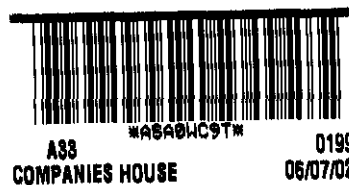


Redcar Racecourse Limited

Report and
Financial Statements
for the year ended 31 December 2001

"Registrar of Companies Copy"
Company No. 9592



ANDERSON BARROWCLIFF
Chartered Accountants

REDCAR RACECOURSE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

Contents	Pages
Company information	1
Directors' report	2 - 3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 13

REDCAR RACECOURSE LIMITED

COMPANY INFORMATION AT 31 DECEMBER 2001

DIRECTORS

Mr J Hanson
Mrs J Garrett
Lord Ronaldshay
Mr P A Hill-Walker

SECRETARY

J F Sanderson

REGISTERED OFFICE

The Racecourse
Redcar

BUSINESS ADDRESS

The Racecourse
Redcar

AUDITORS

Anderson Barrowcliff
Chartered Accountants
Waterloo House
Teesdale South
Thornaby-on-Tees
TS17 6SA

SOLICITORS

Goodswens
118 High Street
Redcar
TS10 3DJ

PRINCIPAL BANKERS

Barclays Bank PLC
Station Road
Redcar

REDCAR RACECOURSE LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review consisted of the holding of Race Meetings and the letting of part of the Racecourse for use as an Open-Air Market.

DIVIDENDS

The directors have recommended that a final dividend of £1,600 be paid for the year ended 31 December 2001.

DIRECTORS AND THEIR INTERESTS

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

		Number of Shares	
		2001	2000
Mr J Hanson	Ordinary shares	60	60
Mrs J Garrett	Ordinary shares	2,747	2,747
Lord Ronaldshay	Ordinary shares	70	70
Mr P A Hill-Walker	Ordinary shares	71	71

In accordance with the company's articles Lord Ronaldshay retires and, being eligible, offers himself for re-election.

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 as at the end of the financial year and of the profit or loss of the company for that period. 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;
- 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 maintaining 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.

CLOSE COMPANY

The company is a close company, as defined by the Income and Corporation Taxes Act 1988.

REDCAR RACECOURSE LIMITED

DIRECTORS' REPORT

AUDITORS

The auditors, Anderson Barrowcliff, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY EXEMPTIONS

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board:



J F Sanderson
Secretary

Approved by the board: 19 June 2002

REDCAR RACECOURSE LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements of Redcar Racecourse Limited for the year ended 31 December 2001 on pages 5 to 13. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and on the basis of accounting policies set out on pages 7 and 8.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the Directors' Report, the company's directors are responsible for the preparation of financial statements in accordance with the applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with the 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 Report of the Directors is not consistent with the financial statements, if the company has not kept proper 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

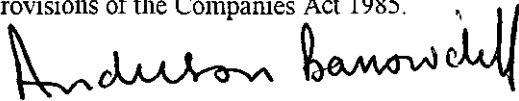
BASIS OF OPINION

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 as to whether 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.

OPINION

In our opinion the financial statements give a true and fair view of the company's state of affairs as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Anderson Barrowcliff
Chartered Accountants
Registered Auditors

Waterloo House
Teesdale South
Thornaby-on-Tees
TS17 6SA

Date: 24 June 2002

REDCAR RACECOURSE LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001**

	Notes	2001 £	2000 £
TURNOVER (Income from Racing)		1,232,135	1,033,901
Cost of sales		1,062,412	865,954
GROSS PROFIT		169,723	167,947
Other operating charges		292,811	262,103
Administrative expenses		126,338	146,558
		(249,426)	(240,714)
Other operating income		92,239	98,536
OPERATING LOSS	2	(157,187)	(142,178)
Investment income and interest receivable		11,288	39,077
Amounts written off investments		(18,167)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(164,066)	(103,101)
Tax on loss on ordinary activities	4	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(164,066)	(103,101)
Dividends		(1,600)	(1,600)
ACCUMULATED LOSS FOR THE FINANCIAL YEAR	15	(165,666)	(104,701)

The notes on pages 7 to 13 form part of these financial statements.

REDCAR RACECOURSE LIMITED**BALANCE SHEET
AT 31 DECEMBER 2001**

	Notes	£	2001 £	£	2000 £
FIXED ASSETS					
Tangible assets	5		3,175,607		3,244,728
Investments	6		27		27
			<u>3,175,634</u>		<u>3,244,755</u>
CURRENT ASSETS					
Debtors	7	146,855		123,886	
Investments	8	66,686		83,696	
Cash at bank and in hand		251,833		201,005	
		465,374		408,587	
CREDITORS: amounts falling due within one year	9	(194,388)		(188,664)	
NET CURRENT ASSETS			<u>270,986</u>		<u>219,923</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,446,620		3,464,678
CREDITORS: amounts falling due after more than one year	10		(66,000)		(96,000)
ACCRUALS AND DEFERRED INCOME					
Media rights agreement	11		(136,566)		-
NET ASSETS			<u>3,244,054</u>		<u>3,368,678</u>
GRANT ACCOUNT	13		172,527		131,485
CAPITAL AND RESERVES					
Called up share capital	14	40,000		40,000	
Profit and loss account	15	3,031,527		3,197,193	
EQUITY SHAREHOLDERS' FUNDS			<u>3,071,527</u>		<u>3,237,193</u>
			<u>3,244,054</u>		<u>3,368,678</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

The financial statements were approved by the board of directors on 19 June 2002 and signed on its behalf by:

P A Hill-Walker
Director



The notes on pages 7 to 13 form part of these financial statements.

REDCAR RACECOURSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

Turnover represents the gross receipts, excluding value added tax, from racing activities, including Horserace Betting Levy Board grants towards added money.

Depreciation of tangible fixed assets

Depreciation is calculated so as to write off the cost of fixed assets on either a straight line or reducing balance basis over the expected useful lives of the assets concerned.

The following is a summary of the principal annual rates used for this purpose, which are consistent with those of the previous year unless otherwise indicated:-

No depreciation has been charged on that part of the cost of the stands and buildings which was met from the special grants and contributions from the Horserace Betting Levy Board and the Horserace Totalisator Board. Stands and buildings after deducting grants relating thereto are being written off on a straight line basis at rates between 1.6% and 2.5%.

Plant, machinery, vehicles and fittings are being written off at a rate of 25% on a reducing balance basis.

Freehold land is not depreciated.

Capital grants

Capital grants are received from the Horserace Betting Levy Board in respect of capital expenditure.

Capital grants received are taken to the grant account. Credits are made to the profit and loss account by annual instalments over a period of years which, on average matches the period over which the relevant fixed assets are depreciated.

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value. Current asset investments are stated at cost less provision for any permanent diminution in value. For listed investments, market value is based on the closing middle market price.

Dividends are brought to account in the profit and loss account when received.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

REDCAR RACECOURSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

1. STATEMENT OF ACCOUNTING POLICIES - (continued)

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Deferred income

Gross revenue for the first five years of a Media Rights Agreement has been ascertained and will be recognised in the profit and loss account evenly over the first five years of the contract. The balance of the funds received but not credited to the profit and loss account are included in the balance sheet as deferred income.

2. OPERATING LOSS

Operating loss is stated:

	2001	2000
	£	£
After charging:		
Depreciation of fixed assets	88,754	94,598
Auditors' remuneration	4,000	4,000
Exceptional item - Professional fees	28,526	48,600
	<u> </u>	<u> </u>

After crediting:

Amortisation of capital grants	<u>17,042</u>	<u>12,392</u>
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3. INFORMATION ON DIRECTORS

	2001	2000
	£	£
Directors' emoluments		
Emoluments	<u>6,100</u>	<u>6,100</u>

4. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no liability to corporation tax in the year.

REDCAR RACECOURSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

5. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc. £	Total £
Cost:			
At 1 January 2001	4,063,134	708,524	4,771,658
Additions	2,625	18,254	20,879
Disposals	-	(7,000)	(7,000)
At 31 December 2001	4,065,759	719,778	4,785,537
Depreciation:			
At 1 January 2001	926,495	600,435	1,526,930
Charge for year	57,479	31,275	88,754
On disposals	-	(5,754)	(5,754)
At 31 December 2001	983,974	625,956	1,609,930
Net book value:			
At 31 December 2001	3,081,785	93,822	3,175,607
At 31 December 2000	3,136,639	108,089	3,244,728

	2001 £	2000 £
Analysis of net book value of land and buildings:		
Freehold land	8,466	8,466
Stands & buildings	3,073,319	3,128,173
	<u>3,081,785</u>	<u>3,136,639</u>

REDCAR RACECOURSE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001****6. INVESTMENTS**

				Beginning and end of year £
Cost or valuation:				
Other investments				<u>27</u>
Other investments other than loans				
Shares:				
	Book value 2001 £	Market value 2001 £	Book value 2000 £	Market value 2000 £
Unlisted	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>

7. DEBTORS

	2001 £	2000 £
Trade debtors	115,370	100,876
Other debtors	<u>31,485</u>	<u>23,010</u>
	<u>146,855</u>	<u>123,886</u>

8. CURRENT ASSET INVESTMENTS**Listed investments - UK Stock Exchange**

	2001 £	2000 £
Cost	84,853	83,696
Less : Provision for impairment	<u>(18,167)</u>	<u>-</u>
	<u>66,686</u>	<u>83,696</u>
Market value	<u>65,294</u>	<u>91,236</u>

REDCAR RACECOURSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

9. CREDITORS: amounts falling due within one year

	2001	2000
	£	£
Trade creditors	47,012	47,641
Other taxes and social security costs	367	5,924
Loans (see note 10)	30,000	49,000
Accruals and deferred income	115,409	84,499
Proposed dividend	1,600	1,600
	<u>194,388</u>	<u>188,664</u>

10. CREDITORS: amounts falling due after more than one year

	2001	2000
	£	£
Other creditors	<u>66,000</u>	<u>96,000</u>

Horse Betting Levy Board Loans (Interest Free Loans)

The terms of repayment are as follows:-

Loan of £75,000 received in 1998 repayable by three half yearly instalments of £6,000 each commencing on 2 January 1999, followed by three half yearly instalments of £7,000 each and a further four half yearly instalments of £9,000 each.

Loan of £70,000 received in 2000 repayable by two half yearly instalments of £5,000 each commencing on 1 January 2001, followed by two half yearly instalments of £6,000 each, two half yearly instalments of £7,000 each, two half yearly instalments of £8,000 each and finally two instalments of £9,000 each.

11. MEDIA RIGHTS AGREEMENT

	2001	2000
	£	£
Income received in the year	192,801	-
Income credited to the profit and loss account	<u>(56,235)</u>	<u>-</u>
At 31 December 2001	<u>136,566</u>	<u>-</u>

During the year, the company received £192,801 in respect of the first five years of a Media Rights Agreement. The amount received is being released to the profit and loss account evenly throughout the five year period of the initial contract. Amounts not yet released to the profit and loss account are included in the balance sheet as deferred income.

REDCAR RACECOURSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

12. PROVISIONS FOR LIABILITIES AND CHARGES

	Not provided		Provided	
	2001	2000	2001	2000
	£	£	£	£
Deferred tax is calculated at 30% (2000 - 30%) analysed over the following timing differences:				
On other timing differences	878,000	878,000	-	-

13. GRANT ACCOUNT

	2001	2000
	£	£
At 1 January 2001	131,485	86,377
Capital grants received in the year	58,084	57,500
Capital grants credited to the profit and loss account	(17,042)	(12,392)
At 31 December 2001	172,527	131,485

14. SHARE CAPITAL

	2001	2000
	£	£
Authorised:		
Equity interests:		
8,000 Ordinary shares of £5 each	40,000	40,000
Allotted, called up and fully paid:		
Equity interests:		
8,000 Ordinary shares of £5 each	40,000	40,000

15. PROFIT AND LOSS ACCOUNT

	2001	2000
	£	£
Retained profit as at 1 January 2001	3,197,193	3,301,894
Loss for the year	(165,666)	(104,701)
Retained profit as at 31 December 2001	3,031,527	3,197,193

REDCAR RACECOURSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

16. CONTINGENT LIABILITIES

(a) Various Grants and Contributions received by the company from the Horserace Betting Levy Board and the Horserace Totalisator Board are subject to a number of Agreements under the terms of which a reducing proportion of the amounts received is repayable if any of certain events detailed in the agreements (including the cessation of regular horserace meetings on the Company's Racecourse) should occur.

At 31 December 2001 the liability of the company for repayment of the Grants and Contributions would have been £14,049.

(b) All amounts due to the building contractors in respect of the major construction projects completed in 1991 and 1992 have been paid in accordance with our Architects instructions. The contractors, BRIMS, are now in receivership and the Receiver is alleging that further monies are due but no formal claim has been lodged. Our architects are vigorously contesting this matter and advise the directors that in their opinion there are no further liabilities.

(c) Media Rights Agreement

Under the Attheraces contract there are a number of events that can trigger the early termination of either the entire contract, or termination of the contract with the course alone. These events include breach, insolvency, force majeure, adverse legislative change and regulatory interference.

In the event of an early termination a rebate may be payable by the Company to Attheraces. The rebate would be payable from future revenues, provided they are generated from the sale of rights currently granted to Attheraces.

In the event that the total number of races cancelled in one year across all courses that are party to the agreement equals or exceeds 7% of the total "value" of races (calculated by reference to the UK Off Course betting revenue percentages) then Attheraces is entitled to a refund of part of the Fees paid. The refunds are deductible by Attheraces from the Fees payable for the next year, but if the cancellations arise in the last year of the agreement the RCA, as agent for the courses, is obliged to repay the monies to Attheraces. The rebate would be split between courses in accordance with the course income distribution formula. For the purposes of this calculation the year runs from 1 July to 30 June.

(d) Abandoned meeting

Following a ruling in an enquiry by the Jockey Club on 16 April 2002, the company may be the subject of claims for compensation in respect of the abandonment of the race meeting on 14 May 2001. The directors have been advised that any such claims should be resisted vigorously by the company.

17. HORSERACE BETTING LEVY BOARD

Capital Credit balances of £57,804 are available at 31 December 2001 for the finance of approved schemes to improve facilities or for the repayment of Levy Board loans (2000: £57,948). The capital credit scheme is due to end on 31 March 2003 and all capital credits must be drawn down by that date.