

**Company Registration No. 01603946 (England and Wales)**

**SOUTHWELL RACECOURSE LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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# **SOUTHWELL RACECOURSE LIMITED**

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# **SOUTHWELL RACECOURSE LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2012**

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The directors present their report and financial statements for the year ended 31 December 2012

#### **Principal activities and review of the business**

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

#### **Results and dividends**

The results for the year are set out on page 5

#### **Directors**

The following directors have held office since 1 January 2012

M J Elliot	(Resigned 30 March 2012)
R Mercer	(Resigned 31 May 2012)
R I Renton	(Resigned 31 August 2012)
A B Kelly	(Appointed 30 May 2012)
S A J Nahum	(Appointed 30 March 2012)
P C O'Driscoll	(Appointed 30 March 2012)
D A Roberts	

#### **Auditors**

Gerald Edelman were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' Report 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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.

# **SOUTHWELL RACECOURSE LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2012***

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### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

### **Charitable contributions**

The company made charitable contributions of £nil (2011 £13,100)

On behalf of the board



P. C. O'Driscoll

Director

27/9/2013

# **SOUTHWELL RACECOURSE LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF SOUTHWELL RACECOURSE LIMITED**

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We have audited the financial statements of Southwell Racecourse Limited for the year ended 31 December 2012 set out on pages 5 to 15. 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 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**

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, 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 Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 2012 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# **SOUTHWELL RACECOURSE LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF SOUTHWELL RACECOURSE LIMITED**

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#### **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

**Stephen Coleman ACA (Senior Statutory Auditor)**  
**for and on behalf of Gerald Edelman**

27/9/2013

**Chartered Accountants**  
**Statutory Auditor**

25 Harley Street  
London  
W1G 9BR

# **SOUTHWELL RACECOURSE LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 £	2011 £
Turnover	2	6,745,021	6,844,349
Cost of sales		(4,164,758)	(4,629,902)
Gross profit		2,580,263	2,214,447
Administrative expenses		(1,313,138)	(1,462,816)
Operating profit	3	1,267,125	751,631
Other interest receivable and similar income	4	-	5,962
Interest payable and similar charges	5	(26,189)	(72,151)
Profit on ordinary activities before taxation		1,240,936	685,442
Tax on profit on ordinary activities	6	-	-
Profit for the year	14	1,240,936	685,442

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

# SOUTHWELL RACECOURSE LIMITED

## BALANCE SHEET

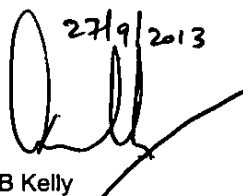
AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
<b>Fixed assets</b>					
Tangible assets	7		8,006,429		8,300,462
<b>Current assets</b>					
Stocks	8	24,778		59,560	
Debtors	9	7,163,981		7,036,109	
Cash at bank and in hand		191,341		439,023	
		7,380,100		7,534,692	
<b>Creditors: amounts falling due within one year</b>	10	(6,550,592)		(8,240,153)	
<b>Net current assets/(liabilities)</b>			829,508		(705,461)
<b>Total assets less current liabilities</b>			8,835,937		7,595,001
<b>Creditors: amounts falling due after more than one year</b>	11		(50,000)		(50,000)
			8,785,937		7,545,001
<b>Capital and reserves</b>					
Called up share capital	13	140,000		140,000	
Profit and loss account	14	8,645,937		7,405,001	
<b>Shareholders' funds</b>	15		8,785,937		7,545,001

Approved by the Board and authorised for issue on



P C O'Driscoll  
Director



A B Kelly  
Director

Company Registration No. 01603946



# **SOUTHWELL RACECOURSE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention

On 13 January 2012, the company's parent company, Arena Leisure Plc (now Arena Leisure Limited) received an offer (the 'Offer') for its entire issued and to be issued share capital from Aldersgate Investments Limited, to be effected by means of a Scheme of Arrangement under Part 26 of the Companies' Act 2006 (the 'Scheme'). The Scheme was approved by the Court on 27 March 2012 and became effective on 30 March 2012

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

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

#### **1.3 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 recognised once a race meeting or non-raceday event has been held. 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 SIS 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**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

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### **1 Accounting policies (continued)**

#### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land, buildings and track	2% on cost for land and buildings, 5% on cost for track surface, 10% on cost for track base
Plant and machinery, etc	5% to 25% on cost
Motor vehicles	25% on cost

#### **1.5 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### **1.6 Stock**

Stock is valued at the lower of cost and net realisable value.

#### **1.7 Pensions**

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

#### **1.8 Deferred taxation**

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### **1.9 Finance costs**

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

### **2 Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

# **SOUTHWELL RACECOURSE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2012**

<b>3</b>	<b>Operating profit</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging		
	Depreciation of tangible assets	410,059	438,668
	Operating lease rentals		
	- Plant and machinery	1,821	3,394
	Group management charges	498,611	655,189
	Fees payable to the company's auditor for the audit of the company's annual accounts	11,943	11,434
	and after crediting		
	Rents receivable	(1,800)	(19,745)
	Profit on disposal of tangible assets	(1,333)	(1,749)
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Investment income</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	Bank interest	-	5,962
		<u>          </u>	<u>          </u>
		-	5,962
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Interest payable</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	On amounts payable to group companies	22,189	68,151
	Dividends paid on preference shares classified as financial liabilities		
	Preference dividends	4,000	4,000
		<u>          </u>	<u>          </u>
		26,189	72,151
		<u>          </u>	<u>          </u>

# SOUTHWELL RACECOURSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2012

<b>6</b>	<b>Taxation</b>	<b>2012</b>	<b>2011</b>		
	<b>Total current tax</b>	-	-		
	<b>Factors affecting the tax charge for the year</b>				
	Profit on ordinary activities before taxation	1,240,936	685,442		
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.00% (2011 - 26.50%)	297,825	181,642		
	Effects of				
	Non deductible expenses	-	43,751		
	Income not assessable to tax	(216,295)	(434,263)		
	Depreciation in excess of capital allowances	62,894	22,295		
	Tax losses (utilised)/unutilised in the year	(144,424)	186,575		
		(297,825)	(181,642)		
	<b>Current tax charge for the year</b>	-	-		
<b>7</b>	<b>Tangible fixed assets</b>				
		<b>Freehold land, buildings and track</b>	<b>Plant and machinery, etc.</b>	<b>Motor vehicles</b>	<b>Total</b>
		£	£	£	£
	<b>Cost</b>				
	At 1 January 2012	8,386,607	2,366,758	66,723	10,820,088
	Additions	75,181	40,845	-	116,026
	At 31 December 2012	8,461,788	2,407,603	66,723	10,936,114
	<b>Depreciation</b>				
	At 1 January 2012	1,005,986	1,472,218	41,422	2,519,626
	Charge for the year	162,356	239,819	7,884	410,059
	At 31 December 2012	1,168,342	1,712,037	49,306	2,929,685
	<b>Net book value</b>				
	At 31 December 2012	7,293,446	695,566	17,417	8,006,429
	At 31 December 2011	7,380,621	894,540	25,301	8,300,462

# **SOUTHWELL RACECOURSE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2012**

<b>8</b>	<b>Stocks</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	Finished goods and goods for resale	<u>24,778</u>	<u>59,560</u>
<b>9</b>	<b>Debtors</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	Trade debtors	628,010	502,157
	Amounts owed by parent and fellow subsidiary undertakings	5,606,715	6,204,994
	Other debtors	409,318	1,507
	Prepayments and accrued income	<u>519,938</u>	<u>327,451</u>
		<u>7,163,981</u>	<u>7,036,109</u>
<b>10</b>	<b>Creditors: amounts falling due within one year</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	Trade creditors	383,665	248,593
	Amounts owed to parent and fellow subsidiary undertakings	5,895,902	7,696,958
	Taxes and social security costs	25,432	54,224
	Other creditors	14,020	62,862
	Accruals and deferred income	<u>231,573</u>	<u>177,516</u>
		<u>6,550,592</u>	<u>8,240,153</u>

# SOUTHWELL RACECOURSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

11 Creditors amounts falling due after more than one year	2012 £	2011 £
Preference shares classed as a financial liability	<u>50,000</u>	<u>50,000</u>
<b>Preference shares classified as financial liabilities</b>		
In more than five years	<u>50,000</u>	<u>50,000</u>

Details of shares shown as liabilities are as follows

Allotted, issued and fully paid			2012 £	2011 £
Number	Class	Nominal value		
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

## 12 Pension and other post-retirement benefit commitments Defined contribution

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.

The pension creditor at 31 December 2012 was £224 (2011 £218)

	2012 £	2011 £
Contributions payable by the company for the year	<u>2,693</u>	<u>1,981</u>

# SOUTHWELL RACECOURSE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2012

13 Share capital	2012 £	2011 £
Allotted, called up and fully paid		
140,000 Ordinary of £1 each	140,000	140,000

14 Statement of movements on profit and loss account	Profit and loss account £
Balance at 1 January 2012	7,405,001
Profit for the year	1,240,936
Balance at 31 December 2012	8,645,937

15 Reconciliation of movements in shareholders' funds	2012 £	2011 £
Profit for the financial year	1,240,936	685,442
Net addition to shareholders' funds	1,240,936	685,442
Opening shareholders' funds	7,545,001	6,859,559
Closing shareholders' funds	8,785,937	7,545,001

## 16 Financial commitments

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2013

	Other 2012 £	2011 £
Operating leases which expire Between two and five years	1,952	1,952

# **SOUTHWELL RACECOURSE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

### **17 Employees**

#### **Number of employees**

The average monthly number of employees (including directors) during the year was

	<b>2012 Number</b>	<b>2011 Number</b>
Management & administration	11	11
Other	9	9
	<u>20</u>	<u>20</u>

#### **Employment costs**

	<b>2012 £</b>	<b>2011 £</b>
Wages and salaries	424,853	444,547
Social security costs	53,556	41,699
Other pension costs	2,693	1,981
	<u>481,102</u>	<u>488,227</u>

The company employs casual staff to assist during racedays. The number of casual staff varies between 7 and 62 (2011: 40 and 105) 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 2012 was £119,794 (2011: £172,797).

### **18 Control**

The immediate parent company is Arena Leisure Racing Limited.

Until 30 March 2012, the ultimate parent company was Arena Leisure PLC, a company incorporated in England and Wales.

From 30 March 2012 the ultimate parent company is Landal Worldwide Corp, a company registered in the British Virgin Islands. The company's ultimate UK parent is Arena Racing Corporation Limited.



## **SOUTHWELL RACECOURSE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2012**

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#### **19 Related party relationships and transactions**

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group

The Doncaster Racecourse Management Company Limited ('DRMC') and Worcester Racecourse Limited ('Worcester') are 81% owned 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 £574,138 (2011 £315,154) to DRMC and purchases of £965 (2011 £18,536). At 31 December 2012 the balance due from DRMC was £570,472 (2011 £2,173 creditor). The Company made sales of £3,190 (2011 £13,729) to Worcester and purchases of £64,816 (2011 £35,000). At 31 December 2012 the balance due from Worcester was £32,768 (2011 £32,831).

Arena Leisure Limited, an intermediate parent undertaking within the Landal Worldwide Corp group, owns an equity share in Attheraces Holdings Limited ('ATR'), a joint venture company. During the year the Company made sales of £528,017 (2011 £541,672) to ATR. The balance due from ATR at 31 December 2012 was £8,400 (2011 £30,600).