

**REGISTRAR OF
COMPANIES**

**The Windsor Racecourse Company
Limited**

Report and Financial Statements

Year Ended

31 December 2005



BDO Stoy Hayward
Chartered Accountants

The Windsor Racecourse Company Limited

Annual report and financial statements for the year ended 31 December 2005

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Directors

R I Renton
R Mercer
M J Elliott

Secretary and registered office

W A Parker, Dunstall Park, Gorsebrook Road, Wolverhampton, WV6 0PE.

Company number

80159

The Windsor Racecourse Company Limited

Report of the directors for the year ended 31 December 2005

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

Principal activities, trading review and future developments

The principal activity of the company during the year has continued to be that of a holding company. The subsidiary company, Windsor Racing Limited carried on business as a racecourse operator.

The directors paid an interim dividend of £2,280,000 (2004 - £Nil) during the year.

There have been no events since the balance sheet date that materially affect the position of the company.

Directors

The directors who served during the year, were as follows, according to the register maintained by the company:

I R Penrose	(resigned 30 September 2005)
E C Taylor	(resigned 30 March 2006)
R I Renton	
R Mercer	
M J Elliott	(appointed 3 October 2005)

M J Elliot and R I Renton are also directors of the company's parent company, Arena Leisure Plc. Their interests in its ordinary share capital and share options are disclosed in its financial statements.

None of the directors hold any interest in the ordinary share capital of The Windsor Racecourse Company Limited.

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 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; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Windsor Racecourse Company Limited

Report of the directors for the year ended 31 December 2005 (Continued)

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board

M J Elliot



Director

Date

24 July 2006

The Windsor Racecourse Company Limited

Report of the independent auditors

To the shareholders of The Windsor Racecourse Company Limited

We have audited the financial statements of The Windsor Racecourse Company Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet 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.


The Windsor Racecourse Company Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion:

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


BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors*
London

24 July 2006

The Windsor Racecourse Company Limited

Profit and loss account for the year ended 31 December 2005

	2005	2004
	£	£
Dividend from subsidiary undertaking and transferred to reserves	2,280,000	-
	<u> </u>	<u> </u>

All amounts relate to continuing activities.

The notes on pages 7 to 9 form part of these financial statements.

The Windsor Racecourse Company Limited

Balance sheet at 31 December 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	3		8,250,000		8,250,000
Investments	4		13,832		13,832
			<u>8,263,832</u>		<u>8,263,832</u>
Current assets					
Debtors	5	312,851		312,851	
		<u>312,851</u>		<u>312,851</u>	
Net current assets			312,851		312,851
			<u>312,851</u>		<u>312,851</u>
Total assets less current liabilities			8,576,683		8,576,683
Provision for liabilities and charges	6		4,317		4,317
			<u>4,317</u>		<u>4,317</u>
Net assets			<u>8,572,366</u>		<u>8,572,366</u>
Capital and reserves					
Called up share capital	7		30,000		30,000
Profit and loss account	8		283,393		283,393
Revaluation reserve			8,064,408		8,064,408
Other reserves			194,565		194,565
			<u>8,572,366</u>		<u>8,572,366</u>
Shareholders' funds - equity			<u>8,572,366</u>		<u>8,572,366</u>

The financial statements were approved by the Board on

26 July 2006

M J Elliott
Director



The notes on pages 7 to 9 form part of these financial statements.

The Windsor Racecourse Company Limited

Notes forming part of the financial statements for the year ended 31 December 2005

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Tangible fixed assets and depreciation

Land is stated at valuation on the basis of its existing use. No depreciation is charged on land.

Fixed asset investments are stated at the lower of cost and market value.

Deferred taxation

Deferred tax is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

Dividend

The company has adopted FRS 21 'Events after the balance sheet date'. Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when paid by the company. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

2 Dividends

	2005 £	2004 £
Interim dividend paid £76 per share (2004 - £Nil)	2,280,000	-

3 Tangible assets

	Freehold land £
Valuation at 1 January 2005 and 31 December 2005	8,250,000

The carrying value of the company's 165 acres of freehold land has been restated at its existing use value of £8,250,000. The historical cost of this land is £185,592. The freehold property was valued by external valuers, William Hillary Leisure & Hotels, Chartered Surveyors, as at 31 December 1996 on the basis of its existing use value as a fully equipped operational entity having regard to trading potential in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. Following the adoption of the transitional rules of FRS 15 (Tangible Fixed Assets) no further revaluations have been made.

The Windsor Racecourse Company Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

4 Fixed asset investments

The company holds all the 760 'A' ordinary shares issued by Windsor Racing Limited representing 76% of the issued share capital. The company also has a loan outstanding to its subsidiary. The loan is unsecured and carries interest at 8% per annum.

	Shares £	Loan £	Total £
Balances at 1 January 2005 and 31 December 2005	760	13,072	13,832

5 Debtors

	2005 £	2004 £
Amounts due from subsidiary company	196,253	196,253
Amounts due from affiliated company	116,598	116,598
	312,851	312,851

6 Provisions for liabilities and charges

	2005 £	2004 £
Contingent liability	4,317	4,317

There is a contingent liability in respect of contributions from the Horserace Betting Levy Board, in that a proportion of such sums would be repayable on the cessation of racing activities. The amount so repayable by the company at 31 December 2005 was £4,317 (2004 - £4,317). This sum has been provided for in full. No security has been given in respect of the contingency.

There were no other material contracted or authorised capital commitments at the end of the financial year.

7 Share capital

	2005 Number	Authorised, allotted, called up and fully paid 2004 Number	2005 £	2004 £
Ordinary shares of £1 each	30,000	30,000	30,000	30,000

The Windsor Racecourse Company Limited

Notes forming part of the financial statements for the year ended 31 December 2005 (Continued)

8 Reserves

	Profit and loss account £
At 1 January 2005	283,393
Profit for the year	2,280,000
Dividends paid	(2,280,000)
	<hr/>
At 31 December 2005	283,393
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9 Related party transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with entities that are included in the consolidated financial statements of Arena Leisure Plc.

10 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as it is consolidated in the financial statements of its ultimate parent company.

11 Ultimate parent company

At 31 December 2005, the company's ultimate parent company was Arena Leisure Plc. Copies of its financial statements are available from Arena Leisure Plc, 1 Hay Hill, Berkeley Square, London, W1J 6DH.