

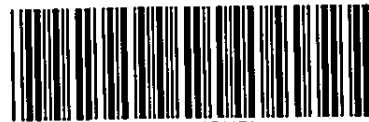
Company Registration No. 4153464

Attheraces (UK) Limited

Report and Financial Statements

31 December 2010

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Attheraces (UK) Limited

Report and financial statements 2010

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Attheraces (UK) Limited

Report and financial statements 2010

Officers and professional advisers

Directors

Richard Dovey
Mark Elliott
Matthew Imi
Ian Renton
Mark Winterbottom

Company Secretary

Teresa A Walsh

Registered Office

No 9 Kingsway
London
WC2B 6XF

Bankers

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Solicitors

Olswang
90 High Holborn
London
WC1V 6XX

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Attheraces (UK) Limited

Directors' report For the year ended 31 December 2010

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

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

2010 was a record year for the company in terms of both financial results and number of international markets taking horseracing content from the group's racecourse partners

From March 1st 2010 the group entered into a joint venture with Racing UK Limited to enhance the worldwide exploitation of certain broadcast, media and other rights acquired from the combined 60 UK and 26 Irish racecourses. This has resulted in the formation of a new, jointly owned company called GBI Racing Limited which going forward will represent the joint rights of both companies to the betting premises of international customers. The joint venture arrangements have already helped deliver further growth and increasing profitability to the company's international business. This trend is set to continue in 2011 with existing customers importing more product and potentially new markets opening up in Eastern Europe and Asia

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 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.

Attheraces (UK) Limited

Directors' report For the year ended 31 December 2010

Key performance indicators

Turnover for the year increased from £6.7m to £8.8m, growth of 31%. Gross profits increased from £2.6m to £3.7m, with the gross margin climbing to 42% from 39%. The operating profit improved from £405k to £1.3m. The profit on ordinary activities before taxation increased from £414k to £1.4m.

Dividends

The results of the company for the year ended 31 December 2010 are shown on page 7.

No dividends were proposed in the year (2009: £nil).

Directors and their interests

The directors who served throughout the year were:

Mark Elliott
Ian Renton
Matthew Imi
Neil Martin (resigned 30th June 2010)
Richard Dovey
Mark Winterbottom (appointed 1st July 2010)

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.

Insurance

The company has directors' and officers' liability insurance and is intended to maintain such cover for the full term of their employment.

Auditors

BDO LLP have expressed their willingness to continue in office as auditors in accordance with section 485 of the Companies Act 2006. A resolution to reappoint BDO LLP as auditors of the company will be proposed to the shareholders (in the absence of an Annual General Meeting of the company).

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



Teresa A Walsh
Company Secretary 11 March 2011

Attheraces (UK) Limited

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair reflection of the state of affairs of the company and of the profit or loss for the 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

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

We have audited the financial statements of Attheraces (UK) Limited for the year ended 31 December 2010 which comprise the profit and loss account, the reconciliation of movement in shareholders' funds, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year 31 December 2010 for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



*Matthew White (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
Date 11 March 2011*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Attheraces (UK) Limited

Profit and loss account

For the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Turnover	2	8,765	6,681
Cost of sales		(5,077)	(4,083)
Gross profit		3,688	2,598
Administrative expenses		(2,340)	(2,193)
Operating profit	3	1,348	405
Interest receivable and similar income		3	9
Profit on ordinary activities before taxation		1,351	414
Taxation credit/(charge)	5	52	(95)
Profit for the year transferred to reserves	11	1,403	319

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 17 form part of these financial statements

Attheraces (UK) Limited

Reconciliation of movements in shareholders' funds For the year ended 31 December 2010

	2010	2009
	£'000	£'000
Profit for the year	1,403	319
Opening shareholders' funds	4,625	4,306
	<hr/>	<hr/>
Closing shareholders' funds	<u>6,028</u>	<u>4,625</u>

The notes on pages 10 to 17 form part of these financial statements

Attheraces (UK) Limited

Balance sheet

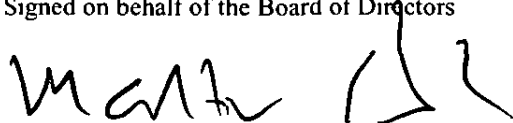
As at 31 December 2010

Company Number: 4153464

	Note	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	7	72	-
		<u>72</u>	<u>-</u>
Current assets			
Debtors	8	5,988	4,736
Cash at bank and in hand		709	317
		<u>6,697</u>	<u>5,053</u>
Creditors: amounts falling due within one year	9	(741)	(428)
Net current assets		<u>5,956</u>	<u>4,625</u>
Net assets		<u>6,028</u>	<u>4,625</u>
Capital and reserves			
Called up share capital	10	-	-
Share premium	11	37,151	37,151
Profit and loss account	11	(31,123)	(32,526)
Total shareholders' funds		<u>6,028</u>	<u>4,625</u>

These financial statements were approved and authorised for issue by the Board of Directors on 10/7/2011

Signed on behalf of the Board of Directors



Director

Matthew Imi

The notes on pages 10 to 17 form part of these financial statements

Attheraces (UK) Limited

Notes forming part of the financial statements For the year ended 31 December 2010

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

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 assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax balances are recognised in respect of brought forward tax losses. The extent to which deferred tax assets are recognised is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the utilisation of the brought forward losses. Deferred tax balances 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 2010

1. Accounting policies (continued)

Going concern

The company achieved a profit of £1.4m for the year ended 2010 and had net assets of £6.0m at 31 December 2010.

The company does not have any 3rd party debt and is funded when necessary via intercompany loans from other group companies. The group is funded via shareholder loans and as at the 31 December 2010 the group had drawn down £8.5m of an available £10m in shareholder loan notes. These loan notes are not repayable upon demand until after 31st December 2013.

The group still has adequate financial resources from its shareholders, and together with a number of long term contracts with customers and suppliers the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After having reviewed in detail the current trading position, forecasts and prospects of the group, the funding position from its shareholders, and the terms of trade in operation with customers and suppliers, the directors are satisfied with adequate resources to continue in operational existence for the foreseeable future, furthermore the group continues to look at expanding new overseas territories and exploiting new commercial opportunities to grow revenues. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Associates and joint ventures

FRS 9 "Associates and joint ventures" requires that a contractual arrangement under which the participants engage in joint activities that do not create an entity because it is not carrying on a trade or business of its own and not just part of its participants' trades or businesses be accounted for as a joint arrangement that is not an entity (JANE).

During the year the company entered into a licensing arrangement with GBI Racing Limited, a joint venture with Racing UK for the exploitation of the combined media rights of both companies. The company's licensing arrangements with GBI Racing Limited has been accounted for as a JANE. As such the company has accounted for its part of the income and expenditure, cash flows for the year and of the assets and liabilities as at the year end of GBI Racing Limited, measured according to the terms of the agreement governing the arrangement.

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.

Attheraces (UK) Limited

Notes forming part of the financial statements (continued) For the year ended 31 December 2010

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.

	2010 £'000	2009 £'000
Turnover by activity		
Overseas income		
- South Africa	1,048	933
- Europe	2,998	2,324
- Other Pari-mutuel markets	2,574	1,238
- Other Fixed odds markets	1,917	1,889
Other	228	297
	<u>8,765</u>	<u>6,681</u>

3. Operating profit

	2010 £'000	2009 £'000
Operating profit is stated after charging:		
Management recharge	<u>5,513</u>	<u>4,622</u>

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

Attheraces (UK) Limited

Notes forming part of the financial statements (continued) For the year ended 31 December 2010

4. Information regarding directors and employees

	2010 £'000	2009 £'000
Directors' emoluments		
Fees	154	149
Pension contributions	8	8
	<u>162</u>	<u>157</u>

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, £nil (2009 £nil) of outstanding pension contributions have been included in accruals

	2010 No.	2009 No.
Average number of persons employed during the year (excluding directors)		
Sales and distribution	4	4
	<u>4</u>	<u>4</u>

	2010 £'000	2009 £'000
Staff costs during the year (excluding directors)		
Wages and salaries	377	359
Social security costs	40	42
Pension costs	22	21
	<u>439</u>	<u>422</u>

Attheraces (UK) Limited

Notes forming part of the financial statements (continued) For the year ended 31 December 2010

5 Tax on loss on ordinary activities

	2010 £'000	2009 £'000
<i>i) Analysis of tax charge on ordinary activities</i>		
Withholding tax charge	(200)	(145)
Total current tax	(200)	(145)
Deferred tax asset (note 8)	252	50
Total tax on profit on ordinary activities	52	(95)
	2010 %	2009 %
<i>ii) Factors affecting tax charge for the current year</i>		
Standard tax rate for year as a percentage of profits	28	28
Effects of		
Brought forward losses utilised	(28)	(28)
Deferred Tax (Note8) recognised in respect of brought forward losses	(19)	(12)
Withholding tax	15	35
Current tax rate for year as a percentage of profits	(4)	23

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 2010

Attheraces (UK) Limited

Notes forming part of the financial statements (continued) For the year ended 31 December 2010

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. Tangible Fixed Assets

	Computer software and equipment £'000	Total £'000
Cost		
At 1 January 2010	-	-
Additions	81	81
	<hr/>	<hr/>
At 31 December 2010	81	81
	<hr/>	<hr/>
Accumulated depreciation		
At 1 January 2010	-	-
Charge for year	(9)	(9)
	<hr/>	<hr/>
At 31 December 2010	(9)	(9)
	<hr/>	<hr/>
Net book value		
At 31 December 2010	72	72
	<hr/>	<hr/>
At 31 December 2009	-	-
	<hr/>	<hr/>

8. Debtors

	2010 £'000	2009 £'000
Trade debtors	1,291	1,583
Amounts owed by group undertakings	3,426	2,251
Other debtors	38	78
Other taxation and social security	207	-
Prepayments and accrued income	724	774
Deferred tax (note 5)	302	50
	<hr/>	<hr/>
	5,988	4,736
	<hr/>	<hr/>

All amounts shown under debtors are due within one year with the exception of deferred tax

Attheraces (UK) Limited

Notes forming part of the financial statements (continued) For the year ended 31 December 2010

Deferred tax	2010	2009
	£'000	£'000
At 1 January	50	-
Credited to profit and loss (note 5)	252	50
	<u>302</u>	<u>50</u>
At 31 December	<u>302</u>	<u>50</u>
All deferred tax relates to brought forward trading losses		
 9. Creditors: amounts falling due within one year		
	2010	2009
	£'000	£'000
Trade creditors	337	294
Other taxes and social security	39	37
Accruals and deferred income	365	97
	<u>741</u>	<u>428</u>
 10. Called up share capital		
	2010	2009
	£	£
Authorised:		
1,000 (2009 1,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid.		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

Attheraces (UK) Limited

Notes forming part of the financial statements (continued) For the year ended 31 December 2010

11 Reconciliation of movement in profit and loss account and share premium account

Profit and loss account	2010 £'000	2009 £'000
Profit for the year	1,403	319
Profit and loss account brought forward	(32,526)	(32,845)
Profit and loss account carried forward	(31,123)	(32,526)

Share premium account	2010 £'000	2009 £'000
At 1 January	37,151	37,151
At 31 December	37,151	37,151

12. Related party transactions

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

13. 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