

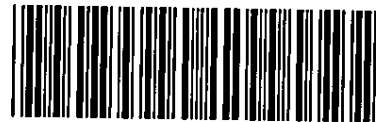
Company Registration No. 4153464

Attheraces (UK) Limited

Report and Financial Statements

31 December 2007

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Attheraces (UK) Limited

Report and financial statements 2007

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Attheraces (UK) Limited

Report and financial statements 2007

Officers and professional advisers

Directors

Richard Dovey
Mark Elliott
Matthew Imu
Ian Renton
Neil Martin

Company Secretary

Teresa A Walsh

Registered Office

James House
18-21 Corsham Street
London
N1 6DR

Bankers

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Solicitors

Olswang
90 High Holborn
London
WC1V 9XX

Auditors

BDO Stoy Hayward LLP
55 Baker Street
London
W1U 7EV

Attheraces (UK) Limited

Directors' report

For the year ended 31 December 2007 (continued)

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

Activities

The sole activity of the company was the exploitation of worldwide broadcasting, media and information rights to races held at its racecourse partners' venues

Review of developments and future prospects

The company (with Attheraces Limited, a fellow group undertaking) continues to distribute pictures around the world and facilitate pari-mutuel betting back into host Tote pools. The company also continues to distribute its pictures to fixed odds betting partners around the world

Post balance sheet events

There are no post balance sheet events to be reported

Principal risks and uncertainties

Foreign currency risk

A proportion of the company's turnover is to countries outside of the United Kingdom and paid in a foreign currency. Consequently the company has an exposure to fluctuations in exchange rates relating to these transactions. The foreign currencies concerned are predominantly the Euro and the South African Rand. Management monitor the impact of movements in exchange rates on an ongoing basis to ensure any significant risks are mitigated.

Credit risk

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in relation to transactions where the company provides services to customers. Company policies are aimed at minimising such losses, and require that terms are only granted to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored to ensure that the company's exposure to bad debts is not significant.

Liquidity risk

The company seeks to mitigate liquidity risk by closely managing cash flows. The company relies predominantly on funding made available by the shareholding companies.

Key performance indicators

Turnover for the year increased from £5.3m to £5.4m, growth of 2%. Gross profits increased from £1.9m to £2.1m, with the gross margin increasing from 36% to 38%. The operating profit improved from a loss of £1.17m to a profit of £214k. The result on ordinary activities before taxation went from a loss of £1.15m to a profit of £231k.

Attheraces (UK) Limited

Directors' report

For the year ended 31 December 2007 (continued)

Dividends

The results of the company for the year ended 31 December 2007 are shown on page 7

No dividends were proposed in the year (2006 £nil)

Directors and their interests

The directors who served throughout the year were

Mark Elliott
Ian Renton
Matthew Imi
David Rey
Richard Dovey

Neil Martin was appointed director on the 24th January 2008 & David Rey resigned as director on the same date

No director had any interests in the shares of the company or any other group company throughout the year

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of the any information needed by the company's auditors for the purposes of the audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant information of which the auditors are unaware

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office as auditors in accordance with section 385 of the Companies Act 1985. A resolution to reappoint BDO Stoy Hayward LLP as auditors of the company will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed by order of the Board



Teresa A Walsh
Company Secretary

19 March 2008

Attheraces (UK) Limited

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

United Kingdom 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. 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 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, 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 the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report to the shareholders of Attheraces (UK) Limited

We have audited the financial statements of Attheraces (UK) Limited for the year ended 31 December 2007 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 and whether the information given in the Directors' Report is consistent with those financial statements. We also 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.

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.

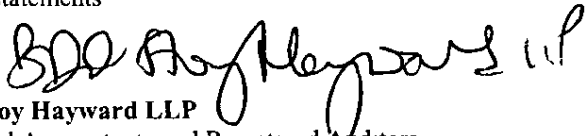
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Independent auditors' report to the shareholders of Attheraces (UK) 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 2007 and of its profit 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


BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
London

31 March 2008

Attheraces (UK) Limited

Profit and loss account

For the year ended 31 December 2007

	Note	2007 £	2006 £
Turnover	2	5,442,179	5,309,080
Cost of sales		<u>(3,377,014)</u>	<u>(3,419,315)</u>
Gross profit		2,065,165	1,889,765
Administrative expenses		<u>(1,851,542)</u>	<u>(3,059,010)</u>
Operating profit/(loss)	3	213,623	(1,169,245)
Interest receivable and similar income		<u>17,614</u>	<u>18,925</u>
Profit/(loss) on ordinary activities before taxation		231,237	(1,150,320)
Taxation charge	5	<u>(114,722)</u>	<u>(48,723)</u>
Profit/(loss) for the year transferred to/(from) reserves	10	<u>116,515</u>	<u>(1,199,043)</u>

All activities are continuing operations

There have been no recognised gains and losses attributable to the shareholders other than the losses disclosed above and accordingly, no Statement of Total Recognised Gains and Losses has been prepared

The notes on pages 10 to 16 form part of these financial statements

Attheraces (UK) Limited

Reconciliation of movements in shareholders' funds For the year ended 31 December 2007

	2007	2006
	£	£
Profit/(loss) for the year	116,515	(1,199,043)
Opening shareholders' funds	<u>4,084,876</u>	<u>5,283,919</u>
Closing shareholders' funds	<u><u>4,201,391</u></u>	<u><u>4,084,876</u></u>

The notes on pages 10 to 16 form part of these financial statements

Attheraces (UK) Limited

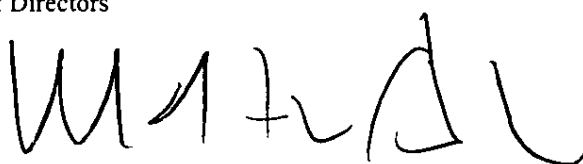
Balance sheet As at 31 December 2007

	Note	2007 £	2006 £
Fixed assets			
Investments	6	<u>1</u>	<u>1</u>
		1	1
Current assets			
Debtors	7	4,481,547	4,317,983
Cash at bank and in hand		<u>79,960</u>	<u>98,785</u>
		4,561,507	4,416,768
Creditors' amounts falling due within one year	8	<u>(360,117)</u>	<u>(331,893)</u>
Net current assets		<u>4,201,390</u>	<u>4,084,875</u>
Net assets		<u>4,201,391</u>	<u>4,084,876</u>
Capital and reserves			
Called up share capital	9	3	3
Share premium		37,151,567	37,151,567
Profit and loss account	10	<u>(32,950,179)</u>	<u>(33,066,694)</u>
Total shareholders' funds		<u>4,201,391</u>	<u>4,084,876</u>

These financial statements were approved and authorised for issue by the Board of Directors on

18/3/2008

Signed on behalf of the Board of Directors



Director

The notes on pages 10 to 16 form part of these financial statements

Attheraces (UK) Limited

Notes forming part of the financial statements For the year ended 31 December 2007

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below, and have been applied consistently in the current and preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover, which excludes value added tax, represents the gross inflow of economic benefit from Attheraces (UK) Limited's operating activities. The company's main sources of turnover are as follows:

The sale of broadcasting rights is recognised in the period in which the fixture occurred.

Turnover generated from betting commission agreements is recognised in the period in which the stakes were placed.

Other turnover is recognised when the relevant service is provided.

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

Foreign currency translation

Foreign currency transactions are converted to sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling on the balance sheet date. Exchange differences arising on retranslation of unsettled monetary assets and liabilities are taken to the profit and loss account.

Taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit those earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs

The company is a member of a group personal defined contribution pension scheme. Contributions payable into this scheme and into employee personal pension plans are charged to the profit and loss account on a monthly basis as they become due. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Attheraces (UK) Limited

Notes forming part of the financial statements (continued) For the year ended 31 December 2007

1. Accounting policies (continued)

Going concern

The company achieved a profit of £116,515 for the year ended 2007 and had net assets of £4.2m at 31 December 2007. In connection with the preparation of these financial statements, the directors have reviewed in detail the current trading position, forecasts and prospects of the company, the funding position from lenders, the terms of trade in operation with customers and suppliers. On the basis of this review and having regard to the cash resources and loan facilities available to the company, the directors consider that the company is in a position to meet its commitments as they fall due. Accordingly, the directors believe that the company is a going concern and the accounts have been prepared on this basis.

Cash flow statement

The company is a wholly owned subsidiary of Attheraces Holdings Ltd and the cash flows of the company are included in the consolidated cash flow statement of that company. Consequently the company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

2. Turnover and segmental reporting

Turnover represents the amount derived from the provision of services which fall within the company's activities, stated net of value added tax. The turnover and pre-tax loss is attributable to one activity, the exploitation of media rights. All revenues during the period arose, except where indicated below, from activities conducted wholly within the United Kingdom.

All material assets and liabilities of the company are located within the United Kingdom.

Turnover by activity is set out below:

	2007 £	2006 £
Turnover by activity		
Overseas income		
- South Africa	858,785	876,054
- Europe	2,131,912	2,279,322
- Other pari-mutuel markets	388,308	-
- Other fixed odds markets	1,848,014	1,869,335
Other	215,160	284,369
	<u>5,442,179</u>	<u>5,309,080</u>

Attheraces (UK) Limited

Notes forming part of the financial statements (continued) For the year ended 31 December 2007

3. Operating profit

	2007 £	2006 £
Operating loss is stated after charging:		
Management recharge	3,648,814	4,573,258

The company's audit fee has been borne by another group company in the current and preceding year

4. Information regarding directors and employees

	2007 £	2006 £
Directors' emoluments		
Fees	48,672	45,050
Pension contributions	2,995	2,448
	51,667	47,498

The above emoluments relate to one director that received emoluments during the year

Pension contributions were made on behalf of one director into a personal money purchase scheme

At the year end, £2,165 (2006 £8,448) of outstanding pension contributions have been included in accruals

	2007 No.	2006 No.
Average number of persons employed during the year (excluding directors)		
Sales and distribution	2	2
	2	2
	2007 £	2006 £
Staff costs during the year (excluding directors)		
Wages and salaries	187,150	153,544
Social security costs	22,788	18,425
Pension costs	13,312	10,133
	223,250	182,102

Attheraces (UK) Limited

Notes forming part of the financial statements (continued) For the year ended 31 December 2007

5. Tax on loss on ordinary activities

	2007 £	2006 £
<i>i) Analysis of tax charge on ordinary activities</i>		
Consortium relief	27,719	80,590
Withholding tax charge	(142,441)	(129,313)
	<u>(114,722)</u>	<u>(48,723)</u>
Tax charge for the period		
	2007 %	2006 %
<i>ii) Factors affecting tax charge for the current year</i>		
Standard tax rate for year as a percentage of profits	30	30
Effects of		
Current year losses not recognised	(30)	(30)
Consortium relief	12	7
Withholding tax	(62)	(11)
	<u>(50)</u>	<u>(4)</u>
Current tax rate for year as a percentage of losses		

There is no current tax charge due to the losses incurred in the year (2006 £nil). The tax credit of £27,719 in 2007 represents payments in respect of 2006 tax losses surrendered by way of consortium relief. The company's policy is to recognise a credit for consortium relief surrendered only at the time at which a payment is made or reasonably anticipated, following the formal submission of such a claim by a consortium member, and a corresponding consent by the company to Her Majesty's Revenue & Customs.

Withholding tax charges relate to monies received from Italy and can only be reclaimed against current year corporation tax liabilities of which there was none in 2007.

Attheraces (UK) Limited

Notes forming part of the financial statements (continued) For the year ended 31 December 2007

6. Investments held as fixed assets

Attheraces (UK) Limited holds 1 of 50,000 issued ordinary £1 shares in Attheraces Limited, a fellow subsidiary, a company incorporated in Great Britain and registered in England and Wales. The principal activities of the company are the exploitation of worldwide broadcast, media and other information rights acquired from racecourses throughout the UK and Ireland.

7. Debtors

	2007 £	2006 £
Trade debtors	1,063,450	808,293
Amounts owed by group undertakings	2,665,014	3,056,425
Other debtors	237,696	77,606
Prepayments and accrued income	515,387	375,659
	<u>4,481,547</u>	<u>4,317,983</u>

All amounts shown above are due within one year.

8. Creditors: amounts falling due within one year

	2007 £	2006 £
Trade creditors	226,499	144,426
Other taxes and social security	35,994	72,562
Accruals and deferred income	97,624	114,905
	<u>360,117</u>	<u>331,893</u>

9. Called up share capital

	2007 £	2006 £
Authorised:		
1,000 (2006: 1,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid:		
3 ordinary shares of £1 each	<u>3</u>	<u>3</u>

Attheraces (UK) Limited

Notes forming part of the financial statements (continued) For the year ended 31 December 2007

10. Reconciliation of movement in profit and loss account and share premium account

Profit and loss account	2007	2006
	£	£
Profit/(loss) for the year	116,515	(1,199,043)
Profit and loss account brought forward 2006	(33,066,694)	(31,867,651)
Profit and loss account carried forward	<u>(32,950,179)</u>	<u>(33,066,694)</u>
Share premium account	2007	2006
	£	£
At 1 January	<u>37,151,567</u>	<u>37,151,567</u>
At 31 December	<u>37,151,567</u>	<u>37,151,567</u>

11. Related party transactions

The company has taken advantage of the exemption provided by FRS 8 not to disclose transactions between group companies

12. Ultimate parent company and controlling party

The company's ultimate parent undertaking and the ultimate controlling party is Attheraces Holdings Limited, a company incorporated in Great Britain and registered in England and Wales

The parent undertaking of the only group which includes the company and for which group financial statements are prepared is Attheraces Holdings Limited. Copies of the group financial statements of Attheraces Holdings Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ