

**NORTHERN RACING LIMITED**

**Report and Financial Statements**

**31 December 1996**

**Deloitte & Touche  
Colmore Gate  
2 Colmore Row  
Birmingham  
B3 2BN**



## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1996.

### PRINCIPAL ACTIVITY

The principal activity is that of a holding company.

### BUSINESS REVIEW AND FUTURE PROSPECTS

The investments in High Gosforth Park Limited and Uttoxeter Leisure and Development Company Limited are progressing well and the directors look forward to continued success in the future.

### DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (1995 - Nil). The loss for the year of £159,894 (1995 - £218,479) has been added to the deficit on the profit and loss account.

### DIRECTORS AND THEIR INTERESTS

The following were directors of the company during the year:

S W Clarke  
C C A Glossop  
P E Doona  
J Gerard Pearse

None of the directors had any interests in the shares of the company or its subsidiaries. The relevant interest of Mr Clarke in the shares of the ultimate parent company are disclosed in that company's directors' report.

### AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



P E DOONA  
Secretary

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. 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
- state whether applicable accounting standards have been followed
- 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. 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.



## Chartered Accountants

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## AUDITORS' REPORT TO THE MEMBERS OF

### NORTHERN RACING LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the accounting policies set out on page 6.

#### Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### Basis of opinion

We conducted our audit in accordance with 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.

#### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Chartered Accountants and Registered Auditors

*6 May 1997*



**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 1996**

	Note	1996 £	1995 £
<b>TURNOVER</b>	1	19,000	12,500
Administrative expenses		(40,744)	(21,889)
<b>OPERATING LOSS</b>		(21,744)	(9,389)
Interest payable	4	(213,150)	(222,090)
Dividends receivable		21,000	13,000
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	(213,894)	(218,479)
Tax on loss on ordinary activities	5	54,000	-
<b>LOSS FOR THE FINANCIAL YEAR</b>	11	(159,894)	(218,479)

All activities derive from continuing operations.

There are no recognised gains or losses other than the loss for the financial year. Accordingly, no statement of total recognised gains and losses is given.

**BALANCE SHEET**  
**31 December 1996**

	Note	£	1996 £	£	1995 £
<b>FIXED ASSETS</b>					
Investments	6		3,534,671		3,534,671
<b>CURRENT ASSETS</b>					
Debtors	7	50,090		28,631	
<b>CREDITORS: amounts falling due within one year</b>	8	<u>(887,158)</u>		<u>(705,805)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(837,068)</u>		<u>(677,174)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			2,697,603		2,857,497
<b>CREDITORS: amounts falling due after more than one year</b>	9		<u>(2,000,000)</u>		<u>(2,000,000)</u>
			<u>697,603</u>		<u>857,497</u>
<b>CAPITAL AND DEFICIENCY</b>					
Called up share capital	10		1,152,250		1,152,250
Profit and loss account - deficiency	11		<u>(454,647)</u>		<u>(294,753)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	12		<u>697,603</u>		<u>857,497</u>

These financial statements were approved by the Board of Directors on 21 April 1997

Signed on behalf of the Board of Directors

C C A Glossop  
Director



**NOTES TO THE ACCOUNTS****Year ended 31 December 1996****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Turnover**

Turnover represents management charges receivable from group companies.

**Investments**

Investments are held at cost.

**Deferred taxation**

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in years different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

**2. DIRECTORS & EMPLOYEES**

During the period one of the directors received £11,110 remuneration from the company (1995 - £5,697). Other than directors there are no employees.

**3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

This is stated after charging £600 auditors' remuneration (1995 - £500).

**4. INTEREST PAYABLE**

	1996 £	1995 £
Intra group interest	47,010	75,437
Interest on bank overdraft and loan	151,049	126,112
Interest on loan notes	15,091	20,541
	<u>213,150</u>	<u>222,090</u>

**5. TAXATION**

	1996 £	1995 £
Group relief at 33% based on the loss for the year	<u>54,000</u>	<u>-</u>

The level of the tax credit is limited by reference to profits in the rest of the group.

There are losses available to carry forward against profits arising from the same activity of approximately £340,000 (1995 - £285,000).

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**

**6. INVESTMENT IN SUBSIDIARIES**

	£
At 1 January 1996 and 31 December 1996	<u>3,534,671</u>

The investment represents:

Subsidiary Name	Proportion of shares held	Nature of principal business
High Gosforth Park Limited	100%	Racecourse management
Uttoxeter Leisure and Development Company Limited	92.4%	Racecourse management

The share capital and reserves of High Gosforth Park Limited at 31 December 1996 were £3,116,324 (1995 - £3,098,795) and its profit for the year ended was £17,529. The share capital and reserves of Uttoxeter Leisure and Development Company Limited at 31 December 1996 were £3,613,634 (1995 - £3,451,263) and its profit for the year ended was £162,371. Both are registered in England and Wales. The Directors consider that the investments are worth at least the amount stated.

The company is exempt from preparing consolidated accounts under S.228 of the Companies Act 1985 as itself is a subsidiary undertaking (see note 13).

**7. DEBTORS**

	1996 £	1995 £
Amounts due from subsidiary companies	49,622	28,537
VAT recoverable	468	94
	<u>50,090</u>	<u>28,631</u>

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

	1996 £	1995 £
Bank overdraft	651,813	354,769
Unsecured redeemable loan notes	211,894	254,826
Amounts due to subsidiary companies	-	74,954
Other creditors	396	509
Other tax and social security	1,662	2,520
Accruals	21,393	18,227
	<u>887,158</u>	<u>705,805</u>

The unsecured redeemable loan notes are repayable on demand. The bank overdraft is unsecured.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**

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

	1996	1995
	£	£
Bank loan repayable		
Between one and two years	800,000	400,000
Within two to five years	1,200,000	1,200,000
After five years	-	400,000
	<u>2,000,000</u>	<u>2,000,000</u>

The bank loan is subject to an interest rate based on LIBOR. The loan is payable by equal annual instalments over five years commencing August 1997. The loan is secured by a fixed charge over the investment in High Gosforth Park Limited and Uttoxeter Leisure and Development Company Limited.

**10. CALLED UP SHARE CAPITAL**

	1996	1995
	£	£
Authorised		
780,000 'A' ordinary shares of £1 each	780,000	780,000
420,000 'B' ordinary shares of £1 each	420,000	420,000
	<u>1,200,000</u>	<u>1,200,000</u>
Allotted and fully paid		
748,214 'A' ordinary shares of £1 each	748,214	748,214
404,036 'B' ordinary shares of £1 each	404,036	404,036
	<u>1,152,250</u>	<u>1,152,250</u>

A and B shares rank equally in all respects.

**11. PROFIT AND LOSS ACCOUNT**

	£
Balance at 1 January 1996	(294,753)
Loss for year	(159,894)
Balance at 31 December 1996	<u>(454,647)</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1996**

**12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1996 £	1995 £
Opening shareholders' funds	857,497	1,074,876
Loss for the year	(159,894)	(218,479)
Ordinary shares issued	-	1,100
Closing shareholders' funds	<u>697,603</u>	<u>857,497</u>

**13. ULTIMATE PARENT COMPANY**

The ultimate parent company is Stanley Clarke Leisure Limited which is registered in England and Wales. Copies of the report and accounts of Stanley Clarke Leisure Limited are available from the registered office at Lyndon House, 58/62 Hagley Road, Edgbaston, Birmingham B16 8PE.