

Registrar of Companies

**Southwell Racecourse Limited
(formerly R.A.M. Racecourses Limited)**

Report and Financial Statements

Period Ended

31 December 2000



BDO Stoy Hayward
Chartered Accountants



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SOUTHWELL RACECOURSE LIMITED

Annual report and financial statements for the period ended 31 December 2000

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Directors

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Directors

R J Muddle
I R Penrose
M E Pope
G T Parr

Secretary and registered office

W A Parker, Dunstall Park, Gorsebrook Road, Wolverhampton, WV6 0PE.

Company number

1603946

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

SOUTHWELL RACECOURSE LIMITED

Report of the directors for the period ended 31 December 2000

The directors present their report together with the audited financial statements for the period ended 31 December 2000.

Results and dividends

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

The directors do not recommend the payment of a final ordinary dividend (31 March 2000 - £Nil).

Principal activities, trading review and future developments

The principal activity of the company is that of a racecourse operator at Southwell Racecourse, Nottinghamshire. The company also operates a golf course. On 15 May 2001 the company changed its name from R.A.M. Racecourses Limited to Southwell Racecourses Limited.

The directors are pleased to report a solid performance during the period under review which they expect to continue for the foreseeable future.

Directors

The directors of the company during the period were:

	Ordinary shares	
	31 December 2000	31 March 2000
R J Muddle	1	1
I R Penrose	-	-
M E Pope	-	-
G T Parr	-	-

The interests of the directors in the shares and share options in the ultimate parent company, Arena Leisure PLC are shown in the directors report of that company.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 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 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.

SOUTHWELL RACECOURSE LIMITED

Report of the directors for the period ended 31 December 2000 (*Continued*)

Auditors

BDO Stoy Hayward, who were appointed during the period, 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

I R Penrose



Director

26 June 2001

SOUTHWELL RACECOURSE LIMITED

Report of the independent auditors

To the shareholders of Southwell Racecourse Limited

We have audited the financial statements of Southwell Racecourse Limited on pages 5 to 13 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 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.


SOUTHWELL RACECOURSE LIMITED

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditors*
London



26 June 2001

SOUTHWELL RACECOURSE LIMITED**Profit and loss account for the period ended 31 December 2000**

	Note	9 months to 31 December 2000 £	15 months to 31 March 2000 £
Turnover	1,2	2,293,933	4,336,702
Cost of sales		(1,920,218)	(3,532,578)
Gross profit		373,715	804,124
Administrative expenses		(367,523)	(452,439)
Operating profit	5	6,191	351,685
Interest payable and similar charges	6	-	(8,520)
Interest receivable		11,327	-
Profit on ordinary activities before taxation		17,518	343,165
Taxation on profit from ordinary activities	7	-	-
Profit on ordinary activities after taxation, and retained for the period	17	17,518	343,165

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The profit for the period represents the movement in shareholders' funds.

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

SOUTHWELL RACECOURSE LIMITED

Balance sheet at 31 December 2000

	Note	31 December 2000 £	31 December 2000 £	31 March 2000 £	31 March 2000 £
Fixed assets					
Tangible assets	8		6,721,841		6,379,299
Investments	9		73		73
			<u>6,721,914</u>		<u>6,379,372</u>
Current assets					
Stocks	10	26,921		23,121	
Debtors	11	4,305,023		4,537,713	
Cash at bank and in hand		<u>12,154</u>		<u>20,234</u>	
		4,344,098		4,581,068	
Creditors: amounts falling due within one year	12	<u>4,978,866</u>		<u>4,801,922</u>	
Net current liabilities			(634,768)		(220,854)
Total assets less current liabilities			6,087,146		6,158,518
Creditors: amounts falling due after more than one year	13		(93,000)		(191,000)
Accruals and deferred income	14		(2,848,192)		(2,839,082)
			<u>3,145,954</u>		<u>3,128,436</u>
Capital and reserves					
Called up share capital	15		190,000		190,000
Profit and loss account	16		2,955,954		2,938,436
Shareholders' funds	17		<u>3,145,954</u>		<u>3,128,436</u>

Included within shareholders' funds is £59,000 (31 March 2000 - £59,000) of non-equity funds.

The financial statements were approved by the Board on 26 June 2001

I R Penrose
Director



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

SOUTHWELL RACECOURSE LIMITED

Notes forming part of the financial statements for the period ended 31 December 2000

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents the amounts received by the company for goods and services provided during the period from its racing, golfing and related activities, excluding value added tax.

Tangible fixed assets and depreciation

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

Freehold buildings	-	2% per annum
All weather track	-	equally over twenty years on cost
Equipment	-	10% on cost
Motor vehicles	-	25% on cost

Deferred taxation

Deferred tax is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Capital credits

Capital credits are included within accruals and deferred income in the balance sheet and credited to trading profit over the estimated useful economic lives of the assets to which they relate.

SOUTHWELL RACECOURSE LIMITED

Notes forming part of the financial statements for the period ended 31 December 2000 *(Continued)*

2 Segmental information

	9 months to 31 December 2000 £	15 months to 31 March 2000 £
Turnover:		
Racecourse operations	2,155,924	4,035,072
Other operations	138,009	301,630
	2,293,933	4,336,702

3 Employees

	9 months to 31 December 2000 £	15 months to 31 March 2000 £
Staff costs consist of:		
Wages and salaries	403,778	561,752
Social security costs	29,566	37,827
	433,344	599,579
The average number of employees, including directors, during the period was	Number	Number
Office and management	9	7
Ground staff	10	11
Racecourse operation	78	47
	97	65

4 Directors

None of the directors received any remuneration during the period.

SOUTHWELL RACECOURSE LIMITED

Notes forming part of the financial statements for the period ended 31 December 2000 (*Continued*)

5 Operating profit

	9 months to 31 December 2000 £	15 months to 31 March 2000 £
This is stated after charging/(crediting):		
Group management charges	157,675	120,000
Depreciation of tangible fixed assets	90,535	125,892
Auditors' remuneration – for audit work	12,000	10,130
Loss/(profit) on disposal of fixed assets	2,107	(3,993)
Amortisation of capital credits and grants	(88,890)	(133,110)
	<u> </u>	<u> </u>

6 Interest payable and similar charges

	9 months to 31 December 2000 £	15 months to 31 March 2000 £
On bank loans, overdrafts and other loans	-	8,137
Other interest	-	383
	<u> </u>	<u> </u>
	-	8,520
	<u> </u>	<u> </u>

7 Taxation on profit on ordinary activities

No taxation charge arises due to the availability of group losses.

SOUTHWELL RACECOURSE LIMITED

Notes forming part of the financial statements for the period ended 31 December 2000 (Continued)

8 Tangible assets

	All weather track £	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
<i>Cost</i>					
At 1 April 2000	615,385	5,827,309	564,244	67,663	7,074,601
Additions	308,226	3,568	151,440	13,401	476,635
Disposals	-	(40,000)	(10,000)	-	(50,000)
At 31 December 2000	<u>923,611</u>	<u>5,790,877</u>	<u>705,684</u>	<u>81,064</u>	<u>7,501,236</u>
<i>Depreciation</i>					
At 1 April 2000	283,110	25,000	359,206	27,986	695,302
Provided for the period	28,018	15,026	34,453	13,038	90,535
Disposals	-	-	(6,442)	-	(6,442)
At 31 December 2000	<u>311,128</u>	<u>40,026</u>	<u>387,217</u>	<u>41,024</u>	<u>779,395</u>
<i>Net book value</i>					
At 31 December 2000	<u>612,483</u>	<u>5,750,851</u>	<u>318,467</u>	<u>40,040</u>	<u>6,721,841</u>
At 31 March 2000	<u>332,275</u>	<u>5,802,309</u>	<u>205,038</u>	<u>39,677</u>	<u>6,379,299</u>

9 Fixed asset investments

£

Shares held in Satellite Information Services Limited at cost:

At 1 April 2000 and 31 December 2000

73

10 Stocks

	31 December 2000 £	31 March 2000 £
Finished goods and goods for resale	<u>26,921</u>	<u>23,121</u>

SOUTHWELL RACECOURSE LIMITED

Notes forming part of the financial statements for the period ended 31 December 2000 (*Continued*)

11 Debtors

	31 December 2000 £	31 March 2000 £
Trade debtors	50,162	39,226
Amounts owed by group undertakings	4,079,704	4,195,893
Other debtors	158,547	272,365
Prepayments and accrued income	16,610	30,229
	<u>4,305,023</u>	<u>4,537,713</u>

12 Creditors: amounts falling due within one year

	31 December 2000 £	31 March 2000 £
Bank overdraft	125,720	-
Horserace Betting Levy Board loans	98,000	98,000
Trade creditors	175,146	178,991
Amounts owed to group undertakings	4,485,173	4,399,687
Other taxation and social security costs	13,506	11,101
Accruals and deferred income	81,321	114,143
	<u>4,978,866</u>	<u>4,801,922</u>

13 Creditors: amounts falling due after more than one year

	31 December 2000 £	31 March 2000 £
Horserace Betting Levy Board loans	93,000	191,000
The loan is repayable in instalments as follows:		
In more than one year but not more than two years	93,000	98,000
In more than two years but not more than five years	-	93,000
	<u>93,000</u>	<u>191,000</u>

SOUTHWELL RACECOURSE LIMITED

Notes forming part of the financial statements for the period ended 31 December 2000 (Continued)

14 Accruals and deferred income

	31 December 2000 £	31 March 2000 £
Capital credits	2,848,192	2,839,082
	<u> </u>	<u> </u>
Repayable if the property ceases to be used as a racecourse.		
To be amortised:		
Within one year	118,520	59,504
Within two to five years	474,081	238,018
After more than five years	2,255,591	2,541,560
	<u> </u>	<u> </u>
	2,848,192	2,839,082
	<u> </u>	<u> </u>

15 Share capital

	Authorised, allotted, called up and fully paid			
	31 December 2000 Number	31 March 2000 Number	31 December 2000 £	31 March 2000 £
Ordinary shares of £1 each	140,000	140,000	140,000	140,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Authorised, allotted, called up and fully paid			
	31 December 2000 Number	31 March 2000 Number	31 December 2000 £	31 March 2000 £
Preference shares of £1 each	50,000	50,000	50,000	50,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The preference shares have the following rights:

- Fixed cumulative preference dividend on the capital at a rate of 8% per annum payable on the 30 June and 31 December each year
- 5% of any dividend paid to the holders of the ordinary shares
- In the event of a winding up the shares have priority over all other shares and will be entitled to receive amounts equal to the issue price plus all arrears of preference dividend.
- No voting rights at any general meeting unless the business of the meeting is to wind up the company or change the rights attached to the preference shares.
- The shares may be redeemed at par at any time in whole or in part at the option of the company.

SOUTHWELL RACECOURSE LIMITED

Notes forming part of the financial statements for the period ended 31 December 2000 (*Continued*)

16 Reserves

	Profit and loss account £
At 1 January and 31 March 2000	2,938,436
Profit for the financial period	17,518
	<hr/>
At 31 December 2000	2,955,954
	<hr/>

17 Deferred tax

As at the period end there was a deferred tax asset so no provision for deferred tax is required.

18 Contingencies

The company has guaranteed the borrowings of its parent undertaking and fellow subsidiaries.

19 Related party transactions

The company has taken advantage of the exemption contained within Financial Reporting Standard "Related Party Transactions" not to disclose transactions with entities that are included in the consolidated financial statements of Arena Leisure PLC.

20 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.

21 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 the company's registered office, 1 Hay Hill, Berkeley Square, London, W1X 7LF.