

**REGISTERED NUMBER: 1603946 (England and Wales)**

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010  
FOR  
SOUTHWELL RACECOURSE LIMITED**

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**SOUTHWELL RACECOURSE LIMITED (REGISTERED NUMBER: 1603946)**

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FOR THE YEAR ENDED 31 DECEMBER 2010**

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**SOUTHWELL RACECOURSE LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

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**DIRECTORS:**

M J Elliott  
R I Renton  
R Mercer  
D A Roberts

**SECRETARY:**

R Mercer

**REGISTERED OFFICE:**

c/o Arena Leisure Plc  
408 Strand  
London  
WC2R 0NE

**REGISTERED NUMBER:**

1603946 (England and Wales)

**SENIOR STATUTORY  
AUDITOR:**

S Styant

**AUDITORS:**

KPMG Audit Plc, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

**SOUTHWELL RACECOURSE LIMITED (REGISTERED NUMBER: 1603946)**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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The directors present their report with the financial statements of the company for the year ended 31 December 2010

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of operator of Southwell Racecourse and Golf Course in Nottinghamshire

**REVIEW OF BUSINESS**

In 2010, Southwell Racecourse, with its turf and all-weather surfaces, staged 76 fixtures (2009 78) and achieved an operating profit of £1,336,258 (2009 £1,533,343) Overall attendances were 63,000 (2009 70,000)

The Company's long-term aim is to deliver consistent profit growth through the provision of great product, superior quality service to its customers and the greater utilisation of its assets on both racedays and non-racedays

**Racing industry developments**

The Horserace Betting Levy is a major source of funding for the UK racing industry with the Company receiving £3 7m in 2010 (2009 £4 4m), 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 For the scheme that ran until the end of March 2011, the expected yield is £60 0m 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 1,392 fixtures (2009 1,427) and attracted a total attendance of 5 8 million, slightly ahead of the previous year (2009 5 7 million) The average attendance across these fixtures was 4,145 (2009 4,008), demonstrating that attendances at UK racecourses remain resilient through the current economic cycle We expect that public attendances will continue to be stable in 2011 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

Mark Elliott continued as Vice Chairman of the Racecourse Association throughout the year Ian Renton's term as the member-nominated representative of the UK's racecourses on the board of the British Horseracing Authority expired in July 2010

From 2012 the Company will benefit from the five-year media rights agreement with Satellite Information Services Ltd ('SIS') signed by Arena Leisure Plc in July 2009, which will replace Arena's current contract with BAGS at its expiry 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**

**SOUTHWELL RACECOURSE LIMITED (REGISTERED NUMBER: 1603946)**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

From 4 March 2010, Arena Leisure Plc and its subsidiaries commenced operating under a new bank facility agreement with Lloyds Banking Group providing up to £55m of facilities in the form of a £35m term loan (maturing in October 2013) and a £20m revolving credit facility (maturing in December 2013). The new facilities replaced all previous bank facilities and are committed until 31 December 2013. Interest on the facility is charged at margins above LIBOR of between 2.00% and 3.25% depending on the leverage of the Group. Arena Leisure Plc will provide funding to the Company to satisfy its short-term cash requirements, and repayments will be made using cash flows from trading.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2010.

No dividend was distributed for the year ended 31 December 2009.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2010 to the date of this report.

M J Elliott  
R I Renton  
R Mercer  
D A Roberts

**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.

**SOUTHWELL RACECOURSE LIMITED (REGISTERED NUMBER: 1603946)**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**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:**



M J Elliott - Director

Date 3-08-11

## **REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF SOUTHWELL RACECOURSE LIMITED**

We have audited the financial statements of Southwell Racecourse Limited for the year ended 31 December 2010 on pages six to sixteen. 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 three, 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](http://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 2010 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  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

Date 4 August 2011

**SOUTHWELL RACECOURSE LIMITED (REGISTERED NUMBER: 1603946)**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	2010 £	2009 £
<b>TURNOVER</b>		8,584,841	9,305,736
Cost of sales		(5,750,411)	(6,557,795)
<b>GROSS PROFIT</b>		2,834,430	2,747,941
Administrative expenses		(1,498,172)	(1,214,598)
<b>OPERATING PROFIT</b>	3	1,336,258	1,533,343
Interest receivable and similar income	4	20,726	112,244
		1,356,984	1,645,587
Interest payable and similar charges	5	(162,941)	(197,399)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,194,043	1,448,188
Tax on profit on ordinary activities	6	-	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>1,194,043</u>	<u>1,448,188</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

The notes on pages 8 to 16 form part of these financial statements



**SOUTHWELL RACECOURSE LIMITED (REGISTERED NUMBER: 1603946)**

**BALANCE SHEET  
31 DECEMBER 2010**

	Notes	2010 £	2009 £
<b>FIXED ASSETS</b>			
Tangible assets	7	8,632,200	8,904,524
<b>CURRENT ASSETS</b>			
Stocks	8	53,774	52,264
Debtors	9	7,818,095	7,633,569
Cash at bank and in hand		9,037	6,620,078
		<u>7,880,906</u>	<u>14,305,911</u>
<b>CREDITORS</b>			
Amounts falling due within one year	10	(9,603,547)	(17,494,919)
<b>NET CURRENT LIABILITIES</b>		<u>(1,722,641)</u>	<u>(3,189,008)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,909,559	5,715,516
<b>CREDITORS</b>			
Amounts falling due after more than one year	11	(50,000)	(50,000)
<b>NET ASSETS</b>		<u>6,859,559</u>	<u>5,665,516</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	140,000	140,000
Profit and loss account	15	6,719,559	5,525,516
<b>SHAREHOLDERS' FUNDS</b>	21	<u>6,859,559</u>	<u>5,665,516</u>

The financial statements were approved by the Board of Directors on **3-08-11** and were signed on its behalf by



M J Elliott - Director

The notes on pages 8 to 16 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**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. The Directors consider this to be appropriate as they have received assurance from the ultimate parent company, Arena Leisure Plc, that it will continue to make sufficient funds available to enable the Company to meet its obligations as they fall due for at least 12 months from the date of approval of these financial statements.

The Arena Leisure Plc Group has sufficient bank facilities to enable it to complete its committed development expenditure and to continue to meet day-to-day working capital requirements. In March 2010 the Group agreed £55m of renewed banking facilities with its relationship bank, Lloyds Banking Group, which replace all existing bank facilities, and which have maturity in 2013.

The Group continues to be a cash-generative operational business with good quality assets. Revenues are generated from a variety of sources including industry funding through the Horserace Betting Levy Board ('HBLB') and income from its five-year (to 31 December 2011) Bookmakers Afternoon Greyhound Service ('BAGS') media rights contract to provide live racing pictures to UK licensed betting offices. Although the current economic conditions create uncertainty, particularly over funding levels from the Levy on bookmakers, the Group's forecasts and projections, taking account of reasonably possible changes in trading performance together with mitigating actions that are within management's control, show that the Group is expected to be able to operate within the level and conditions of its current debt facilities.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore the Directors consider it appropriate to draw up the Company accounts on a going concern basis.

**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.

**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 golf course.

Income is recognised once a race meeting or non-raceday event has been held or upon use of the golf course. 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.

**SOUTHWELL RACECOURSE LIMITED (REGISTERED NUMBER: 1603946)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**1 ACCOUNTING POLICIES - continued**

**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

**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

**2 STAFF COSTS**

	2010	2009
	£	£
Wages and salaries	469,271	417,813
Social security costs	44,367	39,356
Other pension costs	1,886	1,668
	<u>515,524</u>	<u>458,837</u>

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

	2010	2009
Management and administration	11	9
Customer service	11	11
	<u>22</u>	<u>20</u>

**SOUTHWELL RACECOURSE LIMITED (REGISTERED NUMBER: 1603946)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**2 STAFF COSTS - continued**

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 £165,443 (2009 £248,324) relating to an average of 30 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.

The Company employs casual staff to assist during racedays. The number of casual staff varies between 40 and 60 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 2010 was £140,225 (2009 £147,823).

**3 OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	2010 £	2009 £
Hire of plant and machinery	690	-
Depreciation - owned assets	437,728	434,884
Profit on disposal of fixed assets	(6,883)	(341)
Auditors' remuneration	13,104	13,104
Group management charges	<u>611,734</u>	<u>350,939</u>
Directors' remuneration	<u>-</u>	<u>-</u>

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 the ultimate parent company, Arena Leisure Plc, and are disclosed in the published consolidated financial statements of that company.

**4 INTEREST RECEIVABLE AND SIMILAR INCOME**

	2010 £	2009 £
Deposit account interest	<u>20,726</u>	<u>112,244</u>

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	2010 £	2009 £
Group interest	<u>162,941</u>	<u>197,399</u>

**6 TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2010 nor for the year ended 31 December 2009.

**SOUTHWELL RACECOURSE LIMITED (REGISTERED NUMBER: 1603946)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**6 TAXATION - continued**

**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

	2010 £	2009 £
Profit on ordinary activities before tax	<u>1,194,043</u>	<u>1,448,188</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	334,332	405,493
Effects of		
Expenses not deductible for tax purposes	45,783	45,058
Income not assessable to tax	(915,703)	(502,242)
Depreciation in excess of capital allowances	68,970	76,470
Tax losses utilised in the year	-	(24,779)
Tax losses unutilised in the year	<u>466,618</u>	<u>-</u>
Current tax charge	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

**Unrecognised deferred tax**

	2009 £	Movement in the year £	2010 £
Accelerated capital allowances	140,968	(72,067)	68,901
Tax losses	<u>(761,818)</u>	<u>(422,606)</u>	<u>(1,184,424)</u>
Unrecognised deferred tax assets	<u>(620,850)</u>	<u>(494,673)</u>	<u>(1,115,523)</u>

The Company has not provided for the deferred tax asset on losses and accelerated capital allowances as it is prudent to assume that that Group will not make sufficient profits in the short term to absorb these amounts

The UK Government announced a phased reduction in the main UK corporation tax rate from 28% to 23%, with the first 1% reduction taking effect from 1 April 2011 (and substantively enacted on 20 July 2010) and the second 2% reduction taking effect from 1 April 2012 (and substantively enacted on 5 July 2011). 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 27%, where the temporary difference is expected to reverse after 1 April 2011. The effect of the remeasurement has had no impact on the profit for the year.

No account will be taken of the further 2% 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.

**SOUTHWELL RACECOURSE LIMITED (REGISTERED NUMBER: 1603946)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**7 TANGIBLE FIXED ASSETS**

	All-weather track £	Freehold land and buildings £	Plant and equipment £
<b>COST</b>			
At 1 January 2010	1,983,977	6,340,716	2,207,044
Additions	81,346	-	73,320
Disposals	(19,432)	-	-
Reclassification/transfer	-	-	(439,706)
At 31 December 2010	2,045,891	6,340,716	1,840,658
<b>DEPRECIATION</b>			
At 1 January 2010	578,154	105,575	944,241
Charge for year	104,670	57,672	215,396
Eliminated on disposal	(5,182)	-	-
Reclassification/transfer	-	-	(98,673)
At 31 December 2010	677,642	163,247	1,060,964
<b>NET BOOK VALUE</b>			
At 31 December 2010	1,368,249	6,177,469	779,694
At 31 December 2009	1,405,823	6,235,141	1,262,803
	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>			
At 1 January 2010	-	47,431	10,579,168
Additions	9,717	16,392	180,775
Disposals	(2,990)	-	(22,422)
Reclassification/transfer	439,706	-	-
At 31 December 2010	446,433	63,823	10,737,521
<b>DEPRECIATION</b>			
At 1 January 2010	-	46,674	1,674,644
Charge for year	56,482	3,508	437,728
Eliminated on disposal	(1,869)	-	(7,051)
Reclassification/transfer	98,673	-	-
At 31 December 2010	153,286	50,182	2,105,321
<b>NET BOOK VALUE</b>			
At 31 December 2010	293,147	13,641	8,632,200
At 31 December 2009	-	757	8,904,524

The Directors have taken the decision to split fixtures and fittings from plant and equipment in 2010, accounting for the reclassification above

**SOUTHWELL RACECOURSE LIMITED (REGISTERED NUMBER: 1603946)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**8 STOCKS**

	2010	2009
	£	£
Goods for resale	<u>53,774</u>	<u>52,264</u>

**9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2010	2009
	£	£
Trade debtors	893,952	565,517
Amounts owed by group undertakings	6,624,174	6,845,689
Other debtors	13,179	15,082
Prepayments and accrued income	286,790	207,281
	<u>7,818,095</u>	<u>7,633,569</u>

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

	2010	2009
	£	£
Bank loans and overdrafts (see note 12)	284,113	-
Other loans (see note 12)	-	20,000
Trade creditors	367,913	196,494
Amounts owed to group undertakings	8,673,969	16,995,637
Social security and other taxes	16,003	14,036
VAT	51,014	27,635
Other creditors	37,227	75,992
Accruals and deferred income	173,308	165,125
	<u>9,603,547</u>	<u>17,494,919</u>

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

	2010	2009
	£	£
Preference shares (see note 12)	<u>50,000</u>	<u>50,000</u>

**12 LOANS**

An analysis of the maturity of loans is given below

	2010	2009
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	284,113	-
HBLB loans	-	20,000
	<u>284,113</u>	<u>20,000</u>
Amounts falling due in more than five years		
Repayable otherwise than by instalments		
Preference shares	<u>50,000</u>	<u>50,000</u>

**SOUTHWELL RACECOURSE LIMITED (REGISTERED NUMBER: 1603946)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**12 LOANS - continued**

From 4 March 2010, Arena Leisure Plc and its subsidiaries commenced operating under a new bank facility agreement with Lloyds Banking Group providing up to £55m of facilities in the form of a £35m term loan (maturing in October 2013) and a £20m revolving credit facility (maturing in December 2013) The new facility superseded the previous funding arrangements

Details of shares shown as liabilities are as follows

Allotted, issued and fully paid Number	Class	Nominal value	2010 £	2009 £
50,000	Redeemable 8% preference shares	1	<u>50,000</u>	<u>50,000</u>

The 50,000 preference shares have the following rights

- Fixed cumulative preference dividend on the capital at a rate of 8% per annum payable on 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, and
- The shares may be redeemed at par at any time in whole or in part at the option of the Company

**13 OPERATING LEASE COMMITMENTS**

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

	Other operating leases	
	2010 £	2009 £
Expiring Between one and five years	<u>2,700</u>	<u>-</u>

**14 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid Number	Class	Nominal value	2010 £	2009 £
140,000	Ordinary shares	1	<u>140,000</u>	<u>140,000</u>

Preference shares are also in issue (see note 12)



**SOUTHWELL RACECOURSE LIMITED (REGISTERED NUMBER: 1603946)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**15 RESERVES**

	Profit and loss account £
At 1 January 2010	5,525,516
Profit for the year	1,194,043
At 31 December 2010	<u>6,719,559</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 amounted to £1,886 (2009 £1,668).

There were no pension creditors at the year end (2009 none).

**17 ULTIMATE PARENT COMPANY**

The immediate parent company is Arena Leisure Racing Limited.

The ultimate parent company is Arena Leisure Plc which is incorporated in England and Wales. A copy of its financial statements can be obtained from [www.arenaleisureplc.com](http://www.arenaleisureplc.com).

**18 CONTINGENT LIABILITIES**

The Company is a permitted borrower under a Group banking facility provided to Arena Leisure Plc and specified subsidiary companies. As such, the Company is jointly and severally liable for the bank loans and overdrafts provided under this Group bank facility arrangement.

**19 CAPITAL COMMITMENTS**

	2010 £	2009 £
Contracted but not provided for in the financial statements	<u>-</u>	<u>-</u>

**SOUTHWELL RACECOURSE LIMITED (REGISTERED NUMBER: 1603946)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**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 £460,355 (2009 £18,299) to DRMC and purchases of £28,027 (2009 £25,423). At 31 December 2010 the balance due to DRMC was £5,534 (2009 £6,187 from DRMC). The Company made sales of £4,530 (2009 £73,025) to Worcester and purchases of £33,067 (2009 £6,499). The balance due at 31 December 2010 was £32,568 from Worcester (2009 £32,450).

R I Renton was a Director of the British Horseracing Authority ('the BHA'), racing's governing and regulatory body, until his term expired in July 2010. During the year the Company made purchases of £nil (2009 £nil) from the BHA and sales of £945 (2009 £nil) to the BHA. At 31 December 2010 the outstanding balance was £nil (2009 £nil).

M J Elliott is Vice Chairman of the Racecourse Association ('the RCA'), the trade association of the UK's racecourses. During the year the Company made sales of £1,074 to the RCA (2009 £3,758) and made purchases of £31,532 (2009 £25,556). The balance owed to the RCA at 31 December 2010 was £633 (2009 £nil).

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

	2010 £	2009 £
Profit for the financial year	1,194,043	1,448,188
<b>Net addition to shareholders' funds</b>	<b>1,194,043</b>	<b>1,448,188</b>
Opening shareholders' funds	5,665,516	4,217,328
<b>Closing shareholders' funds</b>	<b>6,859,559</b>	<b>5,665,516</b>