

**REGISTRAR OF
COMPANIES**

Dunstall Park Centre Limited

Report and Financial Statements

Year Ended

31 December 2005



BDO Stoy Hayward
Chartered Accountants

Dunstall Park Centre Limited

Annual report and financial statements for the year ended 31 December 2005

Contents

Directors

Page:

1	Report of the directors
3	Report of the independent auditors
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

Directors

R I Renton
WA Parker
R Mercer
M J Elliott
D A Roberts

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 2005

The directors present their report together with the audited financial statements for the year ended 31 December 2005.

Results and dividends

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

The directors paid an interim ordinary dividend of £8,350,000 (2004 - £Nil) during the year.

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	(resigned 30 September 2005)
E C Taylor	(resigned 30 March 2006)
R I Renton	
W A Parker	
R Mercer	
M J Elliott	(appointed 3 October 2005)

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

M J Elliot and R I Renton were directors of the company's parent company, Arena Leisure Plc. Their interests in the ordinary shares and share options are disclosed in its financial statements.

Dunstall Park Centre Limited

Report of the directors for the year ended 31 December 2005 (*Continued*)

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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

M J Elliot



Director

Date

26 July 2006

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 2005 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been 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 those 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- the financial statements 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*

24 July 2006

Dunstall Park Centre Limited**Profit and loss account for the year ended 31 December 2005**

	Note	2005 £	2004 As restated £
Turnover	1	9,726,238	8,409,399
Cost of sales		(6,141,887)	(5,410,461)
Gross profit		3,584,351	2,998,938
Administrative expenses		2,137,544	1,823,887
Operating profit	4	1,446,807	1,175,051
Interest payable and similar charges		(457,637)	(13,465)
Interest receivable and similar income		66,999	30,425
Profit on ordinary activities after taxation and transferred to reserves	13	1,056,169	1,192,011

All amounts relate to continuing activities.

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

Dunstall Park Centre Limited

Balance sheet at 31 December 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	7		14,151,956		14,561,475
Current assets					
Stocks	8	1,319		2,460	
Debtors	9	3,615,625		3,369,867	
Cash at bank and in hand		4,284		186,941	
			3,621,228	3,559,268	
Creditors: amounts falling due within one year	10	15,217,294		8,218,253	
Net current liabilities			(11,596,066)		(4,658,985)
Total assets less current liabilities			2,555,890		9,902,490
Creditors: amounts falling due after more than one year					
Accruals and deferred income	11		2,527,950		2,580,719
			27,940		7,321,771
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account	13		27,840		7,321,671
Shareholder's funds - equity			27,940		7,321,771

The financial statements were approved by the Board on

26 July 2006

M J Elliot
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 2005

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 principally relates to income derived directly from the holding of horse race meetings, including industry related funding from the Horserace Betting Levy Board and the non race-day use of the racecourse facilities. Income is also derived from the operation of a hotel on site.

Income is recognised once a race meeting has been held. In certain circumstances income is taken over the life of the agreement to which it relates, such as rental income and annual memberships.

The directors have reviewed the accounting treatment of certain industry related funding from the Horserace Betting Levy Board. Following this review it has been decided that the funding should be shown as income rather than as previously offset against the costs to which the funding directly related. Consequently, the comparative profit and loss account has been restated to reflect this. The adjustment in the prior year amounted to £301,950 and £268,998 in the current year. The adjustment has no impact on net assets or profit for the year in the current or preceding year.

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.

Dunstall Park Centre Limited

Notes forming part of the financial statements for the year ended 31 December 2005

1 Accounting policies (*continued*)

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.

Dividend

The company has adopted FRS 21 'Events after the balance sheet date'. Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when paid by the company. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

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

	2005 Number	2004 Number
Management and administration	14	16
Customer service	44	43
	58	59
	£	£
Wages and salaries	890,262	889,832
Social security costs	79,103	82,989
Pension	6,769	6,982
	976,134	979,803

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 2005 was £154,076 (2004 - £78,408).

Dunstall Park Centre Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

3 Directors

	2005 £	2004 £
Directors' emoluments consist of:		
Remuneration	23,568	22,660
Social security costs	2,390	2,293
	25,958	24,953

4 Operating profit

	2005 £	2004 £
This is stated after charging/(crediting):		
Group management charges – expense	509,000	744,000
Group management charges – income	(34,500)	(30,000)
Depreciation of tangible fixed assets	468,663	372,218
Auditors' remuneration	12,960	12,960
Profit on disposal of fixed assets	(26)	(5,934)

Dunstall Park Centre Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (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:

	2005 £	2004 £
<i>Tax reconciliation</i>		
Factors affecting tax charge for the year:		
Profit on ordinary activities	1,056,169	1,192,011
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2004 – 30%)	316,851	357,603
Effects of:		
Expenses not deductible for tax purposes	174,081	41,021
Income not assessable to tax	(155,652)	(376,216)
Short term timing differences	(210)	-
Depreciation in excess of capital allowances	(192,246)	70,830
Group relief claimed	(142,824)	(93,238)
Current tax charge for year	-	-

Unrecognised deferred tax

	2004 £	Movement in the year £	2005 £
Accelerated capital allowances	(738,343)	609,544	(128,799)
Other short term timing differences	(617)	-	(617)
Unrecognised deferred tax assets	(738,960)	609,544	(129,416)

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.

6 Dividends

	2005 £	2004 £
Interim dividend paid £83,500/share (2004 - £Nil)	8,350,000	-

Dunstall Park Centre Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (*Continued*)

7 Tangible assets

	Assets under construction £	All weather track £	Freehold land and buildings £	Flood lights £	Plant and machinery £	Motor vehicles £	Total £
<i>Cost</i>							
At 1 January 2005	658,140	3,691,502	9,376,928	1,069,496	4,207,089	85,708	19,088,863
Additions	29,208	75,770	118,477	4,616	185,430	59,851	473,352
Disposals	-	-	-	-	-	(26,550)	(26,550)
Intercompany transfers	-	-	-	-	(18,348)	-	(18,348)
Impairment Provision	(400,000)	-	-	-	-	-	(400,000)
At 31 December 2005	<u>287,348</u>	<u>3,767,272</u>	<u>9,495,405</u>	<u>1,074,112</u>	<u>4,374,171</u>	<u>119,009</u>	<u>19,117,317</u>
<i>Depreciation</i>							
At 1 January 2005	-	648,639	300,397	648,233	2,857,874	72,245	4,527,388
Charge for year	-	110,048	62,027	53,637	229,121	13,830	468,663
Disposals	-	-	-	-	-	(26,550)	(26,550)
Intercompany transfer	-	-	-	-	(4,140)	-	(4,140)
At 31 December 2005	<u>-</u>	<u>758,687</u>	<u>362,424</u>	<u>701,870</u>	<u>3,082,855</u>	<u>59,525</u>	<u>4,965,361</u>
<i>Net book value</i>							
At 31 December 2005	<u>287,348</u>	<u>3,008,585</u>	<u>9,132,981</u>	<u>372,242</u>	<u>1,291,316</u>	<u>59,484</u>	<u>14,151,956</u>
At 31 December 2004	<u>658,140</u>	<u>3,042,863</u>	<u>9,076,531</u>	<u>421,263</u>	<u>1,349,215</u>	<u>13,463</u>	<u>14,561,475</u>

Freehold land and buildings includes £6,931,226 (2004 - £7,302,000) of non depreciable assets.

The board has reviewed the carrying costs in respect of the development of a hotel extension and casino, which a Government call in inquiry rejected principally on the grounds of its impact on the openness of the green belt site. As a result, the board has written down the carrying value of the expenditure on this project by £400,000. An alternative design and location within the racecourse site is being developed which aims to address the principal issue for rejection by the Government inspector.

Dunstall Park Centre Limited**Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)****8 Stocks**

	2005 £	2004 £
Consumables and goods for resale	1,319	2,460

9 Debtors

	2005 £	2004 £
Trade debtors	497,073	587,190
Amounts owed by group undertakings	2,520,593	2,273,915
Other debtors	125,729	232,105
Corporation tax	-	8,620
Prepayments and accrued income	472,230	268,037
	3,615,625	3,369,867

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

10 Creditors: amounts falling due within one year

	2005 £	2004 £
Bank Overdraft	343,314	-
Trade creditors	703,875	842,078
Amounts owed to group undertakings	13,245,294	6,118,876
Other taxation and social security costs	33,631	29,162
Other creditors	115,791	137,278
Obligations under finance lease and hire purchase contracts	-	3,979
Accruals and deferred income	775,389	1,086,880
	15,217,294	8,218,253

Dunstall Park Centre Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

11 Accruals and deferred income

	Capital credits and grants £
Balance at 1 January 2005	2,580,719
Amortisation for the year	52,769
Balance at 31 December 2005	2,527,950

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

12 Share capital

	Authorised, allotted, called up and fully paid			
	2005	2004	2005	2004
	Number	Number	£	£
Ordinary shares of £1 each	100	100	100	100

13 Profit and loss account

	£
Profit and loss account at 1 January 2005	7,321,671
Profit for the year	1,056,169
Dividend Paid	(8,350,000)
Profit and loss account at 31 December 2005	27,840

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 £5,692 (2004 - £6,982).

There were no pension creditors at the year end (2004 – Nil).

Dunstall Park Centre Limited

Notes forming part of the financial statements for the year ended 31 December 2005 *(Continued)*

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.