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Thirsk Racecourse Limited

Report and Financial Statements

31 March 2003

ERNST & YOUNG



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Thirsk Racecourse Limited

Registered No: 193619

Directors

E C York (Chairman)
C M Tetley (Managing Director)
J F Sanderson
J Bell
D A Howie
M Holford
J L Smith

Secretary

C M Tetley

Auditors

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers

Midland Bank Plc
77 Market Place
Thirsk
North Yorkshire

Registered Office

The Racecourse
Station Road
Thirsk
North Yorkshire
YO7 1QL

Notice of meeting

Notice is hereby given that the seventy ninth Annual General Meeting of the company will be held at The Racecourse, Thirsk at 12 noon on 22 August 2003 to transact the business of the meeting of the company in accordance with the Articles of Association.

Agenda

1. To read the minutes of the last Annual General Meeting.
2. To receive and adopt the directors' report and the audited accounts for the year ended 31 March 2003.
3. To approve fees for the directors.
4. To confirm the appointment of directors.
5. To confirm the dividend.
6. To appoint Ernst & Young LLP as auditors and authorise the directors to fix their remuneration.
7. To transact any other business of an Annual General Meeting.

On behalf of the Board.



E C York
Director

The Racecourse
Station Road
Thirsk

27 June 2003

Note: A member of the company entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his behalf. A proxy need not also be a member of the company.

Directors' report

The directors present their report and financial statements for the year ended 31 March 2003.

Results and dividends

The profit for the year, after taxation amounted to £68,359 (2002 loss: £5,499). The directors recommended a final ordinary dividend amounting to £1,428 making the total of ordinary dividends £1,428 for the year. Payment of this dividend will accompany this report. A profit of £66,931 is therefore retained.

Shareholders will be asked to confirm this action at the Annual General Meeting.

Principal activity

The principal activity of the company continued to be that of racecourse proprietors.

Review of the business and future developments

Despite the loss of August 2nd due to a waterlogged course, the only fully abandoned fixture at Thirsk in living memory, the 2002 season turned out to be remarkably successful. Twelve days racing produced a total attendance of 45,787, an increase of 7.5% and the highest attendance in the last five years. Sponsorship too reached a new high of £50,900 (up 10%). These two encouraging increases were offset by a record level of prize money of £604,010, up 23.2%, much to the delight of the Racehorse Owners!

In May 2002, Thirsk signed a new contract with off-course bookmakers for the right to show live television pictures in betting shops. This contract, known as the BAGS (Bookmakers Afternoon Greyhound Service) deal will produce £4,000 for every race at Thirsk up to 31 December 2004.

All this new money allowed us to proceed with another hectic winter of replacement and repair. The roofs of both the 1950's concrete stands have been renewed and all damaged or deteriorating concrete has been repaired. The old concrete and wood parade ring rail has been replaced by safety-friendly plastic, which happily does still "look the part". Finally, and to cheers of relief from the jockeys, we were able to extend the changing facility in the Weighing Room, to provide a separate rest room for jockeys' refreshments.

Turning to non-raceday activities, these too show encouraging trends, with income from building lets up 41.6% to a record £41,424. The Local Authority, the Police and the Health Trust, together with many others are all making regular and increasing use of the excellent conference facilities which are now available on non-racedays.

In conclusion, 2002 was a very successful year for your racecourse. A year which hopefully has laid some foundations from which to face the changing times ahead.

Directors' report

Directors and their interests

The directors during the year and their interests in the share capital of the company were as follows:

	31 March 2003	31 March 2002
	£100 Ordinary shares	£100 ordinary shares
C M Tetley	3	3
J F Sanderson	4	4
J Bell	70	70
E C York	6	6
D A Howie	2	2
M Holford	1	1
J L Smith (appointed 20 November 2002)	-	-

Statement of directors' responsibilities in respect of the financial statements

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 for 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. The directors 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.


Charitable donations

The company made charitable donations during the year totalling £625 (2002: £650).

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board.



E C York
Director

27 June 2003

Independent auditors' report

to the members of Thirsk Racecourse Limited

We have audited the company's financial statements for the year ended 31 March 2003, which comprise Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 24. These financial statements have been prepared on the basis of 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 in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and 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 Directors' Report 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 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 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.

Independent auditors' report

to the members of Thirsk Racecourse Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Newcastle upon Tyne

27 June 2003

Profit and loss account

For the year ended 31 March 2003

	Notes	2003 £	2002 £
Turnover	2	845,115	823,189
Other operating income		552,145	368,465
		<u>1,397,260</u>	<u>1,191,654</u>
External charges		855,194	779,484
		<u>542,066</u>	<u>412,170</u>
Staff costs	5	147,648	146,930
Depreciation		58,092	54,451
Other operating charges		309,141	217,080
		<u>514,881</u>	<u>418,461</u>
Operating profit/(loss)	3	27,185	(6,291)
Income from investments	6	31,929	3,136
Loss on disposal of listed investments		-	(9,465)
Bank interest receivable		9,674	7,133
Interest payable	7	(64)	(12)
		<u>41,539</u>	<u>792</u>
Profit/(loss) on ordinary activities before taxation		68,724	(5,499)
Tax on profit/(loss) on ordinary activities	8	365	-
		<u>68,359</u>	<u>(5,499)</u>
Profit/(loss) for the financial year	19	68,359	(5,499)
Dividends – equity shares	9	(1,428)	(1,428)
		<u>£66,931</u>	<u>£(6,927)</u>

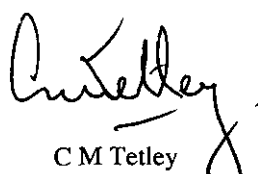
Statement of total recognised gains and losses

There were no recognised gains or losses other than the profit attributable to shareholders for the year ended 31 March 2003 of £68,359 and the loss of £5,499 for the year ended 31 March 2002.

Balance sheet

At 31 March 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	10	1,440,903	1,425,363
Investments	11	107,611	108,167
		<u>1,548,514</u>	<u>1,533,530</u>
Current assets			
Stocks	12	-	1,628
Debtors	13	26,509	11,647
Cash at bank and in hand		398,672	334,390
		<u>425,181</u>	<u>347,665</u>
Creditors: amounts falling due within one year	14	141,073	151,651
		<u>284,108</u>	<u>196,014</u>
Net current assets			
		<u>1,832,622</u>	<u>1,729,544</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year			
HBLB Loan	16	200,000	270,000
Provisions for liabilities and charges			
Deferred taxation	17	-	-
Accruals and deferred income			
Grant account	15	1,019,187	853,767
Deferred income	15	145,987	205,260
		<u>1,365,174</u>	<u>1,329,027</u>
		<u>£467,448</u>	<u>£400,517</u>
Capital and reserves			
Called up share capital	18	27,200	27,200
Grant reserve	19	112,270	87,690
Profit and loss account	19	327,978	285,627
		<u>£467,448</u>	<u>£400,517</u>
Equity shareholders' funds			
		<u>£467,448</u>	<u>£400,517</u>



C M Tetley

Director

27 June 2003

Notes to the financial statements

At 31 March 2003

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

In preparing the financial statements for the current year, the company has adopted FRS19 'Deferred Tax'. The adoption of FRS19 has resulted in a change in accounting policy for deferred tax. Deferred tax is recognised on a full provision basis in accordance with the accounting policy described below. This change in accounting policy has had no impact on the tax charge or deferred tax liability for the current or previous financial year.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	over 50 years
Leasehold land and buildings	-	over 50 years
Plant and machinery	-	over 4 years
Office equipment	-	over 5 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying values may not be recoverable.

Investments

Fixed asset investments are recorded in the balance sheet at their cost at date of acquisition, including costs of acquisition. The Directors review the market value of listed investments annually and make appropriate provisions for any permanent diminution in value.

Deferred taxation

Deferred taxation is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception :

Deferred taxation assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred taxation is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Capital grants

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

Capital grants received are taken to the grant account. Credits are made to the profit and loss account by equal annual instalment over a period of 4 to 50 years, which on average, matches the period over which the relevant fixed assets are depreciated. An amount equal to the credits so made, is transferred from the profit and loss account to the grant reserve (which is non distributable).

Notes to the financial statements

At 31 March 2003

1. Accounting policies (continued)

Deferred income

Media rights income is credited to the profit and loss account so as to spread it equally over the first five years of the contract in accordance with the agreement with Attheraces Plc. Costs associated with the agreement are charged to the profit and loss account in the year in which they are incurred.

Pensions

The company contributes to a defined contribution pension scheme for one of its directors and two employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Cash flow statement

The company has not prepared a cash flow statement on the grounds that it is exempt under FRS1 as a small company.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts received from third parties, and is attributable to one continuing activity, the income from holding race meetings and associated activities. It arose wholly in the UK.

Pre tax profit/(loss) is wholly attributable to the holding of race meetings and associated activities.

3. Operating profit/(loss)

This is stated after charging/(crediting):

	2003 £	2002 £
Amortisation of capital grants	(24,580)	(23,092)
Auditors' remuneration	4,850	4,550
Depreciation of owned tangible fixed assets	58,092	54,451
Rental income	(41,424)	(29,261)
	<u> </u>	<u> </u>

4. Directors' emoluments

	2003 £	2002 £
Fees	750	750
Other emoluments	15,080	15,080
Estimated benefits in kind	400	400
Contributions made by company to money purchase pension schemes	965	965
	<u>£17,195</u>	<u>£17,195</u>

The company contributes to a money purchase pension scheme for one (2002: one) of its directors.

Notes to the financial statements

At 31 March 2003

5. Staff costs

	2003	2002
	£	£
Wages and salaries	134,932	134,774
Social security costs	9,862	9,302
Other pension costs	2,854	2,854
	<u>£147,648</u>	<u>£146,930</u>

The average monthly number of employees during the year was as follows:

	2003	2002
	No.	No.
Directors	6	6
Management and administration	3	3
Racecourse	7	9
	<u>16</u>	<u>18</u>

6. Income from investments

	2003	2002
	£	£
Listed	2,335	3,136
Unlisted	29,594	-
	<u>£31,929</u>	<u>£3,136</u>

7. Interest payable

	2003	2002
	£	£
Bank loans and overdrafts	£64	£12

Notes to the financial statements

At 31 March 2003

8. Tax on profit/(loss) on ordinary activities

	2003 £	2002 £
UK corporation tax	-	-
Corporation tax under/(over) provided in previous years	365	-
Current corporation tax charge (see below)	365	-
Deferred taxation (note 17)	-	-
	<u>£365</u>	<u>£ -</u>

Factors affecting the current tax charge:

The tax assessed on the profit on ordinary activities for the year is higher/lower than the standard rate of corporation tax in the UK of 19%/20%. The differences are reconciled below:

	2003 £	2002 £
Profit/(loss) on ordinary activities before taxation	68,724	(5,499)
Corporation tax at 19%/20%	13,058	(1,100)
Depreciation in excess of capital allowances	5,331	4,477
Utilisation of tax trading losses	(8,578)	(697)
Other movements/expenses not deductible	926	2,566
Non-taxable dividend and other income	(10,737)	(5,246)
Corporation tax underprovided in previous years	365	-
Current corporation tax charge	<u>£365</u>	<u>£ -</u>

Taxation losses of approximately £219,000 are available for off-set against future trading profits (2002: £260,000). The directors are currently not aware of any other factors that may affect the company's future tax charges.

9. Dividend

	2003 £	2002 £
Equity dividend:		
Ordinary – final proposed	<u>£1,428</u>	<u>£1,428</u>

Notes to the financial statements

At 31 March 2003

10. Tangible fixed assets

	<i>Land and buildings</i>		<i>Plant and</i>	<i>Fixtures, fittings & office equipment</i>	<i>Total</i>
	<i>Freehold</i>	<i>Long leasehold</i>	<i>machinery</i>		
	£	£	£	£	£
Cost:					
At 1 April 2002	68,378	1,515,472	74,685	45,614	1,704,149
Additions	-	56,632	1,787	15,213	73,632
Disposals	-	-	-	-	-
At 31 March 2003	68,378	1,572,104	76,472	60,827	1,777,781
Depreciation:					
At 1 April 2002	10,107	187,081	51,081	30,517	278,786
Provided during the year	1,367	31,767	14,381	10,577	58,092
Disposals	-	-	-	-	-
At 31 March 2003	11,474	218,848	65,462	41,094	336,878
Net book value:					
At 31 March 2003	£56,904	£1,353,256	£11,010	£19,733	£1,440,903
At 1 April 2002	£58,271	£1,328,391	£23,604	£15,097	£1,425,363

Notes to the financial statements

At 31 March 2003

11. Investments

	£	
Cost:		
At 1 April 2002		108,167
Additions		5
Transferred to cash at bank		(561)
Disposals		-
		<u>£107,611</u>
At 31 March 2003		
	2003	2002
	£	£
Listed on the London stock exchange	105,260	105,255
Unlisted investments	20	20
Cash	2,331	2,892
	<u>£107,611</u>	<u>£108,167</u>
Valuation:		
Listed investments – market value	£82,780	£119,916
	<u>£ -</u>	<u>£ -</u>
Taxation on potential capital gain if sold at valuation	£ -	£ -

The directors are of the opinion that the decrease in market value of listed investments is not permanent and therefore no provision has been made against the carrying value in these financial statements.

12. Stocks

	2003	2002
	£	£
Goods for resale	£ -	£1,628

13. Debtors

	2003	2002
	£	£
Trade debtors	10,449	5,559
Other debtors	2,220	3,088
Prepayments and accrued income	13,840	3,000
	<u>£26,509</u>	<u>£11,647</u>

Notes to the financial statements

At 31 March 2003

14. Creditors: amounts falling due within one year

	2003	2002
	£	£
Trade creditors	28,815	44,075
Other taxes and social security costs	2,690	13,169
Accruals and deferred income	38,140	22,979
Horserace Betting Levy Board loan (note 16)	70,000	70,000
Proposed dividend	1,428	1,428
	<u>£141,073</u>	<u>£151,651</u>

15. Accruals and deferred income

	<i>Media Rights Deferred Income</i>		<i>Deferred HBLB and other grants</i>	
	2003	2002	2003	2002
	£	£	£	£
Balance at 1 April	205,260	-	853,767	791,859
Media rights income received during the year	62,200	296,365	-	-
Media rights income to profit and loss account	(121,473)	(91,105)	-	-
HBLB capital grants received during the year	-	-	190,000	70,000
Tote capital grant received during the year	-	-	-	15,000
Amortisation of grants to profit and loss account	-	-	(24,580)	(23,092)
Balance at 31 March	<u>£145,987</u>	<u>£205,260</u>	<u>£1,019,187</u>	<u>£853,767</u>

16. Loans

	2003	2002
	£	£
Not wholly repayable within five years:		
Horserace Betting Levy Board – interest free loan repayable in annual instalments commenced 1 May 2000	270,000	340,000
Less: included in		
Creditors: amounts falling due within one year (note 14)	70,000	70,000
	<u>£200,000</u>	<u>£270,000</u>
Amounts repayable:		
In less than one year	70,000	70,000
In one to two years	70,000	70,000
In two to five years	130,000	200,000
	<u>£270,000</u>	<u>£340,000</u>

Notes to the financial statements

At 31 March 2003

17. Provisions for liabilities and charges

The movements in deferred taxation during the current and previous years are as follow:

	2003 £	2002 £
At 1 April	-	-
(Credit)/charge for the year (note 8)	-	-
At 31 March	£ -	£ -

In accordance with FRS 19, a deferred tax asset has not been provided in the financial statements as follows:

	2003 £	2002 £
Capital allowances in advance of depreciation	7,450	8,300
Less tax effect of available tax losses	(41,610)	(49,400)
Deferred tax asset	£(34,160)	£(41,100)

18. Called up share capital

	Authorised		Allotted, Called up and fully paid	
	31 March 2003 No.	31 December 2002 No.	31 March 2003 £	31 December 2002 £
Ordinary shares of £100 each	300	300	£27,200	£27,200

19. Movements on reserves

	Grant reserve £	Profit and loss account £	Total £
At 1 April 2002	87,690	285,627	373,317
Profit for the year	-	68,359	68,359
Dividend	-	(1,428)	(1,428)
Transfer of grant account amortisation	24,580	(24,580)	-
At 31 March 2003	£112,270	£327,978	£440,248

The grant reserve is non-distributable.

Notes to the financial statements

At 31 March 2003

20. Capital commitments

	2003	2002
	£	£
Contracted	£Nil	£70,000

21. Contingent liabilities

Under the Attheraces contract there are a number of events that can trigger the early termination of either the entire contract, or termination of the contract with the course alone. These events include breach, insolvency, force majeure, adverse legislative change and regulatory interference.

In the event of an early termination a rebate may be payable by the company to Attheraces. The rebate would be payable from future revenues, provided they are generated from the sale of rights currently granted to Attheraces.

In the event that the total number of races cancelled in one year across all courses that are party to the agreement equals or exceeds 7% of the total "value" of races, (calculated by reference to the UK Off Course betting revenue percentages) then Attheraces is entitled to a refund of part of the fees paid. The refunds are deductible by Attheraces from the fees payable for the next year, but if the cancellations arise in the last year of the Agreement the RCA, as agent for the courses, is obliged to repay the monies to Attheraces. The rebate would be split between courses in accordance with the course income distribution formula. For the purposes of this calculation the year runs from 1 July to 30 June.

22. Pension commitments

The company contributes to a defined contribution pension scheme for one of its directors and two employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

23. Controlling party

In the opinion of the directors, no individual shareholder has overall control of the company.

24. Transactions with directors

During the year, the company paid rent to Mr J Bell, a director, amounting to £10,869 (2002: £9,488).