

CARTMEL STEEPLECHASES LIMITED

DIRECTORS' & AUDITORS' REPORT WITH FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1997

Registered number: 205702



J F Dobson & Co
Chartered Accountants
Ulverston, Cumbria

CARTMEL STEEPLECHASES LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997

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CARTMEL STEEPLECHASES LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31ST DECEMBER 1997

INCORPORATED	4th May, 1925
NUMBER	205702
CHAIRMAN	Lt-Col. D H S Pain
OTHER DIRECTORS	Col. T H H Hodgson Lord Cavendish Lt-General Sir Rollo Pain Mr D C Wallace Mr H J B Fitzgerald Lt-Col. N H Carding
SECRETARY	Mr D C Wallace
REGISTERED OFFICE	Bank House Queen Street Ulverston Cumbria
BANKERS	National Westminster Bank PLC 2 Queen Street Ulverston Cumbria Ulverston - Cumbria
AUDITORS	J F Dobson & Co Chartered Accountants & Registered Auditors Bank House Queen Street Ulverston Cumbria

CARTMEL STEEPLECHASES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 1997

The directors present their Annual Report and audited financial statements for the year ended 31st December 1997.

Principal activity

The principal activity of the company is the operation of steeplechase horse-racing at Cartmel.

Business review

The weather was excellent for the 3 days racing in May resulting in very much increased paid attendance figures. In contrast, 2 of the 3 days racing in August were wet including, again, the new evening fixture and this affected the August attendance.

The company's balance sheet on page 6 shows a satisfactory position, - total funds amounting to £532,923.

Loss, dividends and appropriations

The results for the year are shown in the profit and loss account on page 5. The directors propose payment of a dividend amounting to £185,000 and the loss for the year is to be absorbed by Reserves.

Fixed assets

Changes in fixed assets during the year are set out in Note 6 to the Accounts.

The directors are of the opinion that the market value of the company's properties is substantially in excess of the net book amount but, in the absence of a recent valuation, the amount of the excess is not quantified.

Directors

The directors who served during the year and their beneficial and family interests in the issued share capital, as recorded in the Register of Directors' Interests, were as follows:-

	1997	1996
Lt-Col. D H S Pain	1	1
Col. T H H Hodgson	1	1
Lord Cavendish	1	1
Lt-General Sir Rollo Pain	1	1
Mr D C Wallace	1	1
Mr H J B Fitzgerald	1	1
Lt-Col. N H Carding	1	1

continued

CARTMEL STEEPLECHASES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 1997
(continued)

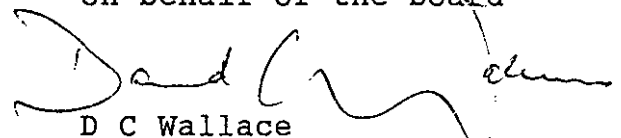
Charitable and political donations

Payments of a charitable nature made during the year amounted to £16,828.
No political donations were made.

Auditors

As Messrs J F Dobson & Co are merging with Messrs R F Miller & Co in April, 1998 they are not seeking re-appointment. Their successors, however have agreed to be appointed auditors of the company in their place.

On behalf of the board


D C Wallace
Director & Secretary

Bank House
Queen Street
Ulverston
Cumbria

27th March, 1998

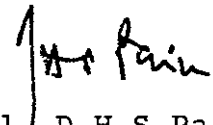
CARTMEL STEEPLECHASES LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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 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. 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.

On behalf of the board



Lt-Col D H S Pain
Chairman

27th March, 1998

Auditors' report to the members of
Cartmel Steeplechases Ltd

We have audited the financial statements on pages 5 and 6 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

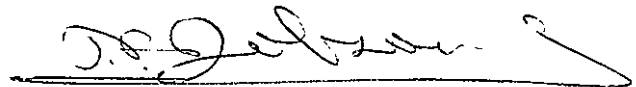
Basis of opinion

We conducted our audit in accordance with 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 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 error or other irregularity. 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 31st December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



J F Dobson & Co
Registered Auditors
Chartered Accountants
Bank House
Queen Street
Ulverston
Cumbria

27th March, 1998

CARTMEL STEEPLECHASES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1997

	Notes	1997 £	1996 £
Turnover	1	283,661	241,204
Less			
Direct costs		(189,949)	(182,862)
GROSS PROFIT		93,712	58,342
Other operating income		80,069	79,011
		173,781	137,353
Less	2		
Administrative expenses		129,382	101,027
Auditor's total fees		3,000	3,000
Depreciation		15,274	13,657
		147,656	117,684
Operating profit		26,125	19,669
Add			
Investment income	3	21,074	16,884
Profit on ordinary activities before taxation		47,199	36,553
Less			
Taxation	4	15,351	10,833
Profit on ordinary activities after taxation		31,848	25,720
Movements in Reserves			
Transfer from HBLB Grant account		7,396	6,040
Transfer to HBLB Grant reserve	5	(7,396)	(6,040)
		-	-
RETAINED PROFIT FOR THE YEAR		31,848	25,720
Less			
Dividends		185,000	-
Retained profit/(loss) for the year		(153,152)	25,720
Add Balance brought forward		357,475	331,755
Balance carried forward		204,323	357,475

Movements in reserves are shown in the notes to the financial statements.

None of the company's activities were acquired or discontinued during the above two financial years.

CARTMEL STEEPLECHASES LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1997

	Notes	1997 £	1996 £
Fixed assets			
Tangible assets	6	366,912	333,421
Investments	7	12	12
		<u>366,924</u>	<u>333,433</u>
Current assets			
Stocks		2,045	4,287
Debtors	8	55,818	2,985
Investments	9	416,796	353,615
Cash at bank and in hand		19,771	12,675
		<u>494,430</u>	<u>373,562</u>
Creditors: amounts falling due within one year	10	(299,606)	(51,528)
Net current assets		<u>194,824</u>	<u>322,034</u>
Total assets less current liabilities		<u>561,748</u>	<u>655,467</u>
Creditors: amounts falling due after more than one year	11	(24,000)	-
Provision for liabilities and charges	12 & 13	(4,825)	(4,437)
		<u>532,923</u>	<u>651,030</u>
H.B.L.B. Grant Account			
Balance brought forward		110,846	97,874
Add Grants received this year		35,045	19,012
		<u>145,891</u>	<u>116,886</u>
Transfer to Profit & Loss account		(7,396)	(6,040)
Balance carried forward		138,495	110,846
Capital and reserves			
Called up share capital	14	7	7
Capital Reserve		8,328	8,328
H.B.L.B. Grant Reserve	5	181,770	174,374
Profit and loss account		204,323	357,475
		<u>394,428</u>	<u>540,184</u>
		<u>532,923</u>	<u>651,030</u>

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

The financial statements on pages 5 and 6 were approved by the board of directors on 27th March, 1998 and signed on its behalf by:

D H S Pain

.....
Lt-Col. D H S Pain - Chairman

CARTMEL STEEPLECHASES LIMITED**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997**

1 Accounting policies**Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it qualifies as a small company under the Companies Act 1985.

Turnover

Turnover represents the amount derived entirely from the company's activities after deduction of trade discounts and value added tax.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Freehold buildings	1% on reducing balances
Leasehold land and buildings	5% on reducing balances
Plant & equipment	10% on reducing balances

Stocks

Stocks are valued at cost.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Capital Grants

Capital grants are received from the Horserace Betting Levy Board 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 20 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.

CARTMEL STEEPLECHASES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997

	1997		1996	
	£	£	£	£
2 Directors and employees				
Staff costs including directors' emoluments				
Wages and salaries		75,065		72,631
Social security costs		1,896		1,115
		<u>76,961</u>		<u>73,746</u>
Directors				
Emoluments		<u>13,400</u>		<u>13,400</u>
3 Investment etc., income				
Other Operating Income				
RCA re other agency agreements	68,003		70,566	
Rents receiveable	<u>12,066</u>		<u>8,445</u>	
		80,069		79,011
Investment Income				
R.C.A. dividends S.I.S.	5,581		4,915	
Other franked investment income	6,091		6,443	
Other investment income	140		280	
Surplus/(loss) on investment sale	(1,158)		(1,501)	
Bank deposit interest	<u>10,420</u>		<u>6,747</u>	
		21,074		16,884
		<u>101,143</u>		<u>95,895</u>
4 Taxation				
Corporation tax on profit on ordinary activities at 21.75% (1996 - 23.25%)		12,629		6,921
Irrecoverable ACT on dividends		2,334		2,266
Deferred tax		<u>388</u>		<u>1,646</u>
		15,351		10,833
5 H.B.L.B. Grant Reserve				
Opening balance		174,374		168,334
Transfer from Profit & Loss account		<u>7,396</u>		<u>6,040</u>
Closing balance		<u>181,770</u>		<u>174,374</u>

CARTMEL STEEPLECHASES LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997

6 Tangible fixed assets

	Plant & Machinery £	Freehold Property £	Short Leasehold Property £	Assets under Constructn £	Total £
Cost or valuation					
1st January 1997	77,273	121,044	243,265	545	442,127
Additions	2,398	-	2,206	44,161	48,765
Inter-category transfers	-	-	44,706	(44,706)	-
31st December 1997	79,671	121,044	290,177	-	490,892
Depreciation					
1st January 1997	22,684	5,707	80,315	-	108,706
Charge for year	5,582	1,153	8,539	-	15,274
31st December 1997	28,266	6,860	88,854	-	123,980
Net book amount					
31st December 1997	51,405	114,184	201,323	-	366,912
1st January 1997	54,589	115,337	162,950	545	333,421

7 Fixed asset investments

	1997 £
Cost	
1st January 1997	12
Additions	-
Disposals	-
31st December 1997	12
Net book amount	
31st December 1997	12
1st January 1997	12

8 Debtors - amounts falling due within one year

	1997 £	1996 £
Trade debtors	2,187	-
Other debtors	20,114	2,301
Prepayments and accrued income	886	684
Corporation tax	29,969	-
VAT	2,662	-
	55,818	2,985

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997

	1997 £	1996 £		
9 Current asset investments				
Bank Deposit accounts	261,466	200,815		
Other investments	155,330	152,800		
	<u>416,796</u>	<u>353,615</u>		
At 31st December the market value of 'Other Investments' shown above at cost was	<u>237,255</u>	<u>192,545</u>		
10 Creditors - amounts falling due within one year				
Trade creditors	12,976	12,903		
H.B.L.B. loan repayments	6,000	-		
Advance Corporation Tax	46,250	-		
Corporation tax	-	6,852		
Other taxation and social security	12,592	13,878		
Dividend	185,000	-		
Accruals and deferred income	36,788	17,895		
	<u>299,606</u>	<u>51,528</u>		
11 Creditors - amounts falling due after one year				
Loan from H.B.L.B.	<u>24,000</u>	<u>-</u>		
Maturity of debt				
In one year or less, or on demand				
- see note 10	6,000	-		
Between one and two years	6,000	-		
Between two and five years	18,000	-		
	<u>30,000</u>	<u>-</u>		
12 Provision for liabilities and charges				
	1996 £	Profit and loss account £	Other movements £	1997 £
Deferred taxation - note 13	<u>(4,437)</u>	<u>(388)</u>	<u>-</u>	<u>(4,825)</u>
13 Deferred taxation				
	Potential liability £	1997 Provision made £	Potential liability £	1996 Provision made £
Corporation tax deferred by Deferred Tax Reserve	<u>4,825</u>	<u>4,825</u>	<u>4,437</u>	<u>4,437</u>

The potential liability and provision are based on a corporation tax rate of 21.75% (1996 - 23.25%).

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997

14 Called up share capital

	1997		1996	
	Number of shares	£	Number of shares	£
Authorised Ordinary shares	1,000	1,000	1,000	1,000
Allotted called up and fully paid Ordinary shares	7	7	7	7