

**REGISTRAR OF
COMPANIES**

Dunstall Park Centre Limited

Report and Financial Statements

Year Ended

31 December 2003

2159607.



BDO

BDO Stoy Hayward
Chartered Accountants

Dunstall Park Centre Limited

Annual report and financial statements for the year ended 31 December 2003

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Directors

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Directors

I R Penrose
E C Taylor
R I Renton
WA Parker
R Mercer

Secretary and registered office

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

Company number

2159607

Auditors

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

Dunstall Park Centre Limited

Report of the directors for the year ended 31 December 2003

The directors present their report together with the audited financial statements for the year ended 31 December 2003.

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 (2002 - £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.

Directors

The directors of the company during the year were:

I R Penrose
E C Taylor
R I Renton
W A Parker
R Mercer (appointed 4 September 2003)

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.

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.

Dunstall Park Centre Limited

Report of the directors for the year ended 31 December 2003 (*Continued*)

Post balance sheet events

On 29 March 2004, *attheraces* terminated its media rights contract with the Racecourse Association ('RCA') and the 49 racecourses party to the contract. The termination right arose under a provision in respect of betting margins from the Tote. *attheraces* is relying upon provisions in the contract to pursue rebates from the racecourses.

On 5 April 2004, the OFT adopted that the 49 racecourses party to the media rights contract with *attheraces* had infringed the Competition Act 1998 by collectively selling their media rights to *attheraces*, but imposed no penalty.

Arena Leisure Plc and Sky are currently in negotiation with the individual racecourses and racecourse groups to establish a new media rights agreement with a view to launching a new *attheraces* channel on the Sky digital platform in the near future.

Auditors

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the directors appointed BDO Stoy Hayward LLP as its successor. A resolution to reappoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

On behalf of the Board

I R Penrose



Director

Date

22/4/04

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 2003 on pages 5 to 14 which have been prepared under the accounting policies set out on page 7.

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.

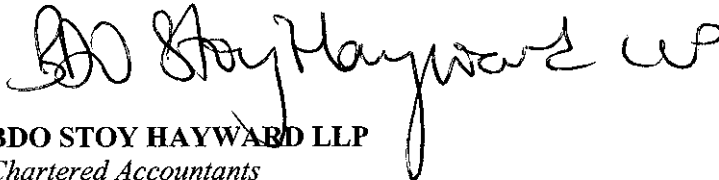
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'BDO Stoy Hayward LLP', is written over the printed name of the firm.

BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
London

22 April 2004

Dunstall Park Centre Limited

Profit and loss account for the year ended 31 December 2003

	Note	2003 £	2002 £
Turnover		5,891,016	6,196,423
Cost of sales		<u>3,685,834</u>	<u>4,070,840</u>
Gross profit		2,205,182	2,125,583
Administrative expenses		<u>1,920,412</u>	<u>1,724,386</u>
Operating profit	4	284,770	401,197
Interest receivable and similar income		<u>10,664</u>	<u>89,050</u>
Profit on ordinary activities before and after taxation, and retained		<u>295,434</u>	<u>490,247</u>

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.

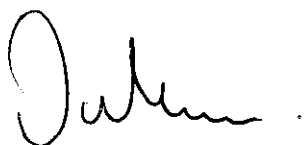
Dunstall Park Centre Limited

Balance sheet at 31 December 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Tangible assets	6		11,520,343		11,322,813
Current assets					
Stocks	7	7,515		4,841	
Debtors	8	3,343,580		3,545,262	
Cash at bank and in hand		87,456		4,096	
			3,438,551	3,554,199	
Creditors: amounts falling due within one year	9	6,191,666		6,355,797	
Net current liabilities			(2,753,115)		(2,801,598)
Total assets less current liabilities			8,767,228		8,521,215
Creditors: amounts falling due after more than one year	10		3,979		200,000
Accruals and deferred income	11		7,501,440		7,354,840
			1,261,809		966,375
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account			1,261,709		966,275
Shareholders' funds - equity			1,261,809		966,375

The financial statements were approved by the Board on 22/4/04

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 2003

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 2002. 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.

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.

Dunstall Park Centre Limited**Notes forming part of the financial statements for the year ended 31 December 2003 (Continued)****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

	2003 Number	2002 Number
Management and administration	16	15
Customer service	39	42
	<u>55</u>	<u>57</u>
	£	£
Wages and salaries	792,043	657,456
Social security costs	69,207	54,832
Pension	8,089	7,006
	<u>869,339</u>	<u>719,294</u>

The company employs casual staff to assist during race days. The number of casual staff varies between 20 and 30 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 2003 was £46,911 (2002 - £109,136).

3 Directors

	2003 £	2002 £
Directors' emoluments consist of:		
Remuneration	22,000	21,500
Social security costs	2,170	2,087
	<u>24,170</u>	<u>23,587</u>

4 Operating profit

	2003 £	2002 £
This is stated after charging/(crediting):		
Group management charges – expense	939,000	838,000
Group management charges – income	(6,000)	(6,000)
Depreciation of tangible fixed assets	516,831	489,535
Auditors' remuneration	12,600	12,000
Profit on disposal of fixed assets	(1,997)	(1,064)

Dunstall Park Centre Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (Continued)

5 Taxation

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2003 £	2002 £	
<i>Tax reconciliation</i>			
Factors affecting tax charge for the year:			
Profit on ordinary activities	295,434	490,247	
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2002 – 30%)	88,630	147,074	
Effects of:			
Expenses not deductible for tax purposes	36,824	22,934	
Income not assessable to tax	(78,528)	(30,958)	
Short term timing differences	422	(376)	
Depreciation in excess of capital allowances	121,603	86,721	
Group relief claimed	(168,951)	(225,395)	
Current tax charge for year	-	-	
<i>Unrecognised deferred tax</i>			
	2002 £	Movement in the year £	2003 £
Accelerated capital allowances	(401,494)	(157,498)	(558,992)
Other short term timing differences	-	(617)	(617)
Unrecognised deferred tax assets	(401,494)	(158,115)	(559,609)

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 2003 (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 2003	1,658,934	9,177,397	1,022,727	3,513,103	86,384	15,458,545
Additions	-	400,344	-	316,536	-	716,880
Disposals	-	(16,949)	-	(377,524)	(4,638)	(399,111)
At 31 December 2003	1,658,934	9,560,792	1,022,727	3,452,115	81,746	15,776,314
<i>Depreciation</i>						
At 1 January 2003	600,957	187,966	545,454	2,731,847	69,508	4,135,732
Charge for year	57,648	55,099	51,136	325,017	13,501	502,401
Disposals	-	-	-	(377,524)	(4,638)	(382,162)
At 31 December 2003	658,605	243,065	596,590	2,679,340	78,371	4,255,971
<i>Net book value</i>						
At 31 December 2003	1,000,329	9,317,727	426,137	772,775	3,375	11,520,343
At 31 December 2002	1,057,977	8,989,431	477,273	781,256	16,876	11,322,813

Freehold land and buildings includes £6,873,000 (2002 - £6,644,000) of non depreciable assets.

The net book value of tangible fixed assets includes an amount of £22,253 (2002 - £Nil) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £1,298 (2002 - £Nil).

Dunstall Park Centre Limited**Notes forming part of the financial statements for the year ended 31 December 2003 (Continued)****7 Stocks**

	2003 £	2002 £
Consumables and goods for resale	7,515	4,841

8 Debtors

	2003 £	2002 £
Trade debtors	340,311	715,249
Amounts owed by group undertakings	2,782,038	2,675,444
Other debtors	111,102	106,296
Corporation tax	8,620	8,620
Prepayments and accrued income	101,509	39,653
	<u>3,343,580</u>	<u>3,545,262</u>

All amounts shown under debtors fall due for payment within one year.

9 Creditors: amounts falling due within one year

	2003 £	2002 £
Bank overdraft	-	231,441
Horserace Betting Levy Board loan	200,000	220,000
Trade creditors	545,630	531,859
Amounts owed to group undertakings	4,219,333	4,365,315
Other taxation and social security costs	19,561	16,111
Other creditors	201,847	90,479
Obligations under finance lease and hire purchase contracts	3,979	-
Accruals and deferred income	1,001,316	900,592
	<u>6,191,666</u>	<u>6,355,797</u>

Dunstall Park Centre Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (Continued)

10 Creditors: amounts falling due after more than one year

	2003 £	2002 £
Horserace Betting Levy Board loan	-	200,000
Obligations under finance lease and hire purchase contracts	3,979	-
	<u>3,979</u>	<u>200,000</u>

Maturity of debt:

	Horserace betting Levy board loan 2003 £	Horserace betting Levy board loan 2002 £	Finance leases 2003 £	Finance leases 2002 £
In one year or less, or on demand	200,000	-	3,979	-
In more than one year but not more than two years	-	200,000	3,979	-

11 Accruals and deferred income

	2003 £	2002 £
Capital credits (note 11a)	4,411,130	4,195,849
Department of Environment Grants (note 11b)	2,700,079	2,760,088
Sundry capital grant contributions (note 11c)	390,231	398,903

	<u>7,501,440</u>	<u>7,354,840</u>
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a) Capital credits

	£
Balance at 1 January 2003	4,195,849
Capital credits received in year	408,360
Amortisation	(193,079)
	<u>4,411,130</u>

Balance at 31 December 2003

Dunstall Park Centre Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (Continued)

11 Accruals and deferred income (Continued)

	2003 £	2002 £
b) Department of Environment grants	2,700,079	2,760,088
c) Sundry capital grant contributions		
Tote	132,420	135,363
Ladbroke's	45,000	46,000
City Challenge	212,811	217,540
	390,231	398,903

12 Share capital

	Authorised, allotted, called up and fully paid			
	2003 Number	2002 Number	2003 £	2002 £
Ordinary shares of £1 each	100	100	100	100

13 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 £8,089 (2002 - £7,328).

There were no pension creditors at the year end (2002 - Nil).

14 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 2003 (Continued)

15 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.

16 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.

17 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.

18 Post balance sheet events

On 29 March 2004, *attheraces* terminated its media rights contract with the Racecourse Association ('RCA') and the 49 racecourses party to the contract. The termination right arose under a provision in respect of betting margins from the Tote. *attheraces* is relying upon provisions in the contract to pursue rebates from the racecourses.

On 5 April 2004, the OFT adopted that the 49 racecourses party to the media rights contract with *attheraces* had infringed the Competition Act 1998 by collectively selling their media rights to *attheraces*, but imposed no penalty.

Arena Leisure Plc and Sky are currently in negotiation with the individual racecourses and racecourse groups to establish a new media rights agreement with a view to launching a new *attheraces* channel on the Sky digital platform in the near future.