

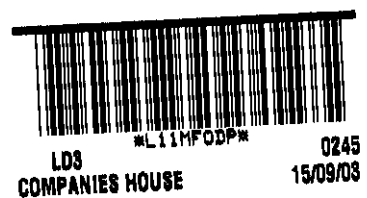
**REGISTRAR OF
COMPANIES**

Dunstall Park Centre Limited

Report and Financial Statements

Year Ended

31 December 2002



BDO Stoy Hayward
Chartered Accountants

DUNSTALL PARK CENTRE LIMITED

Annual report and financial statements for the year ended 31 December 2002

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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 2002

The directors present their report together with the audited financial statements for the year ended 31 December 2002.

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 (2001 - £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
R I Renton
W A Parker

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 2002 (*Continued*)

Directors' responsibilities (*Continued*)

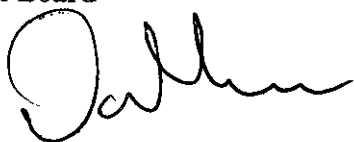
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward 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

2/4/03

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 2002 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward

BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
London

2 April 2003

DUNSTALL PARK CENTRE LIMITED**Profit and loss account for the year ended 31 December 2002**

	Note	2002 £	2001 £
Turnover	1	6,196,423	5,332,984
Cost of sales		(4,070,840)	(4,003,680)
Gross profit		2,125,583	1,329,304
Administrative expenses		(1,724,386)	(1,257,728)
Operating profit	4	401,197	71,576
Interest receivable and similar income		89,050	60,299
Profit on ordinary activities before and after taxation, and retained		490,247	131,875

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 2002

	Note	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Tangible assets	6		11,322,813		11,651,149
Investments	7		-		194,701
			11,322,813		11,845,850
Current assets					
Stocks	8	4,841		33,715	
Debtors	9	3,545,262		2,169,113	
Cash at bank and in hand		4,096		1,448,101	
		3,554,199		3,650,929	
Creditors: amounts falling due within one year	10	6,355,797		7,192,167	
Net current liabilities			(2,801,598)		(3,541,238)
Total assets less current liabilities			8,521,215		8,304,612
Creditors: amounts falling due after more than one year	11		200,000		420,000
Accruals and deferred income	12		7,354,840		7,408,484
			966,375		476,128
Capital and reserves					
Called up share capital	13		100		100
Profit and loss account			966,275		476,028
Shareholders' funds - equity			966,375		476,128

The financial statements were approved by the Board on

I R Penrose
Director

 2/4/03

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 2002

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. All turnover arises solely in the United Kingdom.

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.

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	-	5% per annum
All weather track - Surface	-	10% per annum
- Base	-	3.33% per annum
Plant and machinery	-	10% on cost
Hotel fixtures	-	25% on cost (included under plant and machinery in note 6)
Motor vehicles	-	25% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase in a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Deferred taxation

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with Financial Reporting Standard 19, deferred tax is provided in respect of all timing differences that have originated but not reversed at the balance sheet date that may give rise to an obligation to pay more or less tax in the future. An asset is recognised where there is no uncertainty as to the transfer of future economic benefits. Deferred tax is measured on a non discounted basis.

DUNSTALL PARK CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

1 Accounting policies (*Continued*)

Capital credits

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

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 Staff numbers and costs

The average number of persons employed by the company (including directors and part-time staff but excluding raceday casual staff) during the year, analysed by category, was as follows

	2002 Number	2001 Number
Management and administration	15	15
Customer service	42	36
	57	51

DUNSTALL PARK CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

2 Staff numbers and costs (*Continued*)

	2002 £	2001 £
Wages and salaries	657,456	628,349
Social security costs	54,832	47,905
Pension	7,006	1,536
	<u>719,294</u>	<u>677,790</u>

The company employs casual staff to assist during race days. The number of casual staff varies between 30 and 50 depending on the race day. Casual staff are not included in the staff numbers or costs stated above. The aggregate payroll cost in respect of casual staff in 2002 was £109,136 (2001 - £379,399).

3 Directors

	2002 £	2001 £
Directors' emoluments consist of:		
Remuneration	21,500	21,500
Social security costs	2,087	2,036
	<u>23,587</u>	<u>23,536</u>

4 Operating profit

	2002 £	2001 £
This is stated after charging/(crediting):		
Group management charges – expense	838,000	359,619
Group management charges – income	(6,000)	(15,000)
Depreciation of tangible fixed assets	489,535	534,444
Auditors' remuneration	12,000	12,000
	<u></u>	<u></u>

DUNSTALL PARK CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

5 Taxation

There is no tax charge for the year due to group relief claimed.

	2002 £	2001 £
<i>Tax reconciliation</i>		
Factors affecting tax charge for the year:		
Profit on ordinary activities	490,247	131,875
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2001 – 30%)	147,074	39,563
Effects of:		
Expenses not deductible for tax purposes	22,934	6,066
Income not assessable to tax	(30,958)	(33,426)
Short term timing differences	(376)	376
Depreciation in excess of capital allowances	86,721	119,104
Adjustment for joint ventures, associates and consolidation adjustments	-	-
Losses utilised in year	-	(93,863)
Group relief claimed	(225,395)	(37,820)
Current tax charge for year	-	-

Unrecognised deferred tax

	2001 £	Movement in the year £	2002 £
Accelerated capital allowances	(307,648)	(93,846)	(401,494)
Other short term timing differences	(376)	376	-
Unrecognised deferred tax assets	(308,024)	(93,470)	(401,494)

The company has not provided for the deferred tax asset on accelerated capital allowances and other short term timing differences as it is prudent to assume that that group will not make sufficient profits in the short term to absorb these amounts.

DUNSTALL PARK CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

6 Tangible assets

	All weather track £	Freehold land and buildings £	Flood lights £	Plant and machinery £	Motor vehicles £	Total £
<i>Cost</i>						
At 1 January 2002	1,658,934	9,156,086	1,022,727	3,457,346	86,384	15,381,477
Additions	-	21,311	-	276,402	-	297,713
Disposals	-	-	-	(220,645)	-	(220,645)
At 31 December 2002	<u>1,658,934</u>	<u>9,177,397</u>	<u>1,022,727</u>	<u>3,513,103</u>	<u>86,384</u>	<u>15,458,545</u>
<i>Depreciation</i>						
At 1 January 2002	543,309	137,500	494,318	2,499,582	55,619	3,730,328
Charge for year	57,648	50,466	51,136	316,396	13,889	489,535
Inter group additions	-	-	-	6,429	-	6,429
Disposals	-	-	-	(90,560)	-	(90,560)
At 31 December 2002	<u>600,957</u>	<u>187,966</u>	<u>545,454</u>	<u>2,731,847</u>	<u>69,508</u>	<u>4,135,732</u>
<i>Net book value</i>						
At 31 December 2002	<u>1,057,977</u>	<u>8,989,431</u>	<u>477,273</u>	<u>781,256</u>	<u>16,876</u>	<u>11,322,813</u>
At 31 December 2001	<u>1,115,625</u>	<u>9,018,586</u>	<u>528,409</u>	<u>957,764</u>	<u>30,765</u>	<u>11,651,149</u>

Freehold land and buildings includes £6,644,000 (2001 - £6,656,000) of non depreciable assets.

DUNSTALL PARK CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (Continued)

7	Fixed asset investments		£
	Shares held in Satellite Information Services Limited at cost:		
	At 1 January 2002		194,701
	Inter-company transfer		(194,701)
	At 31 December 2002		-
8	Stocks		
		2002	2001
		£	£
	Consumables and goods for resale	4,841	33,715
9	Debtors		
		2002	2001
		£	£
	Trade debtors	715,249	108,395
	Amounts owed by group undertakings	2,675,444	1,862,811
	Other debtors	106,296	157,187
	Corporation tax	8,620	8,620
	Prepayments and accrued income	39,653	32,100
		3,545,262	2,169,113
10	Creditors: amounts falling due within one year		
		2002	2001
		£	£
	Bank overdraft	231,441	-
	Horserace Betting Levy Board loan	220,000	245,000
	Trade creditors	531,859	348,958
	Amounts owed to group undertakings	4,365,315	6,040,035
	Other taxation and social security costs	16,111	7,817
	Other creditors	90,479	194,912
	Accruals and deferred income	900,592	355,445
		6,355,797	7,192,167

DUNSTALL PARK CENTRE LIMITEDNotes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)**11 Creditors: amounts falling due after more than one year**

	2002 £	2001 £
Horserace Betting Levy Board loan	200,000	420,000
This loan is due for repayment as follows:		
In more than one year but not more than two years	200,000	220,000
In more than two years but not more than five years	-	200,000
	200,000	420,000

12 Accruals and deferred income

	2002 £	2001 £
Capital credits (note 12a)	4,195,849	4,175,362
Department of Environment Grants (note 12b)	2,760,088	2,825,548
Sundry capital grant contributions (note 12 c)	398,903	407,574
	7,354,840	7,408,484

a) Capital credits

	£
Balance at 1 January 2002	4,175,362
Capital credits received in year	205,000
Amortisation	(184,513)

Balance at 31 December 2002

4,195,849

b) Department of Environment grants

2002 £	2001 £
2,760,088	2,825,548

c) Sundry capital grant contributions

	2002 £	2001 £
Tote	135,363	138,304
Ladbrokes	46,000	47,000
City Challenge	217,540	222,270
	398,903	407,574

DUNSTALL PARK CENTRE LIMITED

Notes forming part of the financial statements for the year ended 31 December 2002 (*Continued*)

13 Share capital

	Authorised, allotted, called up and fully paid			
	2002 Number	2001 Number	2002 £	2001 £
Ordinary shares of £1 each	100	100	100	100

14 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £7,328 (2001 - £1,214).

There were no pension creditors at the year end (2001 - Nil).

15 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.

16 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.

17 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.

18 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.