

**31 December 2005**



# **Attheraces Holdings Limited**

## **Report and financial statements 2005**

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# **Attheraces Holdings Limited**

## **Report and financial statements 2005**

### **Officers and professional advisers**

#### **Directors**

Richard Dovey  
Mark Elliott  
Ian Renton  
David Rey  
Janet Walker

#### **Company Secretary**

Teresa A Walsh

#### **Registered Office**

James House  
18-21 Corsham Street  
London  
N1 6DR

#### **Bankers**

Bank of Scotland  
The Mound  
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EH1 1YZ

#### **Solicitors**

Olswang  
90 High Holborn  
London  
WC1V 6XX

#### **Auditors**

BDO Stoy Hayward LLP  
8 Baker Street  
London  
W1U 3LL

# **Attheraces Holdings Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

### **Activities**

The company's activities are that of a holding company for the group.

The principal activities of the group during the year continued to be the worldwide exploitation of broadcast, media and other rights acquired from 28 UK and 27 Irish racecourses under the terms of individual media rights agreements. Through an agreement with the Horseracing Totalisator Board (the Tote), the group continues to facilitate pari-mutuel betting around the world, and continues to offer links to fixed-odds and Tote betting partners both via its interactive and web platforms.

### **Review of developments and future prospects**

During 2005, the group continued to develop its website, its horseracing television channel with interactive betting applications on digital platforms, its mobile telephone distribution and overseas markets for UK horseracing. The group's television channel viewing figures continued to grow during 2005, peaking at approximately 1.3 million viewers during March and with an average of 40,000 to 50,000 people watching at any time during live UK and Irish racing.

In December the group achieved a landmark legal victory after the High Court found in favour of the group after it began proceedings against the British Horseracing Board Limited and BHB Enterprises Plc (together "BHB"). The ruling found that the BHB had abused its dominant market position and adopted a policy of excessive and discriminatory pricing and as a result had to pay the group a significant costs figure. On 18<sup>th</sup> July 2006 The Court of Appeal heard the BHB's appeal against The High Court judgement that the BHB had abused its dominant position. The Court of Appeal has yet to return a verdict.

Also in December the group concluded a media rights agreement with Doncaster Metropolitan Borough Council providing exclusive domestic and international rights to at least 25 Doncaster racecourse fixtures throughout 2006 and early 2007. From June 1st 2007, Attheraces will enjoy exclusive rights to the entire Doncaster fixture list. This agreement effectively brought the total number of ATR's UK racecourse partners to 29.

Attheraces is committed to making its content available to as broad a television audience as possible in order to provide the strongest platform to grow the popularity of horseracing. For 2006, the Board has agreed to increase investment in the Channel with particular emphasis in the areas of programming, marketing and international distribution.

### **Results and dividends**

The results of the group for the year ended 31 December 2005 are shown on page 7.

There were no dividends proposed during the year (2004 - £nil).

## Attheraces Holdings Limited

### Directors' report

#### Directors and their interests

The directors who served throughout the year, except as noted, were:

Trevor East	(resigned 6 July 2005)
Mark Elliott	(appointed 13 December 2005)
Andrew Melvin	(appointed 7 July 2005 & resigned 8 May 2006)
Ian R Penrose	(resigned 13 December 2005)
David Rey	
Janet Walker	
Roger D Withers	(resigned 8 May 2006)

No director had any interests in the share capital of the company or any group company throughout the year.

#### Auditors

During the year Deloitte & Touche LLP resigned as the Group's auditors and the Directors appointed BDO Stoy Hayward LLP.

BDO Stoy Hayward LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed by order of the Board



Teresa A Walsh  
Company Secretary

30 October 2006

## **Attheraces Holdings Limited**

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

United Kingdom 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 and the group as at the end of the financial year and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed; and
- 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 the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report to the shareholders of Attheraces Holdings Limited**

We have audited the group and parent company financial statements (the "financial statements") of Attheraces Holdings Limited for the year ended 31 December 2005 which comprise the group profit and loss account, the group and company balance sheets, the group cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **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 in the statement of directors' responsibilities

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 have been 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 those 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 other transactions 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

### **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 judgments 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.

## **Independent auditors' report to the shareholders of Attheraces Holdings Limited**

### **Opinion**

In our opinion:

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 December 2005 and of its loss for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 December 2005; and
- financial statements have been properly prepared in accordance with the Companies Act 1985.

*BDO Stoy Hayward LLP*

**BDO Stoy Hayward LLP**  
Chartered Accountants and Registered Auditors  
London

*30 October 2006*



## Attheraces Holdings Limited

### Consolidated profit and loss account Year ended 31 December 2005

	Note	2005 £'000	2005 £'000	2004 £'000	2004 £'000
<b>Turnover</b>	1,2		10,854		15,537
<b>Cost of sales</b>			(3,530)		(9,236)
<b>Gross profit</b>			7,324		6,301
<i>Administrative expenses:</i>					
Administrative expenses		(9,510)		(14,632)	
Exceptional costs in relation to legal proceedings	3	(1,815)		-	
<b>Total administrative expenses</b>			(11,325)		(14,632)
<b>Operating loss</b>	4		(4,001)		(8,331)
<i>Exceptional items:</i>					
Costs of fundamental restructuring	3		-		(2,768)
Interest receivable and similar income			44		118
Interest payable to shareholders			(237)		(172)
<b>Loss on ordinary activities before taxation</b>			(4,194)		(11,153)
<b>Taxation</b>	6		977		5,756
<b>Loss for the year transferred to reserves</b>	16		(3,217)		(5,397)

All transactions are derived from continuing operations.

There are no recognised gains or losses in either the current or previous financial period other than the losses as shown above. Therefore no statement of total recognised gains and losses is presented.

The company has taken advantage of s230 Companies Act 1985 and has not prepared a separate profit and loss account. The loss after taxation dealt with in the account of the parent company is £237,000 (2004 Loss: £106,269,000).

## **Attheraces Holdings Limited**

### **Reconciliation of movements in consolidated equity shareholders' deficit Year ended 31 December 2005**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Loss for the year	(3,217)	(5,397)
Issue of recoupment shares	-	106,105
Opening equity shareholders' deficit	<u>(2,646)</u>	<u>(103,354)</u>
Closing equity shareholders' deficit	<u>(5,863)</u>	<u>(2,646)</u>

**The notes on pages 13 -22 form part of these financial statements**

# Attheraces Holdings Limited

## Consolidated balance sheet 31 December 2005

	Note	2005 £'000	2004 £'000
<b>Fixed assets</b>			
Tangible assets	7	<u>264</u>	<u>302</u>
<b>Current assets</b>			
Debtors: amounts due within one year	9	5,242	4,744
Cash at bank and in hand		<u>1,205</u>	<u>2,944</u>
		6,447	7,688
<b>Creditors: amounts falling due within one year</b>	10	(5,630)	(3,960)
<b>Net current assets</b>		<u>817</u>	<u>3,728</u>
<b>Total assets less current liabilities</b>		1,081	4,030
<b>Creditors: amounts falling due after more than one year</b>	11	(6,568)	(6,182)
<b>Provisions for liabilities and charges</b>	12	(376)	(494)
<b>Net liabilities</b>		<u>(5,863)</u>	<u>(2,646)</u>
<b>Capital and reserves</b>			
Called up share capital	13	3	3
Share premium	14	106,105	106,105
Profit and loss account	16	<u>(111,971)</u>	<u>(108,754)</u>
<b>Equity shareholders' deficit</b>		<u>(5,863)</u>	<u>(2,646)</u>

These financial statements were approved by the Board of Directors on 30 October 2006.

Signed on behalf of the Board of Directors



Director

The notes on pages 13 -22 form part of these financial statements

# Attheraces Holdings Limited

## Company balance sheet 31 December 2005

	Note	2005 £'000	2004 £'000
<b>Fixed assets</b>			
Investments	8	<u>14</u>	<u>14</u>
<b>Current assets</b>			
Debtors	9	6,193	5,982
Cash at bank and in hand		<u>3</u>	<u>28</u>
		6,196	6,010
<b>Creditors: amounts falling due within one year</b>	10	<u>-</u>	<u>(172)</u>
<b>Net current assets</b>		<u>6,196</u>	<u>5,838</u>
<b>Total assets less current liabilities</b>		6,210	5,852
<b>Creditors: amounts falling due after more than one year</b>	11	<u>(6,568)</u>	<u>(5,982)</u>
<b>Net liabilities</b>		<u>(358)</u>	<u>(130)</u>
<b>Capital and reserves</b>			
Called up share capital	13	3	3
Share premium account	14	106,105	106,105
Profit and loss account		<u>(106,466)</u>	<u>(106,238)</u>
<b>Equity shareholders' deficit</b>	15	<u>(358)</u>	<u>(130)</u>

These financial statements were approved by the Board of Directors on 30 October 2006.

Signed on behalf of the Board of Directors



Director

The notes on pages 13 -22 form part of these financial statements

# Attheraces Holdings Limited

## Consolidated cash flow statement Year ended 31 December 2005

	Note	2005 £'000	2004 £'000
<b>Net cash outflow from operating activities</b>	(i)	(4,900)	(11,623)
<b>Returns on investments and servicing of finance</b>			
Interest received		44	118
<b>Taxation</b>			
Payment received for consortium relief		2,990	3,312
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(48)	(50)
Proceeds from sale of tangible fixed assets		-	130
<b>Cash outflow before financing</b>		<u>(1,914)</u>	<u>(8,113)</u>
<b>Financing</b>			
Loans received during the year	(ii)	<u>175</u>	<u>10,182</u>
<b>(Decrease)/increase in cash in the year</b>	(ii)	<u>(1,739)</u>	<u>2,069</u>

The notes on pages 13 -22 form part of these financial statements

## Attheraces Holdings Limited

### Notes to the cash flow statement Year ended 31 December 2005

#### (i) Reconciliation of operating loss to net cash outflow from operating activities

	2005 £'000	2004 £'000
Operating loss	(2,186)	(8,331)
Depreciation	86	276
Exceptional costs incurred (see note 3)	(1,815)	(2,768)
Loss on disposal of tangible fixed assets	-	502
(Increase)/decrease in debtors (not including accrued consortium relief)	(2,509)	10,685
Increase/(decrease) in creditors and provisions (excluding loans)	1,524	(11,987)
<b>Net cash outflow from operating activities</b>	<b>(4,900)</b>	<b>(11,623)</b>

#### (ii) Reconciliation of net cash flow to movement in net debt

	2005 £'000	2004 £'000
(Decrease)/increase in cash in the period	(1,739)	2,069
Cash inflow from change in debt	(175)	(10,182)
<b>Change in net debt resulting from cashflow</b>	<b>(1,914)</b>	<b>(8,113)</b>
Capitalised loan interest – non cash	(411)	-
Repayment of loan notes – non cash	-	106,105
<b>Movement in net debt in the year</b>	<b>(2,325)</b>	<b>97,992</b>
<b>Net debt at 1 January 2005</b>	<b>(3,038)</b>	<b>(101,030)</b>
<b>Net debt at 31 December 2005</b>	<b>(5,363)</b>	<b>(3,038)</b>

#### (iii) Analysis of movement in net debt

	1 January 2005 £'000	Cash flow £'000	Non-cash transactions £'000 (note iv)	31 December 2005 £'000
Cash at bank and in hand	2,944	(1,739)	-	1,205
Debt due within 1 year	-	-	-	-
Debt due after 1 year	(5,982)	(175)	(411)	(6,568)
<b>Total</b>	<b>(3,038)</b>	<b>(1,914)</b>	<b>(411)</b>	<b>(5,363)</b>

#### (iv) Non-cash transactions

The shareholder loans bear interest at 1% over LIBOR and are repayable by Attheraces Holdings Limited. The shareholders have agreed that, when required, the interest may be added to the capital amount of the loan. Of the £411,000, £172,000 related to interest incurred in 2004 but added to the capital amount of the loan in 2005.

The notes on pages 13 -22 form part of these financial statements

# Attheraces Holdings Limited

## Notes to the accounts Year ended 31 December 2005

### 1. Accounting policies

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below, and have been applied consistently in the current and preceding year.

#### Basis of consolidation

The group financial statements consolidate the financial statements of Attheraces Holdings Limited and all its subsidiaries.

#### Turnover

Turnover, which excludes value added tax, represents the gross inflow of economic benefit from Attheraces Holdings Limited and all its subsidiaries operating activities. The group's main sources of turnover are as follows:

The sale of broadcasting rights is recognised in the period in which the fixture occurred.

Turnover generated from betting commission agreements is recognised in the period in which the stakes were placed.

Advertising and sponsorship turnover is recognised when the advertising and sponsorship is broadcast. All turnover is shown gross of agency commission.

Other turnover is recognised when the relevant service is provided.

#### Foreign currency translation

Foreign currency transactions are converted to sterling at the rates ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling on the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are taken to the profit and loss account.

#### Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and impairment.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Office equipment	Between 20% and 25% per annum
Computer software and equipment	25% per annum
Furniture and equipment	25% per annum
Channel Development	33% per annum
Leasehold Property	25% per annum

#### Investments

Investments held as fixed assets are stated at cost less provision for impairment.

#### Interest

Interest is charged to the profit and loss account as it is incurred.

## Attheraces Holdings Limited

### Notes to the accounts Year ended 31 December 2005

#### 1. Accounting policies (continued)

##### Leases

Operating lease rentals are charged to profit and loss in equal amounts over the lease term.

##### Taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit those earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

##### Pension costs

The group operates a defined contribution personal pension scheme for its employees. Contributions payable into the scheme are charged to the profit and loss account on a monthly basis as they become due. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### 2. Turnover and segmental reporting

Turnover represents the amount derived from the provision of services which fall within the group's ordinary activities stated net of value added tax. All revenues during the period arose, except where indicated below, from activities conducted wholly within the United Kingdom.

All material assets and liabilities of the group are located within the United Kingdom.

Turnover by activity is set out below. Operating profit and net assets by activity has not been included as the directors believe that to do so would be prejudicial to the interests of the group. For the same reason, an analysis of net assets by class of business has also been omitted.

	2005 £'000	2004 £'000
<b>Turnover by activity</b>		
Exploitation of rights	5,597	11,758
Pari-mutuel betting pool revenues	-	1,231
Fixed odds betting income	1,920	1,131
Overseas income:		
- South Africa	825	685
- Europe	1,696	137
Other	816	595
	<u>10,854</u>	<u>15,537</u>



# Attheraces Holdings Limited

## Notes to the accounts Year ended 31 December 2005

### 3. Exceptional costs within administrative expenses

In accordance with FRS 3 (19) these items have been disclosed separately on the face of the profit and loss account:

	2005 £'000	2004 £'000
Exceptional costs in relation to legal proceedings	1,815	-

### Exceptional costs separately disclosed

In accordance with FRS 3 (20) these items constitute a fundamental restructuring of the business and therefore have been disclosed separately on the face of the profit and loss account:

	2005 £'000	2004 £'000
Contract termination costs	-	1,691
Redundancy costs	-	575
Loss on disposal of tangible fixed assets	-	502
	-	2,768

### 4. Operating loss

Operating loss is stated after charging:

	2005 £'000	2004 £'000
Depreciation of tangible fixed assets		
Owned assets	86	276
Operating lease payments		
- other	50	150
Auditors' remuneration:		
- audit fees – group	30	35
– company	-	-
- other fees – group	-	10
– company	-	-

# Attheraces Holdings Limited

## Notes to the accounts Year ended 31 December 2005

### 5. Information regarding directors and employees

	2005 £'000	2004 £'000
<b>Directors' emoluments</b>		
Salaries and fees	-	173
Pension contributions	-	13
	<u>-</u>	<u>186</u>

The above emoluments relates to a director that received emoluments during the year (2004: two).

Pension contributions were made on behalf of the director (2004: two) into a money purchase scheme.

At the year end, £25,205 (2004: £10,738) of outstanding pension contributions have been included in accruals.

**Average monthly number of persons employed including directors:**

	No.	No.
Sales and distribution	2	6
Administration	9	12
	<u>11</u>	<u>18</u>

**Staff costs, including directors, comprised:**

	£'000	£'000
Wages and salaries	1,070	1,114
Social security costs	85	124
Pension costs	57	81
	<u>1,212</u>	<u>1,319</u>

### 6. Tax on loss on ordinary activities

	2005 £'000	2004 £'000
(i) Analysis of tax credit on ordinary activities		
Consortium relief	977	5,756
	<u>%</u>	<u>%</u>
(ii) Factors affecting tax charge for the current period:		
Standard tax rate for year as a percentage of profits	30	30
Effects of:		
Current year losses not recognised	(30)	(30)
Consortium relief	23	51
	<u>23</u>	<u>51</u>
Current tax rate for period as a percentage of profits		

There is no tax charge due to the losses incurred in the year (2004 - £nil). The tax credit of £977,888 in 2005 represents payments in respect of 2004 tax losses surrendered by way of consortium relief. The group's policy is to recognise a credit for consortium relief surrendered only at the time at which a payment is made or reasonably anticipated, following the formal submission of such a claim by a consortium member, and a corresponding consent by the company to Her Majesty's Revenue & Customs.

# Attheraces Holdings Limited

## Notes to the accounts Year ended 31 December 2005

### 7. Tangible fixed assets

Group	Leasehold Property	Office equipment £'000	Computer software and equipment £'000	Furniture and equipment £'000	Total £'000
<b>Cost</b>					
At 1 January 2005	24	238	174	5	441
Additions	-	5	43	-	48
Disposals	-	-	-	-	-
At 31 December 2005	24	243	217	5	489
<b>Accumulated depreciation</b>					
At 1 January 2005	(2)	(81)	(54)	(2)	(139)
Charge for year	(5)	(33)	(47)	(1)	(86)
Disposals	-	-	-	-	-
At 31 December 2005	(7)	(114)	(101)	(3)	(225)
<b>Net book value</b>					
At 31 December 2005	17	129	116	2	264
At 31 December 2004	22	157	120	3	302

The company does not own any tangible fixed assets.

### 8. Fixed asset investments

Company	Subsidiary undertaking £'000
<b>Cost and net book value</b>	
At 31 December 2004 and 2005	14

The company owns shares in the following group companies:

Subsidiary undertakings	Country of incorporation and principal place of business	% of ordinary share capital and voting rights	Principal activities
Attheraces Limited	Great Britain	100%	Exploitation of worldwide broadcasting, media and information rights
Attheraces (UK) Limited	Great Britain	100%	Exploitation of worldwide broadcasting, media and information rights
Go Racing Limited	Great Britain	100%	Dormant company
Attheraces Gibraltar Limited	Gibraltar	100%	Dormant company
Superbet Limited	Great Britain	100%	Dormant company

All of the above subsidiaries are included in the consolidated financial statements.

## Attheraces Holdings Limited

### Notes to the accounts Year ended 31 December 2005

#### 9. Debtors: amounts falling due within one year

	2005		2004	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade debtors	2,420	-	1,171	-
Amounts owed by subsidiary undertakings	-	6,193	-	5,982
Other debtors	1,435	-	2,707	-
Prepayments and accrued income	1,387	-	866	-
	<u>5,242</u>	<u>6,193</u>	<u>4,744</u>	<u>5,982</u>

#### Group

Included within other debtors is £432,000 consortium relief receivable. Also included within other debtors is £1,000,000 (2004: Nil) held in escrow in respect of RCA court costs. The company had restricted access to the escrow funds until the case was concluded or it is so ordered by the court. Subsequent to the settlement between the group and the RCA on the 22<sup>nd</sup> March 2006, the escrow monies were returned to the group.

#### 10. Creditors: amounts falling due within one year

	2005		2004	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade creditors	3,041	-	1,440	-
Other creditors including other taxation and social security	203	-	364	-
Accruals and deferred income	2,386	-	2,156	172
	<u>5,630</u>	<u>-</u>	<u>3,960</u>	<u>172</u>

## Attheraces Holdings Limited

### Notes to the accounts Year ended 31 December 2005

#### 11. Creditors: amounts falling due after more than one year

	2005		2004	
	Group £'000	Company £'000	Group £'000	Company £'000
Accruals and deferred income	-	-	200	-
Other loans (i)	6,568	6,568	5,982	5,982
Total Other loans	6,568	6,568	5,982	5,982
<b>Analysis of creditors:</b>				
Between one and two years	-	-	100	-
Between two and five years	-	-	100	-
After five years	6,568	6,568	5,982	5,982
	6,568	6,568	6,182	5,982

- (i) At 31 December 2005 Arena Leisure Plc and Sky Ventures Limited had made loans to the Group amounting to £3.3 million each. These loans bear interest at 1% over LIBOR and are repayable by Attheraces Holdings Limited subject to giving 28 days notice to the noteholders. The noteholders may demand repayment of the loans on or at any time after 31 December 2013. Interest is charged to the Profit and Loss account as it is incurred.

#### 12. Provision for liabilities and charges

	2005	2004
At 1 January 2005	494	903
Releases to profit and loss account	(21)	-
Utilised in year	(97)	(409)
At 31 December 2005	376	494

The provision relates to property lease contracts on space the group has committed to exit and will be fully utilised in 2006.

## Attheraces Holdings Limited

### Notes to the accounts Year ended 31 December 2005

#### 13. Called up share capital

##### Number and value of shares:

	2005 £	2004 £
<b>Authorised:</b>		
9,999 ordinary shares of £1 each	9,999	9,999
100 recoupment shares of 1p each	1	1
	<u>10,000</u>	<u>10,000</u>
<b>Allotted, called up and fully paid:</b>		
3,158 ordinary shares of £1 each	3,158	3,158
55 recoupment shares of 1p each	1	1
	<u>3,159</u>	<u>3,159</u>

The recoupment shares shall, subject to there being sufficient distributable reserves, entitle the holder to a preferential dividend of £500,000 per share. Recoupment shares rank in priority to 90% of any dividend or distribution paid to the holders of any other class of shares. There are no voting rights attached to the recoupment shares.

#### 14. Share premium account

	2005 £'000	2004 £'000
Share premium account at 1 January	106,105	-
Share premium arising in the year	-	106,105
<b>Share premium at 31 December</b>	<u>106,105</u>	<u>106,105</u>

# Attheraces Holdings Limited

## Notes to the accounts

### Year ended 31 December 2005

#### 15. Reconciliation of movements in company equity shareholders' deficit

	2005	2004
	£'000	£'000
(Loss) for the year	(228)	(106,269)
Issue of recoupment shares	-	106,105
Opening equity shareholders' (deficit)/funds	(130)	34
<b>Closing equity shareholders' deficit</b>	<b>(358)</b>	<b>(130)</b>

#### 16. Reconciliation of movements in group reserves

	2005	2004
	£'000	£'000
Loss for the year	(3,217)	(5,397)
Profit and loss account brought forward	(108,754)	(103,357)
<b>Profit and loss account carried forward</b>	<b>(111,971)</b>	<b>(108,754)</b>

#### 17. Financial commitments

The group's financial commitments in respect of non-cancellable operating leases:

	2005		2004	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Leases which expire:				
Within two to five years	150	-	150	3

## Attheraces Holdings Limited

### Notes to the accounts Year ended 31 December 2005

#### 18. Related party transactions

Related party	Transaction	Income/ (expenditure) £'000	Amounts owed to/ (owed by) the group at 31 December 2005 £'000
Arena Leisure Plc	Media rights & contribution to picture provision	(991)	(268)
	Shareholder loan interest	(119)	-
Ascot Racecourse Limited	Media rights & contribution to picture provision	(58)	-
British Sky Broadcasting Limited	Sale of broadcasting rights and commissions	1,629	363
	Programme related management charges	(1,452)	(483)
	Shareholder loan interest	(119)	-

At 31 December 2005, Arena Leisure Plc and Sky Ventures Limited had made loans to the Group amounting to £3.3 million each. These loans bear interest at 1% over LIBOR and repayable by Attheraces Holdings Limited subject to a 28 days notice given by the noteholders. The noteholders may demand repayment of the loans on or at any time after 31 December 2013. During 2005 the noteholders agreed to allow the company to add the interest element to the capital amount of the loan. Interest is charged to the Profit & Loss as it is incurred.

#### 19. Contingent assets

In December 2005 the company was successful in its action against the BHB. The ruling found that the BHB had abused its dominant market position and adopted a policy of excessive and discriminatory pricing. The BHB subsequently appealed certain elements of the ruling in the Court of Appeal.

The recovery of costs by ATR for the High Court case in addition to those incurred in the appeal is dependent on this ruling. Similarly, the finding also impacts the potential cost award to the BHB.

At this time the directors cannot accurately assess the financial impact of the result, and as such no contingent asset has been recognised in the accounts.

#### 20. Post balance sheet events

In 2004 the Group commenced proceedings against the Racecourse Association ("RCA") and various racecourses to recover rebates in excess of £50 million, which were payable from monies received by the racecourses from prospective media agreements

On 22<sup>nd</sup> March 2006 the aforementioned parties agreed to settle the matter, with the RCA and the courses making a £1,000,000 contribution to Attheraces Limited.

On 18<sup>th</sup> July 2006 The Court of Appeal heard the BHB's appeal against The High Court judgement that the BHB had abused its dominant position. The Court of Appeal has yet to return a verdict.