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**The Windsor Racecourse Company
Limited**

Report and Financial Statements

Year Ended

31 December 2008

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The Windsor Racecourse Company Limited

Annual Report and financial statements for the year ended 31 December 2008

Contents

Page:

1	Report of the Directors
3	Independent auditors' report to the shareholders of The Windsor Racecourse Company Limited
5	Profit and Loss Account
6	Balance Sheet
7	Notes forming part of the financial statements

Directors

R I Renton
R Mercer
M J Elliott

Secretary and registered office

R Mercer, c/o Arena Leisure Plc, 408 Strand, London, WC2R 0NE

Company number

80159

Auditors

KPMG Audit Plc, 8 Salisbury Square, London, EC4Y 8BB

The Windsor Racecourse Company Limited

Report of the Directors for the year ended 31 December 2008

The Directors present their Report together with the audited financial statements for the year ended 31 December 2008.

Results and Dividends

The profit and loss account is set out on page 5 and shows the result for the year.

The Directors have declared a dividend in specie for the year of £19,600,000 (2007: £nil).

Principal activity and business review

On 5 January 2007, the Company sold its investment in Windsor Racing Limited to its parent company, Arena Leisure Racing Limited, for £19,600,000 which remained outstanding as an inter-Group debt at 31 December 2007. In 2008, the Board agreed to dividend in specie this inter-Group debtor to its parent company.

The Company's principal asset is the freehold land at Windsor Racecourse. In 2008, a sale was agreed for the freehold interests in the marina and caravan park at the Racecourse. As a result, the Company sold £60,000 of freehold land for a consideration of £60,000. The profit on disposal was £nil.

The Company has not prepared an enhanced business review as it is exempt as a result of its size.

Funding

The Company is a permitted borrower under a Group banking facility provided to Arena Leisure Plc and specified subsidiary companies. As such, the Company is jointly and severally liable for the bank loans and overdrafts provided under this Group bank facility arrangement.

The Group has sufficient bank facilities to enable it to complete its committed development expenditure and to continue to meet day-to-day working capital requirements through the overdraft facility which is due for renewal on 18 December 2009. The earliest maturity on any of the Group's other debt facilities is October 2010. The Group will open renewal and refinancing negotiations in due course and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

Directors

The Directors who served during the year were as follows:

R I Renton
R Mercer
M J Elliott

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

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

The Windsor Racecourse Company Limited

Report of the Directors for the year ended 31 December 2008 (Continued)

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 they have elected to prepare financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). The financial statements are required by law to 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 these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

On behalf of the Board



M J Elliott
Director

Date 5 June 2009

The Windsor Racecourse Company Limited

Independent auditors' report 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 2008 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.

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 auditor's 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

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 on page 2.

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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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.

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

Independent auditors' report to the shareholders of The Windsor Racecourse Company Limited
(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 2008 and of its result for the year then ended;
- The financial statements have been properly prepared in accordance with the Companies Act 1985; and
- The information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
and Registered Auditor
8 Salisbury Square
London EC4Y 8BB

Date *5 June 2009*

The Windsor Racecourse Company Limited

Profit and Loss Account for the year ended 31 December 2008

	Note	2008 £	2007 £
Profit on disposal of fixed asset investments	7	-	19,599,240
		<hr/>	<hr/>
Profit for the year	4, 5	-	19,599,240
		<hr/>	<hr/>

All amounts relate to continuing activities.

The notes on pages 7 to 11 form part of these financial statements.

The Windsor Racecourse Company Limited

Balance Sheet at 31 December 2008

	Note	2008 £	2008 £	2007 £	2007 £
Fixed assets					
Tangible assets	6	8,190,000		8,250,000	
Investments	7	-		-	
			8,190,000		8,250,000
Current assets					
Debtors	8	385,923		19,925,923	
Creditors: amounts falling due within one year	9	(4,317)		-	
Net current assets			381,606		19,925,923
Total assets less current liabilities			8,571,606		28,175,923
Provision for liabilities and charges	10		-		(4,317)
Net assets			8,571,606		28,171,606
Capital and reserves					
Called up share capital	11, 12		30,000		30,000
Profit and loss account	12		282,633		19,882,633
Revaluation reserve	12		8,064,408		8,064,408
Other reserve	12		194,565		194,565
Shareholders' funds	12		8,571,606		28,171,606

The financial statements were approved by the Board of Directors on 5 June 2009 and were signed on its behalf by



M J Elliott
Director

The notes on pages 7 to 11 form part of these financial statements.

The Windsor Racecourse Company Limited

Notes forming part of the financial statements for the year ended 31 December 2008

1 Accounting policies

The financial statements have been prepared on a going concern basis, under the historical cost convention and are in accordance with applicable accounting standards.

The Company is a permitted borrower under a Group banking facility provided to Arena Leisure Plc and specified subsidiary companies. As such, the Company is jointly and severally liable for the bank loans and overdrafts provided under this Group bank facility arrangement.

The Group has sufficient bank facilities to enable it to complete its committed development expenditure and to continue to meet day-to-day working capital requirements through the overdraft facility which is due for renewal on 18 December 2009. The earliest maturity on any of the Group's other debt facilities is October 2010. The Group will open renewal and refinancing negotiations in due course and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

The Group continues to be a cash-generative operational business with good quality assets. Revenues are generated from a variety of sources including industry funding through the Horserace Betting Levy Board ('HBLB') and income from its five-year (to 31 December 2011) Bookmakers Afternoon Greyhound Service ('BAGS') media rights contract to provide live racing pictures to UK licensed betting offices, both of which have proven to be highly resilient to economic downturn. However, the current economic conditions create uncertainty, particularly over levels of private hospitality and public demand and consequent attendance levels at the Group's racecourses. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance together with mitigating actions that are within management's control, show that the Group is expected to be able to operate within the level and covenant conditions of its current debt facilities.

Despite the current uncertain economic outlook, the Directors believe that the Group is well placed to manage its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore the Directors consider it appropriate to draw up the Company accounts on a going concern basis.

The following principal accounting policies have been applied:

(a) Fixed assets and depreciation

Land is stated at valuation at deemed cost. No depreciation is charged on land.

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

(b) Deferred taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with Financial Reporting Standard 19, deferred tax is recognised, without discounting, in respect of all timing differences between the movement of certain items for taxation and accounting purposes which have arisen but not reversed at the balance sheet date.

The Windsor Racecourse Company Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

1 Accounting policies (Continued)

(c) Dividends

Equity 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.

(d) Cash flow statement

Under Financial Reporting Standard 1 (revised), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent undertaking includes the Company in its own published consolidated financial statements.

2 Dividends

	2008 £	2007 £
Dividend in specie declared in the year (2007: £nil)	19,600,000	-

On 5 January 2007, the Company sold its investment in Windsor Racing Limited to its parent company, Arena Leisure Racing Limited, for £19,600,000 which remained outstanding as an inter-Group debt at 31 December 2007. In 2008, the Board agreed to dividend in specie this inter-Group debtor to its parent company.

3 Staff numbers and costs

The Company had no employees during the year (2007: none).

None of the Directors of the Company received any remuneration.

4 Operating profit

Operating profit is stated after charging/(crediting):

	2008 £	2007 £
Profit on disposal of fixed assets (see Note 6)	-	-
Profit on disposal of fixed asset investments (see Note 7)	-	19,599,240

In 2008 and 2007, auditors' remuneration was paid by another Group company. Fees for the audit of these financial statements were £500 (2007: £500). In 2008 and 2007, there were no other fees paid to the Company's auditors, KPMG Audit Plc, and its associates for services other than the statutory audit of the Company.

The Windsor Racecourse Company Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

5 Taxation

The total tax charge for the year is £nil (2007: £nil). The tax assessed for the year is the same as the standard rate of corporation tax in the UK. The differences in the charge for 2007 are explained below:

	2008 £	2007 £
<i>Current tax reconciliation</i>		
Factors affecting tax charge for the year:		
Profit on ordinary activities	-	19,599,240
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2007: 30%)	-	5,879,772
Effects of:		
Group relief	-	(5,879,772)
	<hr/>	<hr/>
Total current tax charge for the year	-	-
	<hr/>	<hr/>

From 1 April 2008, the UK Government enacted a change in the corporation tax rate from 30% to 28%.

6 Tangible fixed assets

	Freehold land £
Valuation at 1 January 2008	8,250,000
Disposals	(60,000)
	<hr/>
Valuation at 31 December 2008	8,190,000
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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. The carrying value of the Company's 165 acres of freehold land was subsequently stated at its existing use value of £8,250,000. The historical cost of this land was £185,592. Following the adoption of the transitional rules of FRS 15 (Tangible Fixed Assets), no further revaluations have been made.

In 2008, a sale was agreed for the marina and caravan park at the Racecourse. As a result, the Company sold £60,000 of assets for a consideration of £60,000. The profit on disposal was £nil.

The Windsor Racecourse Company Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (Continued)

7 Fixed asset investments

On 5 January 2007, the Company sold its investment in Windsor Racing Limited to its parent company, Arena Leisure Racing Limited, for £19,600,000 which remained outstanding as an inter-Group debt at 31 December 2007. In 2008, the Board agreed to dividend in specie this inter-Group debtor to its parent company.

The balance on the outstanding loan to Windsor Racing Limited is unsecured and carries interest at 8% per annum.

8 Debtors

	2008 £	2007 £
Amounts due from Group companies	385,923	19,925,923

9 Creditors: amounts falling due within one year

	2008 £	2007 £
Amounts due to Group companies	4,317	-

10 Provisions for liabilities and charges

	2008 £	2007 £
Horserace Betting Levy Board	-	4,317

In 2007 a provision had been made 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. In 2007, this sum had been provided for in full. In 2008, this provision was transferred to a fellow Group undertaking.

11 Share capital

	Authorised, allotted, called up and fully paid			
	2008 Number	2007 Number	2008 £	2007 £
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 2008 (Continued)

12 Reconciliation of movement in shareholders' funds

	Share capital £	Revaluation reserve £	Other reserve £	Profit and loss account £	Total £
At 1 January 2008	30,000	8,064,408	194,565	19,882,633	28,171,606
Dividend in specie (see Note 2)	-	-	-	(19,600,000)	(19,600,000)
At 31 December 2008	30,000	8,064,408	194,565	282,633	8,571,606

13 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.

14 Capital commitments

At 31 December 2008 the Company had no capital commitments (2007: none).

15 Contingent liabilities

The Company is a permitted borrower under a Group banking facility provided to Arena Leisure Plc and specified subsidiary companies. As such, the Company is jointly and severally liable for the bank loans and overdrafts provided under this Group bank facility arrangement.

16 Ultimate parent company

The immediate parent company is Arena Leisure Racing Limited. The ultimate parent company is Arena Leisure Plc which is incorporated in Great Britain. A copy of its financial statements can be obtained from www.arenaleisureplc.com.