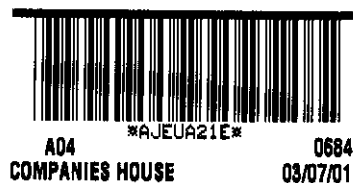


**AINTREE RACECOURSE COMPANY
LIMITED**

Report and Financial Statements

31 December 2000



**Deloitte & Touche
PO Box 500
201 Deansgate
Manchester
M60 2AT**

AINTREE RACECOURSE COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS 2000

CONTENTS	Page
Directors' report	1
Statement of directors' responsibilities	2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the accounts	6

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

ACTIVITIES, REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The principal activities of the company are those of racecourse management and the promoting of horse race meetings and other major events at Aintree.

With effect from 15 December 2000 the business, assets and liabilities of Aintree Racecourse Company Limited were transferred to its immediate parent company, Racecourse Investments Limited.

With effect from 15 December 2000 Aintree Racecourse Company Limited ceased to trade, however, under the agency agreement with Racecourse Investments Limited, Aintree Racecourse Company Limited will continue to manage and operate the Aintree Racecourse.

The results for the year are set out in the profit and loss account on page 4 and are considered satisfactory in the context of the general economic climate.

DIRECTORS AND THEIR INTERESTS

The following were directors of the company during the year and since the year end, none of whom had any interest at any time during the year in the shares of the company or any other group company during that time:

Lord Daresbury
R J McAlpine
C H Barnett
R Fildes

Throughout the year, Lord Daresbury and R J McAlpine were members of The Jockey Club, the company's ultimate parent undertaking.

During the year the company purchased director's liability insurance (1999 - same).


DIVIDENDS

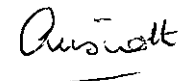
The final dividend recommended by the directors is £44,815 per share (1999 - £Nil).

AUDITORS

A resolution has been passed dispensing with the need to appoint auditors annually and therefore Deloitte & Touche will continue in office next year.

Approved by the Board of Directors
and signed on behalf of the Board


Secretary



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 as at the end of the financial year 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;
- state whether applicable accounting standards have been followed;
- 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' REPORT TO THE MEMBERS OF AINTREE RACECOURSE COMPANY LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared under the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors

22 June 2001

AINTREE RACECOURSE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2000

	Note	2000 £	1999 £
TURNOVER	1	7,339,241	6,344,120
Cost of sales		(3,731,516)	(3,340,236)
Gross profit		<u>3,607,725</u>	<u>3,003,884</u>
Administrative expenses		(2,670,400)	(1,982,978)
OPERATING PROFIT		937,325	1,020,906
Loss on sale of land		-	(3,136)
Interest receivable and similar income	3	71,666	33,081
Interest payable and similar charges	4	(86,695)	(62,597)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>922,296</u>	<u>988,254</u>
Taxation on profit on ordinary activities	6	(522,624)	(395,058)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		399,672	593,196
Dividends proposed	7	(4,481,525)	-
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(4,081,853)</u>	<u>593,196</u>

The company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.


All the above results derive from discontinued operations.

AINTREE RACECOURSE COMPANY LIMITED

BALANCE SHEET 31 December 2000

	Note	£	2000 £	£	1999 £
FIXED ASSETS					
Tangible assets	8	-	13,188,531		
Investments	9	-	39,532		
					13,228,063
CURRENT ASSETS					
Stock	10	-	7,977		
Debtors	11	100	552,908		
Amount due from Racecourse Holdings					
Trust due beyond one year		-	1,213,092		
Cash at bank and in hand		-	648,457		
		100	2,422,434		
CREDITORS: amounts falling due within one year	12	-	(2,846,091)		
NET CURRENT ASSETS/(LIABILITIES)			100		(423,657)
TOTAL ASSETS LESS CURRENT LIABILITIES			100		12,804,406
CREDITORS: amounts falling due after more than one year	13		-		(1,667,242)
PROVISIONS FOR LIABILITIES AND CHARGES	14		-		(439,000)
			100		10,698,164
GRANT ACCOUNT	1,15		-		6,616,211
CAPITAL AND RESERVES					
Called up share capital	16	100		100	
Grant Reserve	17	-	1,172,908		
Profit and loss account	17	-	2,908,945		
EQUITY SHAREHOLDERS' FUNDS	18		100		4,081,953
			100		10,698,164

These financial statements were approved by the Board of Directors on 15 June 2001
Signed on behalf of the Board of Directors



Director



NOTES TO THE ACCOUNTS

Year ended 31 December 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents income receivable (excluding VAT) in respect of the principal activities of the company of managing and operating the racecourse and its facilities. Turnover arises wholly within the United Kingdom.

Tangible fixed assets

Depreciation is not provided on freehold land. On other assets it is provided on cost in equal annual instalments over the estimated lives of the assets as follows:

Freehold buildings	2%
Plant and equipment	10%
Fixtures and fittings	10%
Computer equipment	25%
Motor vehicles	25%

Assets in the course of construction are not depreciated until they are brought into use

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Stocks

Stocks are stated at the lower of cost (purchase price) and net realisable value.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

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 instalments over a period of 30 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.

Other grants received, which are not considered to be capital grants, are released to the profit and loss account over a period in which the relevant operating expenditure is expected to be incurred.

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

1. ACCOUNTING POLICIES (continued)

Prize money grants and fixture fees

Prize money grants and fixture fees from the HBLB and contributions from sponsors in the form of revenue grants are deducted from expenditure.

Pensions

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the Scheme, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Assets held under finance leases are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful lives. The finance charges are allocated over the period of the leases in proportion to the capital outstanding.

Cash flow statement

The company is not presenting a cash flow statement. It is taking advantage of the exemptions contained in Financial Reporting Standard No.1 (Revised 1996) as the parent company, Racecourse Holdings Trust Limited, has included a consolidated cash flow statement in its group accounts.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000	1999
	£	£
Directors' emoluments	82,049	82,379
	No	No
Directors who are members of a defined benefit pension scheme	1	1
	£	£
Employee costs during the year		
Permanent employees		
Wages and salaries	735,531	670,196
Social security costs	59,913	59,247
Other pension costs	53,387	52,456
	848,831	781,899
Raceday employees		
Wages and salaries	26,103	28,062
Social security costs	-	2,352
Total employee costs	874,934	812,313

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2000	1999
	No	No
Average number of employees (full time equivalents)		
Administration and maintenance	41	41
Raceday	7	7
	<u>48</u>	<u>48</u>

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2000	1999
	£	£
Bank deposit interest	<u>71,666</u>	<u>33,081</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
Bank loans, overdrafts and other loans repayable within five years	85,000	60,000
Finance leases	<u>1,695</u>	<u>2,597</u>
	<u>86,695</u>	<u>62,597</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2000	1999
	£	£
Profit on ordinary activities before taxation is after charging/(crediting):		
Depreciation		
Owned assets	440,080	446,626
Leased assets	18,181	12,409
Rentals under operating leases	117,010	128,185
Auditors' remuneration:		
Audit fee	9,400	8,000
Other services	5,150	9,025
Amortisation of capital grants	(493,605)	(479,430)
(Profit)/loss on sale of fixed assets	<u>(8,626)</u>	<u>1,193</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

6. TAXATION CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
United Kingdom corporation tax at 30% (1999 - 30%) based on the profit for the year	460,624	297,022
Deferred taxation	65,875	97,497
	<u>526,499</u>	<u>394,519</u>
Adjustments in respect of prior years		
Corporation tax	-	19,036
Deferred taxation	(3,875)	(18,497)
	<u>522,624</u>	<u>395,058</u>

The tax charge is higher than expected due to expenditure not qualifying for tax relief and the non equalisation of fixed asset and other timing differences through deferred tax.

7. DIVIDENDS PROPOSED

	2000 £	1999 £
Final dividend proposed - £44,815 per share (1999 - nil)	4,481,525	-

8. TANGIBLE FIXED ASSETS

	Assets under construction £	Land and buildings £	Motor vehicles £	Plant and equipment £	Total £
Cost					
At 1 January 2000	-	14,106,803	80,369	812,577	14,999,749
Additions	48,363	360,342	39,432	51,594	499,731
Disposals	-	-	(35,669)	(140,273)	(175,942)
Transferred to parent company	(48,363)	(14,467,145)	(84,132)	(723,898)	(15,323,538)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2000	-	-	-	-	-
Accumulated depreciation					
At 1 January 2000	-	1,384,322	62,296	364,600	1,811,218
Charge for the year	-	308,541	16,079	133,641	458,261
Disposals	-	-	(35,669)	(136,549)	(172,218)
Transferred to parent company	-	(1,692,863)	(42,706)	(361,692)	(2,097,261)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2000	-	-	-	-	-
Net book value					
At 31 December 2000	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 1999	-	12,722,481	18,073	447,977	13,188,531

The net book value of the company's fixed assets includes £Nil (1999 - £36,476) in respect of assets held under finance leases and hire purchase contracts.

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

9. INVESTMENTS HELD AS FIXED ASSETS

	2000 £	1999 £
Unlisted investment at cost	-	19
Artefacts	-	39,513
	<u>-</u>	<u>39,532</u>

The unlisted investment at the beginning of the year represented a 0.95% holding of 208 10p ordinary shares in Satellite Information Services Limited, a company formed during 1987, incorporated in England & Wales to provide live viewing in betting shops. The shares were held by the Racecourse Association as trustee for the company and are stated at cost. These were transferred at cost to Racecourse Investment Limited on 15 December 2000.

10. STOCKS

	2000 £	1999 £
Finished goods and goods for resale	-	7,977
	<u>-</u>	<u>7,977</u>

11. DEBTORS

	2000 £	1999 £
Trade debtors	-	94,816
Amounts due from parent company	100	-
Other debtors	-	358,473
Prepayments and accrued income	-	99,619
	<u>100</u>	<u>552,908</u>

12. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
HBLB loans	-	550,000
Obligations under finance leases	-	12,339
Trade creditors	-	292,282
Amounts due to group undertakings	-	1,651
Corporation tax	-	208,803
Other tax and social security	-	18,264
Other creditors	-	532,399
Accruals and deferred income	-	1,230,353
	<u>-</u>	<u>2,846,091</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £	1999 £
HBLB loans	-	1,652,000
Obligations under finance leases	-	15,242
	<u>-</u>	<u>1,667,242</u>

Loans granted by the Horse Betting Levy Board are all free of interest and repayable by annual instalments within the periods shown

	2000 HBLB loans £	2000 Finance Leases £	1999 HBLB loans £	1999 Finance leases £
Repayable within one year	-	-	550,000	12,339
Repayable between one and two years	-	-	652,000	15,242
Repayable between two and five years	-	-	1,000,000	-
	<u>-</u>	<u>-</u>	<u>2,202,000</u>	<u>27,581</u>
Less: amounts falling due within one year	-	-	(550,000)	(12,339)
	<u>-</u>	<u>-</u>	<u>1,652,000</u>	<u>15,242</u>

On 15 December 2000, these loans were transferred to Racecourse Investments Limited.

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

14. PROVISIONS FOR LIABILITIES AND CHARGES - DEFERRED TAX

Deferred tax movement for the year:

	£
Balance of provision at 1 January 2000	439,000
Charge in current year	65,875
Adjustment in respect of prior years	(3,875)
Transferred to parent company	(501,000)
	<u> </u>
Balance of provision at 31 December 2000	<u> </u>

The amount of deferred taxation provided and unprovided in the accounts are:

	Provided 2000 £	Provided 1999 £	Not Provided 2000 £	Not Provided 1999 £
Capital allowances in excess of depreciation	-	441,000	-	232,000
Capital gains rolled over	-	-	-	293,000
Other timing differences	-	(2,000)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	439,000	-	525,000

15. GRANT ACCOUNT

	2000 £	1999 £
Grant Account:		
Balance at 1 January	6,616,211	6,205,883
Capital grants received in the year	1,214,225	1,279,922
Capital grants repaid	-	(390,164)
Capital grants credited to the profit and loss account	(493,605)	(479,430)
Transferred to parent company	(7,336,831)	-
	<u> </u>	<u> </u>
Balance at 31 December	<u> </u>	<u> </u>

Capital grants credited to the profit and loss account include £360,696 (1999 - £360,363) in respect of non HBLB grants.

16. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised, allotted and fully paid:		
100 Ordinary shares of £1 each	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

17. MOVEMENT ON RESERVES

	Grant reserve £	Profit and loss account £
Balance at 1 January 2000	1,172,908	2,908,945
Transfer from the profit and loss account of an amount equal to HBLB credits made from the grant account	493,605	(493,605)
Transferred to profit and loss account	(1,666,513)	1,666,513
Retained loss for the period	-	(4,081,853)
	<u>-</u>	<u>-</u>
Balance at 31 December 2000	<u>-</u>	<u>-</u>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
(Loss)/profit attributable to members of the company	(4,081,853)	593,196
	<u>-</u>	<u>593,196</u>
Net addition to shareholders' funds	-	593,196
Opening shareholders' funds	4,081,953	3,488,757
	<u>100</u>	<u>4,081,953</u>
Closing shareholders' funds	<u>100</u>	<u>4,081,953</u>

19. CAPITAL COMMITMENTS

There were no capital commitments contracted for but not provided in the financial statements at the current or preceding year end.

20. OPERATING LEASE COMMITMENTS

At 31 December 2000 the company was committed to making the following payments during the next year in respect of operating leases:

	2000 Other £	1999 Other £
Leases which expire:		
Within one year	-	-
Within 2 to 5 years	-	99,163
	<u>-</u>	<u>99,163</u>
	<u>-</u>	<u>99,163</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 2000

21. PENSION SCHEME

All group companies operate a contributory pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group, being invested in the Friends Ivory & Sime Managed Funds, Morley Asset Management Funds and through Merrill Lynch Investment Managers Limited. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was as at 1 August 1999. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 8.5% per annum, the salary increases would average 7% per annum and that present and future pensions would increase at the rate of 5% per annum. The pension charge for this scheme for the year was £53,387 (1999 - £52,456).

The actuarial valuation as at 1 August 1999 showed that the market value of the group scheme's assets was £10,064,000 and that the actuarial value of those assets represented 114% of the benefits that had accrued to members at that date, after allowing for expected future increases in earnings. The contributions of the group are being maintained at 10% of earnings and 3% of earnings for employees where applicable.

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption included in Financial Reporting Standard No. 8 from the requirement to disclose transactions within the group.

On 15 December 2000 the assets and activities of the company were transferred at net book value to Racecourse Investments limited. This included fixed assets with net book value of £13,267,375, current assets of £4,118,690 current liabilities of £8,542,698, long term liabilities of £1,005,436, provisions of £501,000 and the grant account of £7,336,831.

23. ULTIMATE PARENT COMPANY

The company's ultimate parent company is The Jockey Club, a company incorporated in the United Kingdom by Royal Charter and registered in England and Wales. The Jockey Club does not prepare group accounts. The smallest group of which the company is a member and for which group accounts are prepared is headed by Racecourse Holdings Trust Limited, a company registered in England and Wales. Copies of its group accounts are available from its registered office at 42 Portman Square, London W1H 0EN

The company's immediate parent company is Racecourse Investments Limited, a company registered in England and Wales.