

**REGISTRAR OF
COMPANIES**

Dunstall Park Centre Limited

Report and Financial Statements

Year Ended

31 December 2004



BDO

BDO Stoy Hayward
Chartered Accountants

Dunstall Park Centre Limited

Annual report and financial statements for the year ended 31 December 2004

Contents

Directors

Page:

1	Report of the directors
3	Report of the independent auditors
5	Profit and loss account
6	Statement of total recognised gains and losses
7	Balance sheet
8	Notes forming part of the financial statements

Directors

E C Taylor
R I Renton
WA Parker
R Mercer
M J Elliott

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 2004

The directors present their report together with the audited financial statements for the year ended 31 December 2004.

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 (2003 - £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

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

I R Penrose was 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.

I R Penrose resigned as a director on 30 September 2004.

M J Elliott was appointed as a director on 3 October 2005.

Dunstall Park Centre Limited

Report of the directors for the year ended 31 December 2004 (*Continued*)

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.

Auditors

BDO Stoy Hayward LLP 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

R Mercer



Director

Date

27 OCTOBER 2005

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 2004 on pages 5 to 16 which have been prepared under the accounting policies set out on page 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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
London

27 October 2005

Dunstall Park Centre Limited**Profit and loss account for the year ended 31 December 2004**

	Note	2004 £	2003 As restated £
Turnover	1	8,107,449	6,184,124
Cost of sales		5,108,511	3,570,582
Gross profit		2,998,938	2,613,542
Administrative expenses		1,823,887	2,182,173
Operating profit	5	1,175,051	431,369
Interest payable and similar charges		(13,465)	-
Interest receivable and similar income		30,425	10,664
Profit on ordinary activities before and after taxation, and retained	14	1,192,011	442,033

All amounts relate to continuing activities.

The profit for the year represents the movement in shareholder's funds.

The notes on pages 8 to 16 form part of these financial statements.

Dunstall Park Centre Limited

Statement of total recognised gains and losses for the year ended 31 December 2004

	2004 £	2003 £
Profit for the financial year and total recognised gains and losses for the year	1,192,011	442,033
Prior year adjustment - capital credits (note 2)	4,867,951	-
Total recognised gains and losses since the last financial statements	6,059,962	442,033

The notes on pages 8 to 16 form part of these financial statements.

Dunstall Park Centre Limited

Balance sheet at 31 December 2004

	Note	2004 £	2004 £	2003 As restated £	2003 As restated £
Fixed assets					
Tangible assets	7		14,561,475		11,520,343
Current assets					
Stocks	8	2,460		7,515	
Debtors	9	3,369,867		3,343,580	
Cash at bank and in hand		186,941		87,456	
			3,559,268		3,438,551
Creditors: amounts falling due within one year	10	8,218,253		6,191,666	
Net current liabilities			(4,658,985)		(2,753,115)
Total assets less current liabilities			9,902,490		8,767,228
Creditors: amounts falling due after more than one year	11		-		3,979
Accruals and deferred income	12		2,580,719		2,633,489
			7,321,771		6,129,760
Capital and reserves					
Called up share capital	13		100		100
Profit and loss account	14		7,321,671		6,129,660
Shareholder's funds - equity			7,321,771		6,129,760

The financial statements were approved by the Board on 27 October 2005

R Mercer
Director



The notes on pages 8 to 16 form part of these financial statements.

Dunstall Park Centre Limited

Notes forming part of the financial statements for the year ended 31 December 2004

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

On the 29 March 2004 attheraces terminated its media rights agreement with the RCA and the 49 racecourses which were party to the contract, including the 6 racecourses owned by Arena Leisure Plc. Following termination of this agreement the group negotiated a new media rights contract with At The Races. This enabled the group to resolve its rebate liability under the original contract and to receive future rights payments based on a percentage share of the relevant revenues generated by the broadcasts from the group's racecourses. This income will be credited to the profit and loss account in the period in which it is earned.

At the 29 March 2004 Dunstall Park Centre Limited held within creditors the sum of £675,000 in respect of deferred media rights income received under the original contract. This will be released to the profit and loss account on a straight line basis over the initial five year period of the new contract.

Depreciation

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

Land and buildings	-	2% per annum
Fixtures and fittings	-	5% to 25% per annum
Plant, machinery and equipment	-	5% to 25% per annum

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 2004 (Continued)

2 Change of accounting policy

Capital Credits

The Horserace Betting Levy Board provide racecourse revenue grants to support the holding of a race meeting.

A racecourse can elect in advance to convert the revenue grant to capital credits which can be drawn down to meet approved capital project expenditure.

Previously capital credits were 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.

The directors have reviewed the accounting policy in respect of capital credits and now consider it more appropriate to view the capital credits as revenue grants. The impact of this change in accounting policy is to take the revenue grants to the profit and loss account as turnover to match the related costs of holding the race meeting. The capital credits are recognised as income when the race meeting has been held. The directors consider this policy provides a more appropriate presentation of the actual underlying financial performance of the racecourse.

The effect of this accounting policy change on the comparatives is that net assets have been increased by £4,867,951 and operating profit increased by £146,599. Had this accounting policy not changed, current year net assets would have been £6,122,004 lower and operating profit would have been £1,254,053 lower.

3 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

	2004 Number	2003 Number
Management and administration	16	16
Customer service	43	39
	59	55
	£	£
Wages and salaries	889,832	792,043
Social security costs	82,989	69,207
Pension	6,982	8,089
	979,803	869,339

Dunstall Park Centre Limited

Notes forming part of the financial statements for the year ended 31 December 2004 *(Continued)*

3 Staff numbers and costs *(Continued)*

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 2004 was £78,408 (2003 - £46,911).

4 Directors

	2004 £	2003 £
Directors' emoluments consist of:		
Remuneration	22,660	22,000
Social security costs	2,293	2,170
	<u>24,953</u>	<u>24,170</u>

5 Operating profit

	2004 £	2003 £
This is stated after charging/(crediting):		
Group management charges – expense	744,000	939,000
Group management charges – income	(30,000)	(6,000)
Depreciation of tangible fixed assets	372,218	516,831
Auditors' remuneration	12,960	12,600
Profit on disposal of fixed assets	(5,934)	(1,997)
	<u>793,244</u>	<u>1,450,434</u>

Dunstall Park Centre Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

6 Taxation

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

	2004 £	2003 As restated £
<i>Tax reconciliation</i>		
Factors affecting tax charge for the year:		
Profit on ordinary activities	1,192,011	442,033
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003 – 30%)	357,603	132,610
Effects of:		
Expenses not deductible for tax purposes	41,021	36,824
Income not assessable to tax	(376,216)	(122,508)
Short term timing differences	-	422
Depreciation in excess of capital allowances	70,830	121,603
Group relief claimed	(93,238)	(168,951)
Current tax charge for year	-	-

Unrecognised deferred tax

	2003 £	Movement in the year £	2004 £
Accelerated capital allowances	(558,992)	(179,351)	(738,343)
Other short term timing differences	(617)	-	(617)
Unrecognised deferred tax assets	(559,609)	(179,351)	(738,960)

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 2004 (*Continued*)

7 Tangible assets

	All weather track £	Freehold land and buildings £	Flood lights £	Plant and machinery £	Motor vehicles £	Total £
<i>Cost</i>						
At 1 January 2004	1,658,934	9,560,792	1,022,727	3,452,115	81,746	15,776,314
Additions	2,307,715	474,276	46,769	779,127	16,328	3,624,215
Disposals	-	-	-	(24,153)	(12,366)	(36,159)
Intercompany transfers	(275,147)	-	-	-	-	(275,147)
At 31 December 2004	<u>3,691,502</u>	<u>10,035,068</u>	<u>1,069,496</u>	<u>4,207,089</u>	<u>85,708</u>	<u>19,088,863</u>
<i>Depreciation</i>						
At 1 January 2004	658,605	243,065	596,590	2,679,340	78,371	4,255,971
Charge for year	74,405	57,332	51,643	181,463	7,375	372,218
Disposals	-	-	-	(2,929)	(13,501)	(16,430)
Intercompany transfer	(84,371)	-	-	-	-	(84,371)
At 31 December 2004	<u>648,639</u>	<u>300,397</u>	<u>648,233</u>	<u>2,857,874</u>	<u>72,245</u>	<u>4,527,388</u>
<i>Net book value</i>						
At 31 December 2004	<u>3,042,863</u>	<u>9,734,671</u>	<u>421,263</u>	<u>1,349,215</u>	<u>13,463</u>	<u>14,561,475</u>
At 31 December 2003	<u>1,000,329</u>	<u>9,317,727</u>	<u>426,137</u>	<u>772,775</u>	<u>3,375</u>	<u>11,520,343</u>

Freehold land and buildings includes £7,302,000 (2003 - £6,873,000) of non depreciable assets.

The net book value of tangible fixed assets includes an amount of £19,083 (2003 - £22,253) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £1,547 (2003 - £1,298).

Dunstall Park Centre Limited**Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)****8 Stocks**

	2004 £	2003 £
Consumables and goods for resale	2,460	7,515

9 Debtors

	2004 £	2003 £
Trade debtors	587,190	340,311
Amounts owed by group undertakings	2,273,915	2,782,038
Other debtors	232,105	111,102
Corporation tax	8,620	8,620
Prepayments and accrued income	268,037	101,509
	<u>3,369,867</u>	<u>3,343,580</u>

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

10 Creditors: amounts falling due within one year

	2004 £	2003 £
Horserace Betting Levy Board loan	-	200,000
Trade creditors	842,078	545,630
Amounts owed to group undertakings	6,118,876	4,219,333
Other taxation and social security costs	29,162	19,561
Other creditors	137,278	201,847
Obligations under finance lease and hire purchase contracts	3,979	3,979
Accruals and deferred income	1,086,880	1,001,316
	<u>8,218,253</u>	<u>6,191,666</u>

Dunstall Park Centre Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

11 Creditors: amounts falling due after more than one year

		2004 £	2003 £
Obligations under finance lease and hire purchase contracts		-	3,979
Maturity of debt:			
	Horserace betting Levy board loan 2004 £	Horserace betting Levy board loan 2003 £	Finance leases 2004 £
			Finance leases 2003 £
In one year or less, or on demand	-	200,000	-
In more than one year but not more than two years	-	-	-

12 Accruals and deferred income

	Capital credits and grants As restated £
Balance at 1 January 2004 (as previously stated)	7,501,440
Prior year adjustment (note 2)	(4,867,951)
Balance at 1 January 2004 (as restated)	2,633,489
Amortisation for the year	(52,770)
Balance at 31 December 2004	2,580,819

The above balance represents Department of Environment Grants to be amortised over the life of the asset to which it relates.

13 Share capital

	Authorised, allotted, called up and fully paid			
	2004 Number	2003 Number	2004 £	2003 £
Ordinary shares of £1 each	100	100	100	100

Dunstall Park Centre Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

14 Profit and loss account

	As restated £
Profit and loss reserve at 1 January 2004 (as previously stated)	1,261,709
Prior year adjustment (note 2)	4,867,951
Profit and loss account at 1 January 2004 (as restated)	6,129,660
Profit for the year	1,192,011
Profit and loss reserve at 31 December 2004	<u>7,321,671</u>

15 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 £6,982 (2003 - £8,089).

There were no pension creditors at the year end (2003 - Nil).

16 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.

17 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.

Dunstall Park Centre Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

18 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.

19 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.