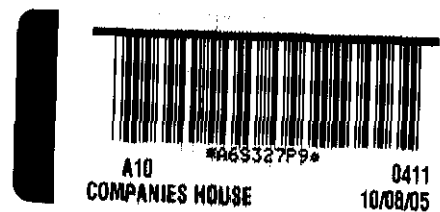


Redcar Racecourse Limited

Report of the Directors and
Financial Statements
for the year ended 31 December 2004

"Registrar of Companies Copy"
Company No. 9592



ANDERSON BARROWCLIFF
Chartered Accountants

Redcar Racecourse Limited

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for the Year Ended 31 December 2004

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Redcar Racecourse Limited
Company Information
for the Year Ended 31 December 2004

DIRECTORS: P A Hill-Walker
Mrs J Garrett
Lord Ronaldshay
J Hanson
Major P H K Steveney

SECRETARY: J F Sanderson

REGISTERED OFFICE: The Racecourse
Redcar
TS10 2BY

REGISTERED NUMBER: 9592

AUDITORS: Anderson Barrowcliff
Registered Auditor
Chartered Accountants
Waterloo House
Teesdale South
Thornaby Place
Thornaby on Tees
TS17 6SA

BANKERS: Barclays Bank
56 Station Road
Redcar
TS10 1DX

SOLICITORS: Goodswens
118 High Street
Redcar
TS10 3DJ

Redcar Racecourse Limited

Report of the Directors for the Year Ended 31 December 2004

The directors present their report with the financial statements of the company for the year ended 31 December 2004.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the holding of Race Meetings and the letting of part of the Racecourse for use as an Open-Air Market.

DIRECTORS

The directors during the year under review were:

P A Hill-Walker
Mrs J Garrett
Lord Ronaldshay
J Hanson
Major P H K Steveney

The beneficial interests of the directors holding office on 31 December 2004 in the issued share capital of the company were as follows:

	31.12.04	1.1.04
Ordinary £5 shares		
P A Hill-Walker	71	71
Mrs J Garrett	547	547
Lord Ronaldshay	70	70
J Hanson	60	60
Major P H K Steveney	-	-

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company made charitable donations totalling £1,815.

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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Anderson Barrowcliff, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Redcar Racecourse Limited

Report of the Directors
for the Year Ended 31 December 2004

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



.....
J F Sanderson - Secretary

Date: 12 July 2005

Report of the Independent Auditors to the Shareholders of
Redcar Racecourse Limited

We have audited the financial statements of Redcar Racecourse Limited for the year ended 31 December 2004 on pages five to twelve. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

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

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Anderson Barrowcliff
Registered Auditor
Chartered Accountants
Waterloo House
Teesdale South
Thornaby Place
Thornaby on Tees
TS17 6SA

Date: 13 July 2005

Redcar Racecourse Limited

Profit and Loss Account
for the Year Ended 31 December 2004

	Notes	2004		2003	
		£	£	£	£
TURNOVER			1,810,523		1,714,740
Cost of sales			1,630,705		1,357,776
GROSS PROFIT			179,818		356,964
Administrative expenses			547,732		493,451
			(367,914)		(136,487)
Other operating income			114,232		111,281
OPERATING LOSS	2		(253,682)		(25,206)
Income from investments		2,672		43,749	
Interest receivable and similar income		13,540		8,800	
			16,212		52,549
			(237,470)		27,343
Amounts written off investments	3		-		1,286
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			(237,470)		26,057
Tax on (loss)/profit on ordinary activities	4		(1,253)		582
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			(236,217)		25,475
Dividends	5		1,600		1,600
			(237,817)		23,875
Retained profit brought forward			3,008,561		2,984,686
RETAINED PROFIT CARRIED FORWARD			<u>£2,770,744</u>		<u>£3,008,561</u>

The notes form part of these financial statements

Redcar Racecourse Limited

Balance Sheet
31 December 2004

		2004		2003	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	6		3,122,721		3,147,543
Investments	7		27		27
			<u>3,122,748</u>		<u>3,147,570</u>
CURRENT ASSETS:					
Debtors	8	254,509		83,041	
Investments	9	56,674		53,421	
Cash at bank and in hand		134,075		405,853	
		<u>445,258</u>		<u>542,315</u>	
CREDITORS: Amounts falling due within one year	10	322,318		189,407	
NET CURRENT ASSETS:			<u>122,940</u>		<u>352,908</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>3,245,688</u>		<u>3,500,478</u>
CREDITORS: Amounts falling due after more than one year	11		(18,000)		(52,000)
ACCRUALS AND DEFERRED INCOME:	12		(188,691)		(188,691)
			<u>£3,038,997</u>		<u>£3,259,787</u>
CAPITAL AND RESERVES:					
Called up share capital	13		40,000		40,000
Other reserves	14		228,253		211,226
Profit and loss account			2,770,744		3,008,561
SHAREHOLDERS' FUNDS:			<u>£3,038,997</u>		<u>£3,259,787</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:


P A Hill-Walker - Director

Approved by the Board on 12 July 2005

The notes form part of these financial statements

Redcar Racecourse Limited

Notes to the Financial Statements
for the Year Ended 31 December 2004

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents the gross receipts, excluding value added tax, from racing activities, including Horserace Betting Levy Board grants towards added money.

Tangible fixed assets

Depreciation is calculated so as to write off the cost of the fixed assets on either a straight line or reducing balance basis over the expected useful lives of the assets concerned.

The following is a summary of the principal annual rates used for this purpose, which are consistent with those of the previous years unless otherwise stated:-

No depreciation has been charged on that part of the costs of the stands and buildings which was met from the special grants and contributions from the Horserace Betting Levy Board and the Horserace Totalisator Board. Stands and buildings after deducting grants relating thereto are being written off on a straight line basis at rates between 1.6% and 2.5%

Plant, machinery, vehicles and fittings are being written at rates between 10% and 25% on a reducing balance basis.

Freehold land is not depreciated.

Deferred tax

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Capital Grants

Capital grants are received from the Horserace Betting Levy Board in respect of capital expenditure.

Capital grants received are taken to the grant account. Credits are made to the profit and loss account by annual installments over a period of years which, on average matches the period over which the relevant fixed assets are depreciated.

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value. Current asset investments are stated at the lower of cost or market value at the year end. For listed investments, market value is based on the closing middle market price.

Dividends are brought to account in the profit and loss account when received.

Deferred Income

Gross revenue for the first five years of a Media Rights Agreement was ascertained and was recognised in the profit and loss account evenly over the first two and a half years of the contract. The balance of the funds received but not credited to the profit and loss account are included in the balance sheet as deferred income until the result of the legal claim by At the Races has been determined.

Redcar Racecourse Limited

Notes to the Financial Statements
for the Year Ended 31 December 2004

2. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2004	2003
	£	£
Depreciation - owned assets	91,997	91,560
Auditors' remuneration	4,950	4,500
Pension costs	1,507	-
Amortisation of capital grants	(14,973)	(34,097)

Directors' emoluments and other benefits etc	6,800	6,800
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3. AMOUNTS WRITTEN OFF INVESTMENTS

	2004	2003
	£	£
Written off in year	-	1,286

4. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	2004	2003
	£	£
Current tax:		
UK corporation tax	-	1,600
Adjustment in respect of prior years	(1,253)	(1,018)

Tax on (loss)/profit on ordinary activities	(1,253)	582
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5. DIVIDENDS

	2004	2003
	£	£
Final	1,600	1,600

Redcar Racecourse Limited

Notes to the Financial Statements
for the Year Ended 31 December 2004

6. TANGIBLE FIXED ASSETS

	Freehold Property	Stands & Buildings	Plant and machinery	Totals
	£	£	£	£
COST:				
At 1 January 2004	8,466	4,106,649	821,507	4,936,622
Additions	-	33,346	33,829	67,175
At 31 December 2004	8,466	4,139,995	855,336	5,003,797
DEPRECIATION:				
At 1 January 2004	-	1,099,753	689,326	1,789,079
Charge for year	-	58,036	33,961	91,997
At 31 December 2004	-	1,157,789	723,287	1,881,076
NET BOOK VALUE:				
At 31 December 2004	8,466	2,982,206	132,049	3,122,721
At 31 December 2003	8,466	3,006,896	132,181	3,147,543

Included in Freehold Property is Freehold Land valued at a cost of £8,466 (2003 - £8,466) which is not depreciated.

7. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 January 2004	
and 31 December 2004	27
NET BOOK VALUE:	
At 31 December 2004	27
At 31 December 2003	27
	2004
	£
Unlisted investments	27
	2003
	£
	27

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	£
V.A.T.	40,865	23,669
Trade Debtors	143,549	29,764
Other Debtors	30,000	2,981
Prepayments	40,095	26,627
	254,509	83,041

Redcar Racecourse Limited

Notes to the Financial Statements
for the Year Ended 31 December 2004

8. **DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR - continued**

Other debtors of £30,000 represents a sum paid by the company for investment into loan notes issued by Racing UK Limited. The loan notes were issued by Racing UK Limited on 22 February 2005.

9. **CURRENT ASSET INVESTMENTS**

	2004	2003
	£	£
Listed Investments	<u>56,674</u>	<u>53,421</u>

Market value of listed investments at 31 December 2004 - £64,167 (2003 - £56,448).

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

	2004	2003
	£	£
Other Loans	34,000	32,000
Trade Creditors	137,467	36,368
Other Creditors	1,197	-
Dividend proposed	1,600	1,600
Social Security & Other Taxes	1,137	1,445
Taxation	-	1,600
Accrued Expenses	<u>146,917</u>	<u>116,394</u>
	<u>322,318</u>	<u>189,407</u>

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

	2004	2003
	£	£
Other Loans	<u>18,000</u>	<u>52,000</u>

Horse Betting Levy Board Loans (Interest Free Loans)

The terms of repayment are as follows:-

Loan of £70,000 received in 2000 repayable by two half yearly instalments of £5,000 each commencing on 1 January 2001, followed by two half yearly instalments of £6,000 each, two half yearly instalments of £7,000 each, two half yearly instalments of £8,000 each and finally two instalments of £9,000 each.

Loan of £50,000 received in 2003 repayable by five half yearly instalments of £8,000 each commencing on 31 January 2004, followed by a final half yearly instalment of £10,000.

The Horserace Betting Levy Board approved a loan of £150,000 on 15 December 2004. On 11 April 2005 the company received £88,000 being the first drawdown against this loan.

This loan is repayable in ten half yearly instalments of £15,000 each commencing on 1 June 2006.

Redcar Racecourse Limited

Notes to the Financial Statements
for the Year Ended 31 December 2004

12. ACCRUALS AND DEFERRED INCOME

	2004	2003
	£	£
Deferred Media Rights		
Brought forward	188,691	251,375
Received in year	-	99,503
Released in year	-	(162,187)
	<u>188,691</u>	<u>188,691</u>

The Media Rights Agreement with ATR plc was terminated by that company on 29 March 2004. The accounting policy note for deferred income sets out the basis on which income from this agreement has been taken by the company. ATR have commenced legal proceedings against the Racecourse Association Limited and a number of racecourse operators, including this company, claiming rebates of rights fees paid under the terms and conditions of the Media Rights Agreement. The claims are rejected and the Racecourse Association is co-ordinating a joint defence on behalf of all parties concerned. The case is unlikely to go to trial until November 2005.

13. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal	2004	2003
		value:	£	£
8,000	Ordinary	£5	<u>40,000</u>	<u>40,000</u>

Allotted and issued:				
Number:	Class:	Nominal	2004	2003
		value:	£	£
8,000	Ordinary	£5	<u>40,000</u>	<u>40,000</u>

14. OTHER RESERVES

	2004	2003
	£	£
Brought forward	211,226	192,363
Capital grants received in the year	32,000	52,960
Capital grants credited to the profit and loss account	(14,973)	(34,097)
	<u>228,253</u>	<u>211,226</u>

15. CONTINGENT LIABILITIES

Various Grants and Contributions received by the company from the Horserace Betting Levy Board and the Horserace Totalisator Board are subject to a number of agreements under the terms of which a reducing proportion of the amounts received is repayable if any of certain events detailed in the agreements (including the cessation of regular horsemeetings on the Company's Racecourse) should occur. At 31 December 2004 the liability of the company for repayment of the Grants and Contributions would have been £6,507.

Redcar Racecourse Limited

Notes to the Financial Statements
for the Year Ended 31 December 2004

16. CAPITAL COMMITMENTS

	2004	2003
	£	£
Contracted but not provided for in the financial statements	-	45,400

17. RELATED PARTY DISCLOSURES

During the year the company paid £19,236 to Club Racing Limited, for services provided at arms length, a company of which Major P H K Steveney is a director.

The investments of the company are managed by Maunby Investment Management Limited a company of which P A Hill-Walker is a director.

18. HORSE RACE BETTING LEVY BOARD

Capital credit balances of £96,420 are available at 31 December 2004 for the finance of approved schemes to improve facilities or for the repayment of Levy Board loans (2003: £128,420). The capital credit scheme is due to end on 31 March 2006 and all capital credits must be drawn down by that date.