

**REGISTRAR OF
COMPANIES**

Dunstall Park Centre Limited

Report and Financial Statements

Year Ended

31 December 2001



BDO

BDO Stoy Hayward
Chartered Accountants

DUNSTALL PARK CENTRE LIMITED

Annual report and financial statements for the year ended 31 December 2001

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Directors

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Directors

I R Penrose
E C Taylor
R I Renton
WA Parker

Secretary and registered office

W A Parker, Dunstall Park, Gorsebrook Road, Wolverhampton, WV6 0PE.

Company number

2159607

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

DUNSTALL PARK CENTRE LIMITED

Report of the directors for the year ended 31 December 2001

The directors present their report together with the audited financial statements for the year ended 31 December 2001.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

The directors do not recommend a final ordinary dividend (2000 - £Nil).

Principal activities, trading review and future developments

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.

The directors are pleased to report a solid performance during the year under review and expect this to continue in the future.

There have been no events since the balance sheet date which materially affect the position of the company.

Directors

The directors of the company during the year were:

I R Penrose	
E C Taylor	(appointed 1 November 2001)
R I Renton	(appointed 1 November 2001)
W A Parker	
M E Pope	(resigned 31 October 2001)
G T Parr	(resigned 31 October 2001)
R J Muddle	(resigned 10 May 2001)

None of the directors had any interest in the shares of the company during the year.

I R Penrose is also a director of the company's parent company, Arena Leisure Plc. His interests in the ordinary shares and share options are disclosed in its financial statements.

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 of the company for that year. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

DUNSTALL PARK CENTRE LIMITED

Report of the directors for the year ended 31 December 2001 (*Continued*)

Directors' responsibilities (*Continued*)

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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward, who were appointed during the year, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board

I R Penrose



Director

Date

15/4/02

DUNSTALL PARK CENTRE LIMITED

Report of the independent auditors

To the shareholders of Dunstall Park Centre Limited

We have audited the financial statements of Dunstall Park Centre Limited for the year ended 31 December 2001 on pages 5 to 14 which have been prepared under the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

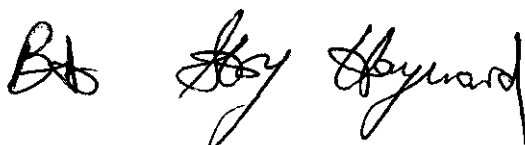
DUNSTALL PARK CENTRE LIMITED

Report of the independent auditors (*Continued*)

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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditors*
London




15 April 2002

DUNSTALL PARK CENTRE LIMITED

Profit and loss account for the year ended 31 December 2001

	Note	Year ended 31 December 2001 £	Period ended 31 December 2000 £
Turnover	1,2	5,332,984	3,200,025
Cost of sales		(4,003,680)	(2,451,569)
Gross profit		1,329,304	748,456
Administrative expenses		(1,257,728)	(770,747)
Operating profit/(loss)	5	71,576	(22,291)
Interest receivable and similar income		60,299	26,557
Profit on ordinary activities before and after taxation, and retained	5,15	131,875	4,266

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The profit for the year represents the movement in shareholders' funds.

The notes on pages 7 to 14 form part of these financial statements.

DUNSTALL PARK CENTRE LIMITED

Balance sheet at 31 December 2001

	Note	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Tangible assets	7		11,651,149		11,874,064
Investments	8		194,701		194,701
			11,845,850		12,068,765
Current assets					
Stocks	9	33,715		51,777	
Debtors	10	2,169,113		2,094,704	
Cash at bank and in hand		<u>1,448,101</u>		<u>684,775</u>	
		3,650,929		2,831,256	
Creditors: amounts falling due within one year	11	<u>7,192,167</u>		<u>6,484,682</u>	
Net current liabilities			(3,541,238)		(3,653,426)
Total assets less current liabilities			8,304,612		8,415,339
Creditors: amounts falling due after more than one year	12		(420,000)		(665,000)
Accruals and deferred income	13		(7,408,484)		(7,406,086)
			476,128		344,253
Capital and reserves					
Called up share capital	14		100		100
Profit and loss account			476,028		344,153
Shareholders' funds - equity	15		476,128		344,253

The financial statements were approved by the Board on

15/4/02



I R Penrose
Director

The notes on pages 7 to 14 form part of these financial statements.

DUNSTALL PARK CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2001

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

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

Media rights

During the year, the company received income from the grant of its media rights to *attheraces*. The income due to the company over the contract period of up to ten years, includes an up-front premium receivable within the first full year of the contract which commenced on 1 July 2001. It is the company's policy to release this premium to the profit and loss account over the ten year period, pro rata to future scheduled rights payments.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land, evenly over their estimated useful economic lives. Depreciation is provided on a straight line basis as follows:

Freehold buildings	-	2% per annum
Flood lights	-	equally over twenty years on cost
All weather track - Surface	-	10% per annum
- Base	-	3.33% per annum
Plant and equipment	-	10% on cost
Hotel fixtures	-	25% on cost (included under plant and machinery in note 8)
Motor vehicles	-	25% on cost

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 accruals and 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 estimated useful economic lives of the assets to which they relate.

DUNSTALL PARK CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2001 (*Continued*)

1 Accounting policies (*Continued*)

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the year of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives to enter into operating lease agreements are initially recorded as deferred income and released to the profit and loss account over the year to the date on which the rent is first expected to be adjusted to the prevailing market rate.

2 Segmental information

	Year ended 31 December 2001 £	Period ended 31 December 2000 £
Turnover:		
Racecourse operations	3,107,887	2,728,918
Other operations	2,225,097	471,107
	<u>5,332,984</u>	<u>3,200,025</u>

DUNSTALL PARK CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2001 (*Continued*)

3 Employees

	Year ended 31 December 2001 £	Period ended 31 December 2000 £
Staff costs consist of:		
Wages and salaries	989,199	752,310
Social security costs	66,454	51,415
Other pension costs	1,536	-
	<u>1,057,189</u>	<u>803,725</u>
The average number of employees, including directors, during the year was	Number	Number
Office and management	10	10
Racecourse operation	31	33
Other	100	129
	<u>141</u>	<u>172</u>

4 Directors

	Year ended 31 December 2001 £	Period ended 31 December 2000 £
Directors' emoluments consist of:		
Remuneration	21,500	13,500
Social security costs	2,036	1,112
	<u>23,536</u>	<u>14,612</u>

DUNSTALL PARK CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2001 (*Continued*)

5 Profit on ordinary activities before taxation

	Year ended 31 December 2001 £	Period ended 31 December 2000 £
This is stated after charging/(crediting):		
Depreciation of tangible fixed assets	534,444	392,885
Auditors' remuneration	12,000	16,000
Amortisation of capital credits and grants	(248,852)	(181,933)
Group management charges	359,619	162,500
	<u>534,444</u>	<u>392,885</u>

6 Taxation on profit on ordinary activities

No taxation arises this year due to the availability of group losses.

7 Tangible assets

	All weather track £	Freehold land and buildings £	Flood lights £	Plant and machinery £	Motor vehicles £	Total £
<i>Cost</i>						
At 1 January 2001	1,402,256	9,143,878	1,022,727	3,415,508	86,384	15,070,753
Additions	256,678	12,208	-	51,022	-	319,908
Disposals	-	-	-	(9,184)	-	(9,184)
	<u>1,658,934</u>	<u>9,156,086</u>	<u>1,022,727</u>	<u>3,457,346</u>	<u>86,384</u>	<u>15,381,477</u>
At 31 December 2001	1,658,934	9,156,086	1,022,727	3,457,346	86,384	15,381,477
<i>Depreciation</i>						
At 1 January 2001	466,790	87,500	443,182	2,157,487	41,730	3,196,689
Charge for year	76,519	50,000	51,136	342,900	13,889	534,444
Disposals	-	-	-	(805)	-	(805)
	<u>543,309</u>	<u>137,500</u>	<u>494,318</u>	<u>2,499,582</u>	<u>55,619</u>	<u>3,730,328</u>
At 31 December 2001	543,309	137,500	494,318	2,499,582	55,619	3,730,328
<i>Net book value</i>						
At 31 December 2001	1,115,625	9,018,586	528,409	957,764	30,765	11,651,149
At 31 December 2000	935,466	9,056,378	579,545	1,258,021	44,654	11,874,064

DUNSTALL PARK CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2001 (*Continued*)

8	Fixed asset investments		£
	Shares held in Satellite Information Services Limited at cost: At 1 January 2001 and at 31 December 2001		194,701
9	Stocks	2001 £	2000 £
	Consumables and goods for resale	33,715	51,777
10	Debtors	2001 £	2000 £
	Trade debtors	108,395	209,978
	Amounts owed by group undertakings	1,862,811	1,638,537
	Other debtors	157,187	197,438
	Corporation tax	8,620	8,620
	Prepayments and accrued income	32,100	40,131
		2,169,113	2,094,704
11	Creditors: amounts falling due within one year	2001 £	2000 £
	Horserace Betting Levy Board loan	245,000	251,250
	Trade creditors	348,958	354,751
	Amounts owed to group undertakings	6,040,035	5,609,181
	Other taxation and social security costs	7,817	37,514
	Other creditors	194,912	231,986
	Accruals and deferred income	355,445	-
		7,192,167	6,484,682

DUNSTALL PARK CENTRE LIMITEDNotes forming part of the financial statements for the year ended 31 December 2001 (*Continued*)**12 Creditors: amounts falling due after more than one year**

	2001 £	2000 £
Horserace Betting Levy Board loan	420,000	665,000

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.

	2001 £	2000 £
This loan is due for repayment as follows:		
Within one to two years	220,000	245,000
Within two to five years	200,000	420,000
	420,000	665,000

13 Accruals and deferred income

	2001 £	2000 £
Capital credits	4,175,362	4,104,175
Repayable if the property ceases to be used as a racecourse.		
Department of Environment grants	2,825,548	2,885,665
Repayable under certain circumstances.		
Sundry capital grant contributions		
Tote	138,304	141,248
Ladbrokes	47,000	48,000
City Challenge	222,270	226,998
	407,574	416,246
	7,408,484	7,406,086

Sundry capital grant contributions are non refundable.

DUNSTALL PARK CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2001 (Continued)

13 Accruals and deferred income (Continued)

	2001 £	2000 £
To be amortised:		
Within one year	248,852	242,577
Within two to five years	995,409	970,309
After more than five years	6,164,223	6,193,200
	<u>7,408,484</u>	<u>7,406,086</u>

14 Share capital

	Authorised, allotted, called up and fully paid			
	2001 Number	2000 Number	2001 £	2000 £
Ordinary shares of £1 each	100	100	100	100

15 Reconciliation of movement in shareholders' funds

	2001 £	2000 £
Shareholders' funds at 1 January 2001	344,253	339,987
Profit for the financial year	131,875	4,266
	<u>476,128</u>	<u>344,253</u>

16 Deferred tax

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

17 Contingencies

The company has guaranteed the bank borrowings of its parent undertaking 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.

DUNSTALL PARK CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2001 (Continued)

18 Related party transactions

The company has taken advantage of the exemption contained within Financial Reporting Standard 8 "Related Party Transactions" not to disclose transactions with entities that are included in the consolidated financial statements of Arena Leisure Plc.

19 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as it is consolidated in the financial statements of its ultimate parent company.

20 Ultimate parent company

The immediate parent company is R.A.M. Racing Leisure Limited.

The ultimate holding company is Arena Leisure Plc which is incorporated in Great Britain. A copy of the financial statements can be obtained from 1 Hay Hill, Berkeley Square, London, W1J 6DH.