

REGISTERED NUMBER: 02159607 (England and Wales)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011
FOR
WOLVERHAMPTON RACECOURSE LIMITED**



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FOR THE YEAR ENDED 31 DECEMBER 2011**

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WOLVERHAMPTON RACECOURSE LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2011**

DIRECTORS:

D A Roberts
W A Parker
A B Kelly
S A J Nahum
P C O'Driscoll

SECRETARY:

Ms M J Langridge

REGISTERED OFFICE:

Millbank Tower
21-24 Millbank
London
SW1P 4QP

REGISTERED NUMBER:

02159607 (England and Wales)

**SENIOR STATUTORY
AUDITOR:**

S Styant

AUDITORS:

KPMG Audit Plc
15 Canada Square
London
E14 5GL

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2011**

The directors present their report with the financial statements of the company for the year ended 31 December 2011

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of operator of Wolverhampton Racecourse in the West Midlands, a leisure complex encompassing a floodlit all-weather racecourse, conference and exhibition centre and hotel

REVIEW OF BUSINESS

In 2011, Wolverhampton Racecourse staged 100 race meetings (2010 96) The Company achieved an operating profit of £448,968 (2010 £1,252,148) This reduction in operating profit was primarily as a result of a reduction in industry funding The profit for the financial year was £367,752 (2010 £1,082,076) Total attendances of 80,000 were achieved (2010 67,000)

Wolverhampton is one of only two floodlit racecourses in the UK and the attractiveness of this product allows a versatile approach to racing times throughout the early and later parts of the year that can help fill racing content in bookmakers' shops in the late afternoon and early evening

Wolverhampton Racecourse's long-term aim is to deliver consistent profit growth through the provision of competitive racing, superior quality service to its customers and the greater utilisation of its assets on both racedays and non-racedays

Change in ownership

As at 31 December 2011, the Company's ultimate parent company was Arena Leisure Plc (now Arena Racing Corporation Limited, as set out in note 22) As more fully explained in note 22, on 13 January 2012, Aldersgate Investments Limited made an offer for the entire issued and to be issued share capital of Arena Leisure Plc, to be effected by means of a Scheme of Arrangement

The Scheme became effective on 30 March 2012 and the entire issued ordinary share capital of Arena Leisure Plc is now owned by Aldersgate Investments Limited The Company's ultimate parent company is Landal Worldwide Corp

Racecourse developments

Planning permission was received in 2007 for an expansion of the existing hotel from 54 bedrooms to 170 bedrooms, the construction of a new conference, exhibition and banqueting suite, a new leisure facility featuring a swimming pool and the incorporation of a casino, thereby creating the UK's first 'racino' The proposed expansion will help secure the long term future of the Racecourse and will further enhance its status as a leading racing, conferencing and leisure destination for the West Midlands region

The scheme has planning consent but is dependent on the grant of a small casino licence from Wolverhampton City Council, which was granted the right to award a licence in May 2009 The tender process for the licence was expected to commence in August 2011 but has been delayed Wolverhampton Council issued the form of tender application for consultation until April 2012 Following further consultations, the Company is awaiting the final licence application pack from the Council, following which the tender process proper is expected to finally commence

Racing industry developments

The Horserace Betting Levy is a major source of funding for the UK racing industry with the Company receiving £2.4m in 2011 (2010 £4.2m), the majority of which funds prize money payments The yield from the Levy has reduced over time from a bumper yield in 2007/8 of £115.3m to £75.4m in 2009/10 and £59.5m in 2010/11 For the scheme that ran until the end of March 2012, the expected yield is £71.4m The reduction is mainly the result of the movement offshore of previously UK-domiciled telephone and internet betting, the growth of offshore online bookmakers, the advent of betting exchanges and the increasing number of high street betting shops falling outside the full Levy charge Reductions in funding levels have substantially impacted prize money levels

During the year, UK racecourses staged 1,469 fixtures (2010 1,392) and attracted a total attendance of 6.2 million (2010 5.8 million) The average attendance across these fixtures was 4,187 (2010 4,145), demonstrating that attendances at UK racecourses remain resilient through the current economic cycle We expect that public attendances will continue to be stable in 2012 in the absence of any unpredictable economic, climatic or other influence Hospitality attendances have shown some recovery, however with consumers seeking value for money, admissions-related revenues are only moderately higher

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2011**

On 1 January 2012 the Company's the five-year media rights agreement with Satellite Information Services Ltd ('SIS') commenced, replacing Arena's previous contract with BAGS, which expired on 31 December 2011. The agreement has secured an important revenue stream and will lead to a substantial increase in profitability from media rights in 2012.

Risks and uncertainties

The Company regularly reviews ongoing and potential risks which may impact upon the Company's core aim of delivering value to its shareholder, and ensures that appropriate systems, procedures and controls are in place to mitigate them.

Weakness in consumer spending, coupled with poor weather conditions during the summer or winter, could result in lower attendance-related incomes and profit. The Company continues to improve its customer offering with varying racegoer packages for both public and corporate customers in order to secure business in a potentially weak market. The Company continues to promote advance bookings with a view to securing attendance regardless of the weather.

The health and safety of horses, racing professionals, public and staff is a key risk consideration for the Company. The Company ensures that appropriate risk assessments and policies are applied throughout the operation and that suitably qualified health and safety managers are employed to communicate and oversee the implementation of those policies.

Funding

As at 31 December 2011, Arena Leisure Plc and its subsidiaries had banking facilities with Lloyds Banking Group, which were committed until, and amortised to maturity on, 31 December 2013. As a result of the change of ownership of the Group as explained above, these facilities became repayable on demand due to a change of control clause. The banking facilities were repaid in full on 16 July 2012 by Arena Leisure Plc (renamed Arena Racing Corporation Limited) as it was able to draw down a facility provided by an entity within the Landal Worldwide Corp group. Landal Worldwide Corp is the new ultimate parent company of Arena Racing Corporation Limited.

The Directors have received assurance from Aldersgate Investments Limited, an intermediate parent undertaking within the Landal Worldwide Corp group, that it will continue to make sufficient funds available to enable the Company to meet its obligations as they fall due for the foreseeable future, and at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

DIVIDENDS

No dividend was distributed for the years ended 31 December 2010 and 2011.

DIRECTORS

The directors of the company during the year were

D A Roberts	
W A Parker	
M J Elliott	(resigned 30 March 2012)
R Mercer	(resigned 31 May 2012)
R I Renton	(resigned 13 August 2012)

The following directors were appointed post year end

A B Kelly	(appointed 30 May 2012)
S A J Nahum	(appointed 30 March 2012)
P C O'Driscoll	(appointed 30 March 2012)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2011**

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in note 22 to the financial statements

CHARITABLE DONATIONS

During the year, the Company made charitable contributions of £13,350 (2010 £nil)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Pursuant to section 487 of the Companies Act 2006, the auditors, KPMG Audit Plc, Statutory Auditor, will be deemed to be reappointed and will therefore continue in office.

ON BEHALF OF THE BOARD:



P C O'Driscoll - Director

Date

28/09/2012

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WOLVERHAMPTON RACECOURSE LIMITED

We have audited the financial statements of Wolverhampton Racecourse Limited for the year ended 31 December 2011 on pages six to seventeen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

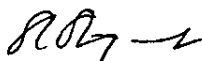
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



S Styant (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
15 Canada Square
London
E14 5GL

Date 28.9.12

WOLVERHAMPTON RACECOURSE LIMITED (REGISTERED NUMBER: 02159607)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Notes	2011 £	2010 £
TURNOVER		10,919,998	12,312,948
Cost of sales		<u>(8,032,015)</u>	<u>(8,604,261)</u>
GROSS PROFIT		2,887,983	3,708,687
Administrative expenses		<u>(2,439,015)</u>	<u>(2,456,539)</u>
OPERATING PROFIT	3	448,968	1,252,148
Interest receivable and similar income	4	<u>2,582</u>	<u>17,652</u>
		451,550	1,269,800
Interest payable and similar charges	5	<u>(83,798)</u>	<u>(187,724)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		367,752	1,082,076
Tax on profit on ordinary activities	6	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR	15	<u><u>367,752</u></u>	<u><u>1,082,076</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

BALANCE SHEET
31 DECEMBER 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible assets	7	13,722,178	13,736,633
CURRENT ASSETS			
Stocks	8	75,337	80,356
Debtors	9	3,319,819	3,895,785
Cash at bank and in hand		<u>964,516</u>	<u>326,545</u>
		4,359,672	4,302,686
CREDITORS			
Amounts falling due within one year	10	<u>(11,369,258)</u>	<u>(11,641,704)</u>
NET CURRENT LIABILITIES		<u>(7,009,586)</u>	<u>(7,339,018)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,712,592	6,397,615
CREDITORS			
Amounts falling due after more than one year	11	<u>(2,158,568)</u>	<u>(2,211,343)</u>
NET ASSETS		<u><u>4,554,024</u></u>	<u><u>4,186,272</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	100	100
Profit and loss account	15	<u>4,553,924</u>	<u>4,186,172</u>
SHAREHOLDERS' FUNDS	21	<u><u>4,554,024</u></u>	<u><u>4,186,272</u></u>

The financial statements were approved by the Board of Directors on 28/09/2012 and were signed on its behalf by



P C O'Driscoll - Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The Directors have drawn up the financial statements on a going concern basis, notwithstanding the net current liabilities of the Company

As more fully explained in note 22, on 13 January 2012, the Company's parent company, Arena Leisure Plc (now Arena Racing Corporation Limited, as set out in note 22), received an offer (the 'Offer') for its entire issued and to be issued share capital from Aldersgate Investments Limited, to be effected by means of a Scheme of Arrangement under Part 26 of the Companies' Act 2006 (the "Scheme") The Scheme was approved by the Court on 27 March 2012 and became effective on 30 March 2012

As at 31 December 2011, Arena Leisure Plc and its subsidiaries had banking facilities with Lloyds Banking Group, which were committed until, and amortised to maturity on, 31 December 2013 As a result of the change of ownership of the Group as explained above, these facilities became repayable on demand due to a change of control clause The banking facilities were repaid in full on 16 July 2012 by Arena Leisure Plc (renamed Arena Racing Corporation Limited) as it was able to draw down a facility provided by an entity within the Landal Worldwide Corp group Landal Worldwide Corp is the new ultimate parent company of Arena Racing Corporation Limited

The Directors consider it appropriate to draw up the financial statements on a going concern basis as they have received assurance from Aldersgate Investments Limited, an intermediate parent undertaking within the Landal Worldwide Corp group, that it will continue to make sufficient funds available to enable the Company to meet its obligations as they fall due for the foreseeable future, and at least 12 months from the date of approval of these financial statements Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

Cash flow statement

Exemption has been taken under Financial Reporting Standard 1 (revised) from preparing a cash flow statement on the grounds that the ultimate parent undertaking includes the Company in its published consolidated financial statements

Accounting policies

The following amendments to standards have been adopted in these financial statements for the first time

- Improvements to FRSs (mandatory for periods starting on or after 1 January 2011) FRS 8 Related Party Disclosures is amended to replace the definition of a related party with that set out in UK law This accounting standard change has not had a material impact on the financial statements

The following new and amendments to standards are not yet effective and have not been adopted in these financial statements

- The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) (Amendment) Regulations 2011 is mandatory for periods starting on or after 1 October 2011 This accounting standard change is not expected to have a material impact on the financial statements

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

Turnover

Turnover principally relates to income derived directly from the holding of horse race meetings, including industry related funding from the HBLB, and the non-raceday use of the Racecourse facilities. Income is also derived from the operation of a hotel.

Income is recognised once a race meeting or non-raceday event has been held or upon use of the hotel. This includes admissions revenue, other racing income and catering income. In certain circumstances income is taken over the life of the agreement to which it relates, such as rental income and annual memberships.

Media rights

Income received from BAGS and At The Races ('ATR') in respect of media rights over the broadcasts from the Group's racecourses is recognised within revenue in the period in which the relevant race meetings are held.

HBLB revenue

The HBLB provides revenue to racecourses to support the holding of race meetings. For taxation purposes, this revenue can be waived by racecourses, with HBLB approval, and transferred to 'capital credits', which is a tax-efficient scheme operated by the HBLB. These capital credits may be claimed by racecourses against expenditure on HBLB-approved capital projects and as a result, are not assessable to tax. It is the Company's policy that, as they are derived from and are dependent upon trading activities, capital credit receipts are recognised within revenue when the race meetings to which they relate are held. A corresponding receivable is recognised until the cash is received.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life:

All-weather track	- 5% on cost for surface and 2.5% on cost for base
Freehold land and buildings	- 2% on cost
Plant and equipment	- 5% to 25% on cost
Fixtures and fittings	- 5% to 25% on cost
Motor vehicles	- 25% on cost
Floodlights	- 5% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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 recognised, without discounting, in respect of all timing differences between the movement of certain items for taxation and accounting purposes which have arisen but not reversed at the balance sheet date.

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES - continued

Finance costs

Finance costs are charged to profit and loss over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument. Finance costs related to the acquisition or construction of qualifying assets are capitalised as part of the acquisition or construction cost.

2 STAFF COSTS

	2011 £	2010 £
Wages and salaries	1,095,045	1,032,754
Social security costs	102,778	97,225
Other pension costs	8,085	9,371
	<u>1,205,908</u>	<u>1,139,350</u>

The average monthly number of employees during the year was as follows

	2011	2010
Management and administration	18	17
Customer service	<u>34</u>	<u>33</u>
	<u>52</u>	<u>50</u>

Following the transfer of the catering business from Arena Leisure Catering Ltd to the individual racecourses on 1 May 2008, Arena Leisure Catering Ltd continues to provide staff and certain other services to the racecourses. A total of £309,977 (2010 £439,934) relating to an average of 40 (2010 55) casual catering staff was recharged during the year. These costs are included within administrative expenses and cost of sales but are not included in the costs stated above. From 1 September 2011, the catering staff payroll has transferred from Arena Leisure Catering Ltd to Wolverhampton Racecourse Ltd.

The Company employs casual staff to assist during racedays. From 1 September 2011, the casual staff payroll has transferred from Arena Leisure Catering Ltd to Wolverhampton Racecourse Ltd. Prior to the transfer, the number of casual staff varied between 30 and 40 (2010 30 and 40). Following the transfer, the number of casual staff varied between 45 and 210 depending on the raceday. Casual staff are not included in the staff numbers or costs stated above. The aggregate payroll cost in respect of casual staff in the year ended 31 December 2011 was £904,225 (2010 £684,125).

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2011 £	2010 £
Hire of plant and machinery	37,017	22,549
Depreciation - owned assets	543,206	523,814
Loss/(Profit) on disposal of fixed assets	2,833	(3,416)
Auditors' remuneration	17,144	19,668
Property rents receivable	(86,437)	(70,864)
Group management charges - income	(30,000)	(30,000)
Group management charges - expense	<u>885,677</u>	<u>891,074</u>
Directors' remuneration	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011**

3 OPERATING PROFIT - continued

All Directors are remunerated by other companies in the Arena Leisure Plc Group. Management charges have been made to cover the Company's share of the Directors' costs.

Fees to the Company's auditors, KPMG Audit Plc, and its associates in relation to services other than the statutory audit of the Company were paid by Arena Leisure Plc and are disclosed in the published consolidated financial statements of that company.

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2011	2010
	£	£
Deposit account interest	<u>2,582</u>	<u>17,652</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£	£
Bank interest	489	2
Group interest	<u>83,309</u>	<u>187,722</u>
	<u>83,798</u>	<u>187,724</u>

6 TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2011 nor for the year ended 31 December 2010.

Factors affecting the tax charge

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

	2011	2010
	£	£
Profit on ordinary activities before tax	<u>367,752</u>	<u>1,082,076</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.500% (2010 - 28%)	97,454	302,981
Effects of		
Expenses not deductible for tax purposes	37,190	96,473
Income not assessable to tax	(227,310)	(357,267)
Short-term timing differences	7	(78)
Depreciation in excess of capital allowances	(55,951)	52,869
Tax losses unutilised/(utilised) in the year	148,610	(46,706)
Group relief claimed	<u>-</u>	<u>(48,272)</u>
Current tax charge	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

6 TAXATION - continued**Factors that may affect future tax charges****Unrecognised deferred tax**

	2010*	Movement in the year	2011
	£	£	£
Accelerated capital allowances	(420,239)	380,907	(39,332)
Other short-term timing differences	(96)	-	(96)
Tax losses	(780,659)	(367,583)	(1,148,242)
Property	<u>1,692,051</u>	<u>(129,239)</u>	<u>1,562,812</u>
Unrecognised deferred tax (assets)/liabilities	<u>491,057</u>	<u>(115,915)</u>	<u>375,142</u>

*Deferred tax liabilities on property were not presented in the 2010 financial statements

The Company has not provided for the deferred tax asset on losses, 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

The Company has not recognised the deferred tax liability on property on the basis that any liability to pay tax in the future crystallises only if the property is sold and any decision to sell the property is under the Company's control

A phased reduction in the main UK corporation tax rate by the UK Government from 26% to 22% is underway, with a 2% reduction taking effect from 1 April 2012 (of which 1% was substantively enacted on 5 July 2011 and 1% was substantively enacted on 30 March 2012) and a further 1% reduction proposed annually on 1 April until 1 April 2014

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted or substantively enacted at the balance sheet date. Therefore, at 31 December 2010, deferred tax assets and liabilities have been calculated based on a rate of 25%, where the temporary difference is expected to reverse after 1 April 2012. The effect of the remeasurement has had no impact on the profit for the year.

No account will be taken of the further 3% reduction in tax rates until substantive enactment of these changes, however it is estimated that this will not have a material impact on the Company.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

7 TANGIBLE FIXED ASSETS

	All-weather track £	Freehold land and buildings £	Assets under construction £	Plant and equipment £
COST				
At 1 January 2011	3,925,941	9,848,364	877,903	2,494,294
Additions	53,327	16,330	73,843	114,966
Disposals	-	-	(1,434)	(81,637)
At 31 December 2011	<u>3,979,268</u>	<u>9,864,694</u>	<u>950,312</u>	<u>2,527,623</u>
DEPRECIATION				
At 1 January 2011	1,324,780	734,215	-	1,746,707
Charge for year	119,822	86,652	-	196,533
Eliminated on disposal	-	-	-	(74,156)
At 31 December 2011	<u>1,444,602</u>	<u>820,867</u>	<u>-</u>	<u>1,869,084</u>
NET BOOK VALUE				
At 31 December 2011	<u>2,534,666</u>	<u>9,043,827</u>	<u>950,312</u>	<u>658,539</u>
At 31 December 2010	<u>2,601,161</u>	<u>9,114,149</u>	<u>877,903</u>	<u>747,587</u>
	Fixtures and fittings £	Motor vehicles £	Floodlights £	Totals £
COST				
At 1 January 2011	471,619	102,470	1,074,112	18,794,703
Additions	279,200	-	-	537,666
Disposals	(770)	-	-	(83,841)
At 31 December 2011	<u>750,049</u>	<u>102,470</u>	<u>1,074,112</u>	<u>19,248,528</u>
DEPRECIATION				
At 1 January 2011	215,965	66,051	970,352	5,058,070
Charge for year	79,679	6,814	53,706	543,206
Eliminated on disposal	(770)	-	-	(74,926)
At 31 December 2011	<u>294,874</u>	<u>72,865</u>	<u>1,024,058</u>	<u>5,526,350</u>
NET BOOK VALUE				
At 31 December 2011	<u>455,175</u>	<u>29,605</u>	<u>50,054</u>	<u>13,722,178</u>
At 31 December 2010	<u>255,654</u>	<u>36,419</u>	<u>103,760</u>	<u>13,736,633</u>

Additions to assets under construction include £67,031 (2010 £24,187) relating to interest capitalised in relation to the development projects in progress. Interest was capitalised at LIBOR plus 2.0% to 3.25%.

8 STOCKS

	2011 £	2010 £
Goods for resale	<u>75,337</u>	<u>80,356</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Trade debtors	603,207	1,137,010
Amounts owed by group undertakings	2,198,585	2,336,968
Other debtors	224	11,610
Prepayments and accrued income	517,803	410,197
	<u>3,319,819</u>	<u>3,895,785</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Bank loans and overdrafts (see note 12)	-	2,080
Trade creditors	566,866	689,901
Amounts owed to group undertakings	10,238,950	10,476,499
Social security and other taxes	55,224	43,609
VAT	91,194	62,203
Other creditors	50,004	30,038
Accruals and deferred income	314,256	284,610
Deferred government grants	52,764	52,764
	<u>11,369,258</u>	<u>11,641,704</u>

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011	2010
	£	£
Deferred government grants	<u>2,158,568</u>	<u>2,211,343</u>

The above grant balance represents a Department of Environment Grant which is being amortised over 50 years, representing the life of the asset to which it relates

12 LOANS

An analysis of the maturity of loans is given below

	2011	2010
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	<u>-</u>	<u>2,080</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

13 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

		Other operating leases	
		2011 £	2010 £
Expiring Between one and five years		<u>34,019</u>	<u>22,549</u>

14 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value £	2011 £	2010 £
100	Ordinary shares	1	<u>100</u>	<u>100</u>

15 RESERVES

	Profit and loss account £
At 1 January 2011	4,186,172
Profit for the year	<u>367,752</u>
At 31 December 2011	<u>4,553,924</u>

16 PENSION COMMITMENTS

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 to the personal pension of one employee, and amounted to £8,085 (2010 £9,371).

There was a pension creditor of £821 at the year end (2010 £734).

17 ULTIMATE PARENT COMPANY

The immediate parent company is Arena Leisure Racing Limited.

Until 30 March 2012, the ultimate parent company was Arena Leisure Plc which is incorporated in England and Wales and the head of the largest group in which the Company's results are consolidated. A copy of its group financial statements can be obtained from Companies' House or the Company's registered office.

From 30 March 2012, the Company's ultimate parent company is Landal Worldwide Corp, a company registered in the British Virgin Islands.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

18 **CONTINGENT LIABILITIES**

The Company has guaranteed an amount of \$50,000 (2010 \$50,000) to the benefit of Holiday Inns Incorporated, which is renewed annually as part of the hotel franchise requirements

19 **CAPITAL COMMITMENTS**

	2011 £	2010 £
Contracted but not provided for in the financial statements	-	1,350

20 **RELATED PARTY DISCLOSURES**

The Company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with wholly-owned entities that are included in the consolidated financial statements of Arena Leisure Plc

The Doncaster Racecourse Management Company Limited ('DRMC') and Worcester Racecourse Limited ('Worcester') are 81%-owned fellow subsidiaries of Arena Leisure Plc. During the year the Company provided racing services to and received similar services from those fellow subsidiaries. The Company made sales of £44,814 (2010 £763,817) to DRMC and purchases of £7,562 (2010 £7,796). At 31 December 2011 the balance due from DRMC was £7,061 (2010 £961 to DRMC). The Company made sales of £324,111 (2010 £285,073) to Worcester and purchases of £49,957 (2010 £49,288). The balance due from Worcester at 31 December 2011 was £339,895 (2010 £335,422).

During the year ended 31 December 2011, M J Elliott was Vice Chairman of the Racecourse Association ('the RCA'), the trade association of the UK's racecourses. During the year the Company made sales of £103 to the RCA (2010 £nil) and made purchases of £30,310 (2010 £24,259). The balance owed to the RCA at 31 December 2011 was £399 (2010 £1,533).

Arena Leisure Plc, the Company's ultimate parent company, owns an equity share in Attheraces Holdings Limited ('ATR'), a joint venture company. During the year ended 31 December 2011, M J Elliott and R I Renton were Directors of ATR. During the year the Company made sales of £958,802 (2010 £793,068) to ATR. The balance owed from ATR at 31 December 2011 was £39,600 (2010 £162,539).

21 **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2011 £	2010 £
Profit for the financial year	367,752	1,082,076
Net addition to shareholders' funds	367,752	1,082,076
Opening shareholders' funds	4,186,272	3,104,196
Closing shareholders' funds	4,554,024	4,186,272

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2011

22 POST BALANCE SHEET EVENTS

On 13 January 2012, Aldersgate Investments Limited announced a cash offer for the entire issued and to be issued share capital of Arena Leisure Plc of 44 25 pence per share. The offer was effected by a Scheme of Arrangement which became effective on 30 March 2012. The entire issued ordinary share capital of Arena Leisure Plc is now owned by Aldersgate Investments Limited. The Company's ultimate parent company is Landal Worldwide Corp.

On 23 August 2012, the name of the Company's intermediate parent company, Arena Leisure Plc, was changed to Arena Racing Corporation Limited.