</u>
Creditors: amounts falling due after more than one year	14		<u>(2,050,762)</u>		<u>(2,815,897)</u>
			<u>7,409,805</u>		<u>6,886,073</u>
Accruals and deferred income	15		7,223,449		6,608,663
Capital and reserves					
Called up share capital	16	100		100	
Profit and loss account	17	186,256		277,310	
Equity shareholders' funds	18		<u>186,356</u>		<u>277,410</u>
			<u>7,409,805</u>		<u>6,886,073</u>

These financial statements were approved by the board of directors on 29 April 1999 and were signed on its behalf by:



RJ Muddle
Director

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.

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 Number 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 of R.A.M. Racing Leisure Limited and its cash flows are included within the consolidated cash flow statement of that company.

Tangible fixed assets

No depreciation is provided on freehold properties. It is the company's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time. Accordingly, the directors consider that the lives and residual values, based on prices prevailing at the time of the acquisition or subsequent valuation, of these assets are such that any depreciation would be insignificant.

Depreciation is provided by the company to write off the cost of tangible fixed assets over their estimated useful lives as follows:

Freehold buildings	- nil
Flood lights	- equally over fifteen years on cost
All weather track	- equally over twenty years on cost
Plant and equipment	- 10% on cost
Hotel fixtures	- 25% on cost (included under plant and equipment in note 8)
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 other 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.

Notes (continued)

1 Accounting policies (continued)

Grants

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

Capital credits

Capital credits are included within accruals and deferred income in the balance sheet and credited to trading profit over the useful economic lives of the assets to which they relate.

2 Income from fixed asset investments

	1998 £	1997 £
Dividends received	335,036	20,687
	<u> </u>	<u> </u>

3 Segmental information

	1998 £	1997 £
Turnover		
Racecourse operations	2,220,148	2,349,580
Other operations	619,486	325,123
	<u>2,839,634</u>	<u>2,674,703</u>

4 Exceptional items

Revaluation

In 1994 the directors made provisions against the carrying value of fixed assets to reflect conditions which, at the time, were reasonably anticipated to give rise to a permanent diminution in asset values.

During 1997 the directors re-appraised the carrying value of certain fixed assets in the light of existing economic conditions. To the extent that any increase in value reflects an amount written off to the profit and loss account in 1994 that amount was credited to profit and loss in 1997. The amount credited to the profit and loss account in 1997 was £2,890,742 (see below).

Change in depreciation rates

The depreciation methods and expected useful lives of certain assets were re-assessed during 1997. It is considered that a material distortion would affect future results if this change was effected by writing down the existing balances over the remaining useful lives. Therefore, under the provisions of SSAP 12, depreciation has been recalculated from the dates of acquisition of the assets and the total change credited to the profit and loss account as an exceptional item. The amortisation of grants associated with these assets has also been amended accordingly.

Notes (continued)

4 Exceptional items (continued)

The result was therefore:

	1998 £	1997 £
Revaluation	-	2,890,742
Effect on depreciation due to above	-	963,185
Effect on amortisation of grants due to above	-	(1,085,734)
	<u>-</u>	<u>2,768,193</u>

5 Interest payable and similar charges

	£	£
On bank loans and overdrafts	<u>137,985</u>	<u>159,434</u>

6 (Loss)/profit on ordinary activities before taxation

	£	£
<i>(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting) the following:</i>		
Auditors' remuneration	9,500	6,300
Depreciation of tangible fixed assets	501,344	(339,363)
Amortisation of capital credits and grants	<u>(134,733)</u>	<u>672,174</u>

7 Staff numbers and costs

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

	Number	Number
Office and management	7	5
Racecourse operation	30	32
Other	43	39
	<u>80</u>	<u>76</u>
	£	£

The aggregate payroll costs of these persons were as follows:

Wages and salaries	833,495	593,482
Social security costs	<u>63,068</u>	<u>43,777</u>
	<u>896,563</u>	<u>637,259</u>
<i>Directors' emoluments</i>		
Remuneration	44,952	40,340
Social security costs	<u>2,822</u>	<u>2,310</u>
	<u>47,774</u>	<u>42,650</u>

Notes (continued)

8 Tax on profit on ordinary activities

	£	£
Tax on franked investment income	67,008	-
	<u>67,008</u>	<u>-</u>

9 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 1998	1,312,500	8,950,000	1,022,727	2,832,497	73,604	14,191,328
Additions	-	189,795	-	213,882	17,175	420,852
Disposals	-	-	-	(23,090)	-	(23,090)
At 31 December 1998	<u>1,312,500</u>	<u>9,139,795</u>	<u>1,022,727</u>	<u>3,023,289</u>	<u>90,779</u>	<u>14,589,090</u>
<i>Depreciation:</i>						
At 1 January 1998	262,500	-	272,727	1,107,982	57,813	1,701,022
Charged in year	65,625	-	68,182	353,840	13,697	501,344
Disposals	-	-	-	(8,971)	-	(8,971)
At 31 December 1998	<u>328,125</u>	<u>-</u>	<u>340,909</u>	<u>1,452,851</u>	<u>71,510</u>	<u>2,193,395</u>
<i>Net book value:</i>						
At 31 December 1998	<u>984,375</u>	<u>9,139,795</u>	<u>681,818</u>	<u>1,570,438</u>	<u>19,269</u>	<u>12,395,695</u>
At 31 December 1997	<u>1,050,000</u>	<u>8,950,000</u>	<u>750,000</u>	<u>1,724,515</u>	<u>15,791</u>	<u>12,490,306</u>

Freehold land and buildings are not depreciated.

Included with the total net book value of plant and equipment is £63,125 (1997: £29,325) held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £7,250 (1997: £5,175).

10 Fixed asset investments

	£	£
<i>Shares held in Satellite Information Services Limited at cost</i>		
At 1 January 1998	194,700	
Transferred from group undertaking	1	
At 31 December 1998	<u>194,701</u>	194,701
<i>Racehorses at cost</i>		
At 1 January 1998	13,650	
Acquisitions	10,083	
Disposals	(7,207)	
At 31 December 1998	<u>16,526</u>	16,526
		<u>211,227</u>

Notes (continued)

11 Stocks

	1998 £	1997 £
Finished goods and goods for resale	23,897	22,041
	<u>23,897</u>	<u>22,041</u>

12 Debtors

	£	£
Trade debtors	286,967	200,659
Amounts owed by group undertakings	1,549,371	1,549,356
Other debtors	232,480	177,949
Corporation tax	8,619	8,619
Prepayments and accrued income	28,167	23,460
	<u>2,105,604</u>	<u>1,960,043</u>

Included in debtors is an amount of £3,774 (1997: £15,714) relating to directors' loan accounts.

13 Creditors: amounts falling due within one year

	£	£
Bank loans and overdraft	471,586	835,771
Horserace Betting Levy Board loan	220,000	200,000
Obligations under hire purchase contracts	15,660	5,397
Trade creditors	283,786	319,758
Amounts owed to group undertakings	4,051,369	3,395,935
Other taxation and social security costs	53,966	17,809
Other creditors	187,625	207,820
	<u>5,283,992</u>	<u>4,982,490</u>

14 Creditors: amounts falling due after more than one year

	£	£
Bank loan	960,500	1,510,500
Horserace Betting Levy Board loan	1,080,000	1,300,000
Obligations under hire purchase contracts	10,262	5,397
	<u>2,050,762</u>	<u>2,815,897</u>

The bank loan is repayable in instalments as follows:

	£	£
Within two to five years	960,500	1,000,000
After five years	-	510,500
	<u>960,500</u>	<u>1,510,500</u>

Notes (continued)

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

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 1 1/2% above the base rate.

Horserace Betting Levy Board loan

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 £200,000 (1997: £400,000).

Hire purchase contracts

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	1998 £	1997 £
Within one year	15,660	5,397
In the second to fifth years	10,262	5,397
	<u>25,922</u>	<u>10,794</u>
	<u>25,922</u>	<u>10,794</u>
15 Accruals and deferred income		
	1998 £	1997 £
Capital credits	3,783,957	3,271,915
- Repayable if the property ceases to be used as a racecourse	<u> </u>	<u> </u>
Department of Environment grants	3,005,902	2,903,158
- Repayable under certain circumstances	<u> </u>	<u> </u>
Sundry capital grant contributions		
Tote	147,133	147,133
Ladbrokes	50,000	50,000
City Challenge	236,457	236,457
- All the above are non-refundable	<u>3,439,492</u>	<u>3,336,748</u>
	<u>7,223,449</u>	<u>6,608,663</u>
	<u>7,223,449</u>	<u>6,608,663</u>
	£	£
to be amortised		
Within one year	134,733	134,733
Within two to five years	538,932	538,932
After more than five years	1,008,025	1,142,758
Not being amortised	5,541,759	4,792,240
	<u>7,223,449</u>	<u>6,608,663</u>
	<u>7,223,449</u>	<u>6,608,663</u>

Notes (continued)

16 Called up share capital

	1998 £	1997 £
<i>Authorised</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

17 Profit and loss

	£	£
At 1 January	277,310	(2,671,097)
(Loss)/profit for the year	<u>(91,054)</u>	<u>2,948,407</u>
At 31 December	<u>186,256</u>	<u>277,310</u>

18 Reconciliation of movements in shareholders' funds

	£	£
(Loss)/profit for the financial year	<u>(91,054)</u>	<u>2,948,407</u>
Net (reduction in)/addition to shareholders' funds	<u>(91,054)</u>	<u>2,948,407</u>
Opening shareholders' funds	277,410	(2,670,997)
Closing shareholders' funds	<u>186,356</u>	<u>277,410</u>

19 Deferred tax

As at the year end there was a deferred tax asset and therefore no provision for deferred tax is required.

20 Capital commitments

There were no capital commitments at 31 December 1998 (1997: £nil).

21 Contingent liabilities

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

The company has guaranteed an amount of \$50,000 to the benefit of Holiday Inns Incorporated in relation to the hotel franchise.

Notes *(continued)*

22 Related party transactions

As the company is a wholly owned subsidiary of R.A.M. Racing Leisure Limited the company has taken advantage of the exemption contained within Financial Reporting Standard Number 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of R.A.M. Racing Leisure Limited, within which this company is included can be obtained from the address given in note 23.

23 Ultimate holding company

The ultimate holding company is R.A.M. Racing Leisure Limited, which is incorporated in Great Britain. A copy of the financial statements can be obtained from the company's registered office, Dunstall Park, Gorsebrook Road, Wolverhampton WV6 0PE.