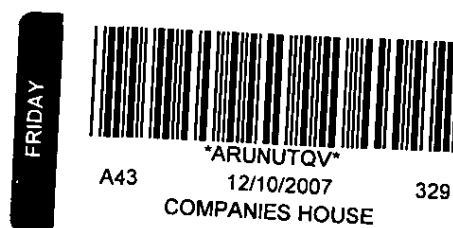


## **Redcar Racecourse Limited**

**Report of the Directors and  
Financial Statements  
for the year ended 31 December 2006**

**“Registrar of Companies Copy”**

**Registered Number 9592**



**ANDERSON BARROWCLIFF  
Chartered Accountants**

**Redcar Racecourse Limited**

**Contents of the Financial Statements**  
**for the Year Ended 31 December 2006**

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**Redcar Racecourse Limited**  
**Company Information**  
**for the Year Ended 31 December 2006**

<b>DIRECTORS:</b>	Mrs J Garrett J F Sanderson Marquess of Zetland A Baptiste
<b>SECRETARY:</b>	N F Etherington
<b>REGISTERED OFFICE:</b>	The Racecourse Redcar TS10 2BY
<b>REGISTERED NUMBER:</b>	9592
<b>AUDITORS:</b>	Anderson Barrowcliff Registered Auditor Chartered Accountants Waterloo House Teesdale South Thornaby Place Thornaby on Tees TS17 6SA
<b>BANKERS:</b>	Barclays Bank 56 Station Road Redcar TS10 1DX
<b>SOLICITORS:</b>	Goodswens 118 High Street Redcar TS10 3DJ

## **Redcar Racecourse Limited**

### **Report of the Directors** **for the Year Ended 31 December 2006**

The directors present their report with the financial statements of the company for the year ended 31 December 2006.

#### **PRINCIPAL ACTIVITY**

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

#### **DIRECTORS**

Mrs J Garrett has held office during the whole of the period from 1 January 2006 to the date of this report

Other changes in directors holding office are as follows

P A Hill-Walker	-	resigned 3 November 2006
Lord Ronaldshay	-	resigned 20 October 2006
J Hanson	-	resigned 3 November 2006
Major P H K Steveney	-	resigned 3 November 2006
J F Sanderson	-	appointed 3 November 2006
Marquess of Zetland	-	appointed 3 November 2006
A Baptiste	-	appointed 3 November 2006

#### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the year the company made charitable donations totalling £960

#### **DIVIDENDS**

The directors do not recommend that a dividend be proposed at the annual general meeting

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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). The financial statements are required by law to 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 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 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.

#### **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 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **AUDITORS**

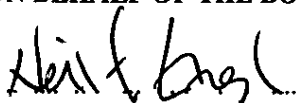
The auditors, Anderson Barrowcliff, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985

**Redcar Racecourse Limited**

**Report of the Directors**  
**for the Year Ended 31 December 2006**

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

**ON BEHALF OF THE BOARD:**



N F Etherington - Secretary

Date

28th May 2007

**Report of the Independent Auditors to the Shareholders of**  
**Redcar Racecourse Limited**

We have audited the financial statements of Redcar Racecourse Limited for the year ended 31 December 2006 on pages five to eleven. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 an auditors' report 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**

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 on page two.

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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

**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 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.

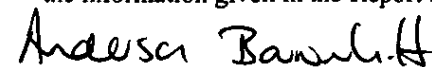
**Emphasis of matter - Going Concern**

In forming our opinion, we have considered the adequacy of the disclosure made in Note 1 to the accounts concerning the basis of preparation of the financial statements. In view of the significance of this uncertainty, we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements.



Anderson Barrowcliff  
Registered Auditor  
Chartered Accountants  
Waterloo House  
Teesdale South  
Thornaby Place  
Thornaby on Tees  
TS17 6SA

Date 4 June 2007

The notes form part of these financial statements

**Redcar Racecourse Limited**  
**Profit and Loss Account**  
**for the Year Ended 31 December 2006**

	Notes	2006 £	£	2005 £	£
<b>TURNOVER</b>			<b>2,153,594</b>		<b>2,097,063</b>
Cost of sales			<u>1,827,038</u>		<u>1,551,753</u>
<b>GROSS PROFIT</b>			<b>326,556</b>		<b>545,310</b>
Administrative expenses			<u>847,037</u>		<u>633,572</u>
			(520,481)		(88,262)
Other operating income			<u>78,623</u>		<u>87,326</u>
<b>OPERATING LOSS</b>	2		<b>(441,858)</b>		<b>(936)</b>
Income from fixed asset investments		1,334		1,591	
Interest receivable and similar income		<u>1,015</u>		<u>2,530</u>	
			<u>2,349</u>		<u>4,121</u>
			(439,509)		3,185
Interest payable and similar charges			<u>9,473</u>		-
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			<b>(448,982)</b>		<b>3,185</b>
Tax on (loss)/profit on ordinary activities	3		<u>(181)</u>		<u>2,653</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>			<b>(448,801)</b>		<b>532</b>
<b>(DEFICIT)/PROFIT FOR THE YEAR</b>			<b>(448,801)</b>		<b>532</b>
Retained profit brought forward			<u>2,771,276</u>		<u>2,770,744</u>
			2,322,475		2,771,276
Dividends	4		<u>(1,600)</u>		-
<b>RETAINED PROFIT CARRIED FORWARD</b>			<u><b>2,320,875</b></u>		<u><b>2,771,276</b></u>

The notes form part of these financial statements

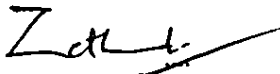
**Redcar Racecourse Limited**

**Balance Sheet**  
**31 December 2006**

	Notes	2006 £	2005 £
<b>FIXED ASSETS</b>			
Tangible assets	5	3,397,458	3,073,473
<b>CURRENT ASSETS</b>			
Debtors	6	132,331	164,991
Investments	7	-	22,571
Cash at bank and in hand		<u>1,544</u>	<u>265,764</u>
		133,875	453,326
<b>CREDITORS</b>			
Amounts falling due within one year	8	<u>792,185</u>	<u>307,907</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(658,310)</u>	<u>145,419</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,739,148</b>	<b>3,218,892</b>
<b>CREDITORS</b>			
Amounts falling due after more than one year	9	<u>110,000</u>	<u>135,055</u>
<b>NET ASSETS</b>		<u><b>2,629,148</b></u>	<u><b>3,083,837</b></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	40,000	40,000
Other reserves	12	268,273	272,561
Profit and loss account		<u>2,320,875</u>	<u>2,771,276</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><b>2,629,148</b></u>	<u><b>3,083,837</b></u>

These 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 January 2005)

The financial statements were approved by the Board of Directors on **31 MAY 2007** and were signed on its behalf by



Marquess of Zeiland - Director



J F Sanderson - Director



**Redcar Racecourse Limited**  
**Notes to the Financial Statements**  
**for the Year Ended 31 December 2006**

**1 ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption is dependent upon the continued financial support of the company's bankers through the renewal of the facility as detailed in Note 8. The financial statements do not include any adjustments that may be necessary if the bank facility is not renewed.

**Turnover**

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

**Tangible fixed assets**

Depreciation is calculated so as to write off the cost of the 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 years unless otherwise stated -

No depreciation has been charged on that part of the costs 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 at rates between 10% and 25% on a reducing balance basis.

Freehold land is not depreciated.

**Deferred tax**

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.

**Hire purchase and leasing 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.

**Pensions**

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

**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 installments over a period of years which, on average, matches the period over which the relevant fixed assets are depreciated.

**Redcar Racecourse Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2006**

**1 ACCOUNTING POLICIES - continued**

**Investments**

Investments held as fixed assets are stated at cost less provision for permanent diminution in value. Current asset investments are stated at the lower of cost or market value at the year end. 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.

**2 OPERATING LOSS**

The operating loss is stated after charging/(crediting)

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Depreciation - owned assets	<b>99,068</b>	97,019
Profit on disposal of fixed assets	<b>(1,708)</b>	-
Auditors remuneration	<b>8,750</b>	7,650
Pension costs	<b>2,246</b>	1,796
Amortisation of capital grants	<b>(16,668)</b>	(39,732)
Profit on disposal of investments	<b><u>(7,094)</u></b>	<b><u>(164,079)</u></b>
Directors' emoluments and other benefits etc	<b><u>5,667</u></b>	<b><u>6,800</u></b>

**3 TAXATION**

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the loss on ordinary activities for the year was as follows

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Current tax		
UK corporation tax	-	3,000
Adjustment in respect of prior years	<b><u>(181)</u></b>	<b><u>(347)</u></b>
Tax on (loss)/profit on ordinary activities	<b><u>(181)</u></b>	<b><u>2,653</u></b>

**4 DIVIDENDS**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Final	<b><u>1,600</u></b>	<b><u>-</u></b>

**Redcar Racecourse Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2006**

**5. TANGIBLE FIXED ASSETS**

	Freehold property £	Stands and buildings £	Plant and machinery £	Totals £
<b>COST</b>				
At 1 January 2006	8,466	4,139,995	903,106	5,051,567
Additions	-	387,855	38,490	426,345
Disposals	-	-	(13,872)	(13,872)
At 31 December 2006	<u>8,466</u>	<u>4,527,850</u>	<u>927,724</u>	<u>5,464,040</u>
<b>DEPRECIATION</b>				
At 1 January 2006	-	1,216,641	761,453	1,978,094
Charge for year	-	60,967	38,101	99,068
Eliminated on disposal	-	-	(10,580)	(10,580)
At 31 December 2006	-	<u>1,277,608</u>	<u>788,974</u>	<u>2,066,582</u>
<b>NET BOOK VALUE</b>				
At 31 December 2006	<u>8,466</u>	<u>3,250,242</u>	<u>138,750</u>	<u>3,397,458</u>
At 31 December 2005	<u>8,466</u>	<u>2,923,354</u>	<u>141,653</u>	<u>3,073,473</u>

Included in Freehold Property is Freehold Land stated at a cost of £8,466 (2005 - £8,466) which is not depreciated

**6 DEBTORS**

	2006 £	2005 £
Amounts falling due within one year		
Trade debtors	48,244	70,013
Other debtors	23,861	39,000
VAT	20,579	22,621
Prepayments	<u>29,647</u>	<u>33,357</u>
	<u>122,331</u>	<u>164,991</u>
Amounts falling due after more than one year		
Other debtors	<u>10,000</u>	-
Aggregate amounts	<u>132,331</u>	<u>164,991</u>

**7 CURRENT ASSET INVESTMENTS**

	2006 £	2005 £
Listed investments	<u>-</u>	<u>22,571</u>

**Redcar Racecourse Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2006**

**8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<b>487,100</b>	-
Other Loans	<b>30,000</b>	48,000
Trade creditors	<b>68,441</b>	122,687
Taxation	<b>2,211</b>	3,000
Social security and other taxes	<b>5,570</b>	4,584
Other creditors	<b>33,076</b>	5,267
Accrued expenses	<b>165,787</b>	124,369
	<b><u>792,185</u></b>	<b><u>307,907</u></b>

The bank facility was extended to £900,000 on 11 January 2007. This facility was secured on the 34 acres of potential development land within the racecourse which had been valued by Sanderson Wetherall. This facility has been extended to 11 July 2007 and will be subject to further review at that date.

**9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Hire purchase	-	15,055
Other Loans	<b>90,000</b>	120,000
Other creditors	<b>20,000</b>	-
	<b><u>110,000</u></b>	<b><u>135,055</u></b>

Horse Betting Levy Board Loans (Interest Free Loans)

The terms of repayment are as follows -

Loan of £150,000 received in 2005 repayable by ten half yearly instalments of £10,000 each commencing on 1 June 2006

**10 OPERATING LEASE COMMITMENTS**

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

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Expiring		
Between one and five years	<b><u>5,121</u></b>	<b><u>5,121</u></b>

**11 CALLED UP SHARE CAPITAL**

Authorised Number	Class	Nominal value	<b>2006</b>	<b>2005</b>
			<b>£</b>	<b>£</b>
8,000	Ordinary	£5	<b><u>40,000</u></b>	<b><u>40,000</u></b>
Allotted and issued Number	Class	Nominal value	<b>2006</b>	<b>2005</b>
			<b>£</b>	<b>£</b>
8,000	Ordinary	£5	<b><u>40,000</u></b>	<b><u>40,000</u></b>

**Redcar Racecourse Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2006**

**12 RESERVES**

	<b>Profit and loss account £</b>	<b>Other reserves £</b>	<b>Totals £</b>
At 1 January 2006	2,771,276	272,561	3,043,837
Deficit for the year	(448,801)	-	(448,801)
Dividends	(1,600)	-	(1,600)
Capital grants received in the year	-	12,380	12,380
Capital grants credited to the profit and loss account	-	(16,668)	(16,668)
At 31 December 2006	<u>2,320,875</u>	<u>268,273</u>	<u>2,589,148</u>

**13 CONTINGENT LIABILITIES**

Various Grants and Contributions received by the company from the Horserace Betting Levy 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 horse meetings on the Company's Racecourse) should occur. At 31 December 2006 the liability of the company for repayment of the Grants and Contributions would have been £1,997.

**14 RELATED PARTY DISCLOSURES**

During the year the company had transactions totalling £68,290 with International Racecourse Management Limited, for services provided at arms length, a company of which Mr J F Sanderson is a director. At 31 December 2006 the company owed International Racecourse Management Limited £13,008 which was fully repaid.

The company also entered into transactions with IRM (Event Safety & Security) Limited, totalling £24,312, in which Mr J F Sanderson is a director. All services were provided at arms length. At 31 December 2006 the company owed IRM (Event Safety & Security) Limited £58 which was fully repaid.

The investments of the company were managed by Maunby Investment Management Limited a company of which former director Mr P A Hill-Walker is a director.

**15 HORSERACE BETTING LEVY BOARD**

There were no capital credit balances available at 31 December 2006 for the finance of approved schemes to improve facilities or for the repayment of Levy Board loans (2005 £12,380). The capital credit scheme is due to end on 31 March 2009 and all capital credits must be drawn down by that date.