

INTERCAPITAL GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS
31 March 1997

Company Number 2011009



INTERCAPITAL GROUP LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M A SPENCER
D M GELBER
G CONWAY-HENDERSON
R LEES
P NEWMAN
P O'TOOLE
S H J MANSELL
D CASTERTON
D KELLY
R MANNELL

CHAIRMAN
MANAGING DIRECTOR

FINANCE DIRECTOR
(Appointed 30 September 1996)
(Appointed 4 March 1997)
(Resigned 5 December 1996)

SECRETARY

S H J MANSELL

REGISTERED OFFICE

PARK HOUSE
16 FINSBURY CIRCUS
LONDON
EC2M 7DJ

BANKERS

BARCLAYS BANK PLC
ATLAS HOUSE
1-7 KING STREET
LONDON
EC2V 8AU

AUDITORS

MOORES ROWLAND
CLIFFORD'S INN
FETTER LANE
LONDON EC4A 1AS

INTERCAPITAL GROUP LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and financial statements for the year ended 31 March 1997.

PRINCIPAL ACTIVITY

The business of the Company and its subsidiaries is the broking of international capital market instruments and the provision of other financial based services.

REVIEW OF BUSINESS

Turnover has again risen this year by 11%, but due to increased operating costs, profits at the operating level have fallen by 12%.

The Board of Directors look forward to similar levels of activity in the coming year.

DIVIDENDS

The directors recommend a final dividend of £0.756 million making the total dividend for the year £2.22 million (1996- £ 1.68 million).

DONATIONS

During the year the Group made charitable donations of £505,278 (1996 - £477,212) as a result of its annual Charity Day.

DIRECTORS AND THEIR INTERESTS

The directors' interests in the ordinary shares of the Company at 31 March 1997 and 1 April 1996, or date of appointment if later, were:-

	Beneficial Holdings	
	1997	1996
M A Spencer	306,780	306,780
G Conway-Henderson	78,550	78,950
R Lees	25,000	25,000
D Gelber	20,000	20,000
P Newman	14,000	14,000
P O'Toole	11,500	11,500
D Casterton	10,000	1,500
S H J Mansell	7,500	7,500
D Kelly	3,000	3,000
	476,330	468,230

The directors also held the following interests in the ordinary shares of subsidiary companies as at 31 March 1997 and 1 April 1996; P Newman 25,000 shares of Intercapital Commodity Swaps Limited and P O'Toole 19,410 shares of Intercapital Securities Limited, (1996 23,500 shares).

INTERCAPITAL GROUP LIMITED

REPORT OF THE DIRECTORS

The directors who served during the year, and those serving at the year end are set out on page 1.

The following Directors had related party loans outstanding at 31 March 1997 :-

	Maximum outstanding during the year	1997	1996
	£'000	£'000	£'000
M A Spencer	835	835	695
G Conway-Henderson	695	505	695
P Newman	223	223	209
S H J Mansell	20	18	20

In addition, the following Directors had loans with the Intercapital Group Limited Employee Benefit Trust outstanding at 31 March 1997:-

	1997	1996
	£'000	£'000
M A Spencer	825	898
G Conway-Henderson	198	224
R Lees	132	150
D Gelber	250	271
P Newman	113	125
P O'Toole	144	156
S Mansell	138	156
D Casterton	288	-
D Kelly	87	97

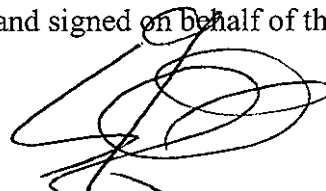
Interest is charged at a market rate on all loans.

AUDITORS

Moore Rowland have expressed their willingness to continue in office as auditors and a resolution for their reappointment will be presented at the forthcoming Annual General Meeting.

Park House
16 Finsbury Circus
LONDON EC2M 7DJ
15 December, 1997

By order of the Board of Directors
and signed on behalf of the Board



S.H.J. MANSELL
Secretary

INTERCAPITAL GROUP 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 the Group at the end of the financial year and of the profit or loss of the Group for that year. 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 a going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INTERCAPITAL GROUP LIMITED

AUDITORS' REPORT TO THE MEMBERS OF INTERCAPITAL GROUP LIMITED

We have audited the financial statements on pages 6 to 23.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4 the Company's directors are responsible for the preparation of financial statements. It is our responsibility as auditors 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 the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations that 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 and Group's affairs at 31 March 1997 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Clifford's Inn
Fetter Lane
LONDON EC4A 1AS

15 December, 1997

MOORES ROWLAND
Chartered Accountants
& Registered Auditors



INTERCAPITAL GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1997

	Notes	1997 £'000	1996 £'000
TURNOVER			
Continuing operations	1g	68,133	63,011
Acquisitions		153	-
Discontinued operations		2,686	1,171
Total turnover		<u>70,972</u>	<u>64,182</u>
OPERATING EXPENSES			
Continuing operations		(55,678)	(48,771)
Acquisitions		(383)	-
Discontinued operations		(3,122)	(1,981)
OPERATING PROFIT	3	<u> </u>	<u> </u>
Continuing operations		12,455	14,240
Acquisitions		(230)	-
Discontinued operations		(436)	(810)
		<u>11,789</u>	<u>13,430</u>
Interest receivable and similar income	4	2,399	2,198
Interest payable	5	(805)	(995)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>13,383</u>	<u>14,633</u>
Tax on profit on ordinary activities	6	(5,942)	(6,141)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>7,441</u>	<u>8,492</u>
Minority interests		(1,366)	(1,559)
GROUP PROFIT FOR THE FINANCIAL YEAR		<u>6,075</u>	<u>6,933</u>
Dividends	7	(2,218)	(1,680)
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>3,857</u>	<u>5,253</u>

INTERCAPITAL GROUP LIMITED

STATEMENT OF MOVEMENTS ON RESERVES FOR THE YEAR ENDED 31 MARCH 1997

	Share premium account £'000	Capital redemption reserve £'000	Other reserves £'000	Foreign exchange translation £'000	Profit and loss account £'000	Total £'000
GROUP						
Balance at 1 April 1996	90	3	705	(28)	27,376	28,146
Profit retained for the year	-	-	-	-	3,857	3,857
Reserves written back on disposal of subsidiaries	-	-	(111)	-	-	(111)
Capital reserve arising on acquisitions of shares in subsidiaries	-	-	243	-	-	243
Foreign exchange translation differences	-	-	-	(191)	-	(191)
Goodwill reinstated on disposal of subsidiaries	-	-	-	-	192	192
Balance at 31 March 1997	<u>90</u>	<u>3</u>	<u>837</u>	<u>(219)</u>	<u>31,425</u>	<u>32,136</u>
COMPANY						
Balance at 1 April 1996	90	3	-	-	11,440	11,533
Loss retained for the year	-	-	-	-	(3,453)	(3,453)
Balance at 31 March 1997	<u>90</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>7,987</u>	<u>8,080</u>

At the year end, cumulative goodwill of £273,000 had been written off against reserves.


INTERCAPITAL GROUP LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 1997

	Notes	£'000	1997 £'000	1996 £'000
FIXED ASSETS				
Tangible assets	9	4,344		3,077
Intangible assets	10	390		585
Investments	11	4,443		4,482
			9,177	8,144
CURRENT ASSETS				
Debtors	12	106,749		93,273
Investments	13	6,884		8,416
Cash at bank and in hand		19,970		22,430
		133,603		124,119
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR				
	14	(103,660)		(95,954)
NET CURRENT ASSETS			29,943	28,165
TOTAL ASSETS LESS CURRENT LIABILITIES			39,120	36,309
MINORITY INTERESTS			(6,248)	(7,427)
TOTAL NET ASSETS			32,872	28,882
CAPITAL AND RESERVES				
Called up share capital	15		736	736
Share premium account		90		90
Capital redemption reserve		3		3
Other reserves		837		705
Profit and loss account		31,206		27,348
			32,136	28,146
SHAREHOLDERS' FUNDS			32,872	28,882

**THE FINANCIAL STATEMENTS WERE APPROVED
BY THE BOARD OF DIRECTORS ON 15 DECEMBER, 1997**

Signed on behalf of the Board of Directors

M.A. SPENCER

D.M. GELBER

INTERCAPITAL GROUP LIMITED

COMPANY BALANCE SHEET AS AT 31 MARCH 1997

	Notes	£'000	1997 £'000	1996 £'000
FIXED ASSETS				
Tangible assets	9	51	-	
Investments	11	9,000	8,474	
			<hr/>	
			9,051	8,474
CURRENT ASSETS				
Debtors	12	13,657	12,800	
Investments	13	2,986	3,000	
Cash at bank and in hand		370	425	
		<hr/>	<hr/>	
		17,013	16,225	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR				
	14	(17,248)	(12,430)	
		<hr/>	<hr/>	
NET CURRENT ASSETS/(LIABILITIES)			(235)	3,795
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/>	<hr/>
			8,816	12,269
CAPITAL AND RESERVES				
Called up share capital	15		736	736
Share premium account		90	90	
Capital redemption reserve		3	3	
Profit and loss account		7,987	11,440	
		<hr/>	<hr/>	
			8,080	11,533
SHAREHOLDERS' FUNDS			<hr/>	<hr/>
			8,816	12,269
			<hr/>	<hr/>

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Signed on behalf of the Board of Directors


M.A. SPENCER


D.M. GELBER

INTERCAPITAL GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1997

		1997 £000	1996 £000
	Notes		
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Operating profit		11,789	13,430
Depreciation		1,982	2,220
(Increase)/decrease in debtors		(14,118)	772
Increase/(decrease) in creditors		7,369	(3,872)
Loss on sale of tangible fixed assets		75	16
Loss on sale of investment		685	37
		<hr/>	<hr/>
Net cash inflow from operating activities		7,782	12,603
		<hr/>	<hr/>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		7,782	12,603
Return on investments and servicing of finance	16	881	660
Taxation		(6,009)	(4,768)
Capital expenditure	16	(2,192)	(4,715)
		<hr/>	<hr/>
		462	3,780
Equity dividends paid		(1,873)	(1,700)
		<hr/>	<hr/>
		(1,411)	2,080
Management of liquid resources	16	1,147	(3,042)
Financing	16	360	394
		<hr/>	<hr/>
Increase/(decrease) in cash		96	(568)
		<hr/>	<hr/>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase/(decrease) in cash for the year		96	(568)
Cash flow from (decrease)/increase in liquid resources		(1,147)	3,042
Effect of foreign exchange differences		(840)	656
		<hr/>	<hr/>
Change in net funds		(1,891)	3,130
Net funds at 1 April		22,050	18,920
		<hr/>	<hr/>
Net funds at 31 March		20,159	22,050
		<hr/>	<hr/>

INTERCAPITAL GROUP LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF RECOGNISED GAINS AND LOSSES

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Year ended 31 March 1997	1997 £'000	1996 £'000
Profit for the financial year	6,075	6,933
Dividends	(2,218)	(1,680)
	<u>3,857</u>	<u>5,253</u>
Other recognised gains and losses relating to the financial year	(191)	125
Reserves written back on disposal of subsidiaries	(111)	-
Goodwill	192	(259)
Capital reserve arising on acquisition of subsidiaries	243	-
Net addition to shareholders' funds	<u>3,990</u>	<u>5,119</u>
Opening shareholders' funds	28,882	23,763
Closing shareholders' funds	<u><u>32,872</u></u>	<u><u>28,882</u></u>

STATEMENT OF RECOGNISED GAINS AND LOSSES

Year ended 31 March 1997	1997 £'000	1996 £'000
Profit for the financial year	6,075	6,933
Foreign exchange translation differences	(191)	125
Total recognised gains and losses relating to the year	<u><u>5,884</u></u>	<u><u>7,058</u></u>

INTERCAPITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997

1. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with applicable accounting standards. The principal accounting policies which the directors have adopted are set out below.

- a) **Accounting Convention** - The financial statements are prepared under the historical cost convention.
- b) **Basis of Consolidation** - The group financial statements consolidate the financial statements of the company and all subsidiaries for the financial year ended 31 March 1997 and also include the financial statements of The Intercapital Group Limited Employee Benefit Trust. Overseas subsidiaries are consolidated using the closing rate method. Foreign exchange differences arising on consolidation are taken to reserves.
- c) **Foreign Exchange** - Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Income earned or expenses incurred in foreign currencies are translated at the rates ruling at the time of the transaction. Profits and losses on translation are taken to the profit and loss account.
- d) **Pension Costs** - The Group operates defined contribution, externally funded pension schemes. Contributions are charged against profits as they fall due.
- e) **Fixed Assets and Depreciation** - Depreciation is calculated as follows:-

Short leasehold, motor cars, office equipment and furniture - to write off their cost by equal annual instalments over their estimated useful lives which are considered to be between two and five years.
- f) **Deferred Taxation** is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.
- g) **Turnover** relates to commission on capital markets transactions, market making services, sales of software, recruitment fees and subscriptions. It is recognised in the financial statements when invoiced. In the spread index bookmaking subsidiaries, open bets are included in the financial statements at market value in order to give a true and fair view of the results for the year.
- h) **Segmental Information** - No analysis of turnover between geographical and business segments is given as in the opinion of the directors this would be seriously prejudicial to the interests of the Group.
- i) **Current Asset Investments** - Investments are stated at the lower of cost or net realisable value except for listed investments which are stated at market value.

INTERCAPITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997

1. ACCOUNTING POLICIES (Continued)

- j) **Goodwill** arising from the acquisition of subsidiaries is written off against reserves in the year of acquisition in the case of subsidiaries engaged in the Group's core activities. Goodwill relating to the acquisition of subsidiaries engaged in other activities is capitalised on consolidation and amortised over the shorter of its useful economic life or five years.
- k) **Leases** - Amounts payable under operating leases are charged to the profit and loss account as they are incurred.

INTERCAPITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997

2. DIRECTORS AND EMPLOYEES	1997	1996
	£'000	£'000
Directors:-		
Aggregate emoluments	1,858	1,677
Company pension emoluments	67	49
	<u>1,925</u>	<u>1,726</u>
Highest paid director:-		
Aggregate emoluments	484	268
Company pension scheme	6	6
	<u>490</u>	<u>274</u>
All directors have benefits accruing under pension schemes.		
Employees	Number of Employees	
	1997	1996
The average number of employees employed by the Group was:	336	290
	<u>336</u>	<u>290</u>
Staff Costs	1997	1996
	£'000	£'000
Wages and salaries	30,197	22,857
Social security costs	2,319	1,854
Pension costs	696	490
Other costs	4,049	2,642
	<u>37,261</u>	<u>27,843</u>
3. OPERATING PROFIT	1997	1996
	£'000	£'000
Operating profit is stated after charging:-		
Goodwill amortisation	195	195
Auditors' remuneration :-		
Audit fees	136	146
Other services	350	118
Depreciation	1,982	2,220
	<u>2,523</u>	<u>2,539</u>

INTERCAPITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997

4. INTEREST RECEIVABLE AND SIMILAR INCOME	1997	1996
	£'000	£'000
Bank interest	1,266	1,654
Profit on sale of investments and foreign exchange transactions	698	544
Other interest	435	-
	<u>2,399</u>	<u>2,198</u>
5. INTEREST PAYABLE	1997	1996
	£'000	£'000
Bank interest	805	988
Hire purchase interest	-	7
	<u>805</u>	<u>995</u>
6. TAX ON PROFIT ON ORDINARY ACTIVITIES	1997	1996
	£'000	£'000
UK taxation is based on profit for the year at a rate equivalent to 33% (1996-33%):-		
Corporation tax on taxable profit for the year	6,798	5,053
Adjustment in respect of prior year	(19)	153
Overseas tax	(837)	935
	<u>5,942</u>	<u>6,141</u>
7. DIVIDENDS	1997	1996
	£'000	£'000
Interim paid - £2.50 per ordinary share [1996 £1.00]	1,462	563
Proposed dividend £1.25 per ordinary share [1996 £2.00]	756	1,117
	<u>2,218</u>	<u>1,680</u>
8. PROFIT ATTRIBUTABLE TO PARENT COMPANY		

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year amounted to £3.453 million (1996 £0.02 million loss).

INTERCAPITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997

9. TANGIBLE FIXED ASSETS

GROUP	Short Leasehold £'000	Office Furniture & Equipment £'000	Motor Cars £'000	Total £'000
Cost				
At 1 April 1996	190	7,242	856	8,288
Additions	122	3,332	103	3,557
Disposals	(139)	(246)	(56)	(441)
Translation adjustments	(3)	(169)	(51)	(223)
At 31 March 1997	170	10,159	852	11,181
Depreciation				
At 1 April 1996	108	4,895	208	5,211
Provided in the year	30	1,826	126	1,982
Disposals	(61)	(148)	(10)	(219)
Translation adjustments	(2)	(119)	(16)	(137)
At 31 March 1997	75	6,454	308	6,837
Net book value at 31 March 1997	95	3,705	544	4,344
Net book value at 31 March 1996	82	2,347	648	3,077

COMPANY	Office Furniture & Equipment £'000
Cost	
Additions	46
Transfers in	93
At 31 March 1997	139
Depreciation	
Provided in the year	82
Transfers in	6
At 31 March 1997	88
Net book value at 31 March 1997	51

INTERCAPITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997

10. INTANGIBLE ASSETS	£'000
Goodwill on consolidation:-	
At 31 March 1997 and 31 March 1996	975
Amortisation at 31 March 1996	390
Charge for the year	195
Amortisation at 31 March 1997	585
Net book value at 31 March 1997	390
Net book value at 31 March 1996	585

11. FIXED ASSET INVESTMENTS

As referred to in note 1 the financial statements of the Employee Trust have been incorporated in the consolidated financial statements in accordance with UITF 13. This has been done because, although the Employee Trust is controlled by independent trustees and its assets are held separately from those of the Group, in practice the Group's advice as to how the assets are used for the benefit of employees is generally accepted.

Contributions to the Employee Trust are determined by the board from time to time. The contributions made in respect of the current year were £0.192 m (1996 - £1.019 m).

At 31 March 1997 the assets of the Employee Trust amounted to £1.428 m (1996 - £1.127 m). These assets include 129,605 ordinary shares in the Company carried at cost. Other assets were primarily receivables from employees in connection with the purchase of shares in the Company and its liabilities were deferred consideration on the purchase of shares and bank borrowings. All dividends have been waived. The Employee Trust bears its own administration and financing costs.

GROUP	Own Shares £'000	Associated Undertakings £'000	Other £'000	Total £'000
At 1 April 1996	4,164	73	245	4,482
Additions	1,417	252	95	1,764
Disposals	(1,741)	(73)	-	(1,814)
Share of post acquisition profits	-	11	-	11
At 31 March 1997	3,840	263	340	4,443

The associated undertakings balance relates to a 22.2% interest in the ordinary shares of Sheffield Haworth Limited.

INTERCAPITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997

11. FIXED ASSET INVESTMENTS (Continued)

COMPANY	Shares in Subsidiaries £'000	Loans to Subsidiaries £'000	Total £'000
Cost			
At 1 April 1996	8,733	500	9,233
Additions	359	793	1,152
Disposals	(460)	-	(460)
At 31 March 1997	<u>8,632</u>	<u>1,293</u>	<u>9,925</u>
Provision			
At 1 April 1996	759	-	759
Provided in the year	166	-	166
At 31 March 1997	<u>925</u>	<u>-</u>	<u>925</u>
Net book value at 31 March 1997	<u>7,707</u>	<u>1,293</u>	<u>9,000</u>
Net book value at 31 March 1996	<u>7,974</u>	<u>500</u>	<u>8,474</u>

Subordinated loans were advanced to subsidiary undertakings and are repayable on demand, subject to the rules of the Securities and Futures Authority.

INTERCAPITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997

12. DEBTORS	GROUP		COMPANY	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Trade debtors	91,097	81,757	-	-
Other debtors	5,868	8,839	2,575	2,925
Amounts owed by group undertakings	-	-	5,182	7,249
Dividends receivable	-	-	1,697	1,750
Prepayments	7,718	1,315	2,918	368
Corporation tax	1,822	1,040	1,285	508
ACT recoverable after more than one year	244	322	-	-
	<u>106,749</u>	<u>93,273</u>	<u>13,657</u>	<u>12,800</u>

13. INVESTMENTS HELD AS CURRENT ASSETS	GROUP		COMPANY	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Listed investments	316	1,964	316	-
Other short term investments	6,568	6,452	2,670	3,000
	<u>6,884</u>	<u>8,416</u>	<u>2,986</u>	<u>3,000</u>

The Group's bankers hold a charge over £2,670,000 (1996 - £3,000,000) of the certificates of deposit in respect of borrowing facilities provided to The Intercapital Group Limited Employee Benefit Trust.

14. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	GROUP		COMPANY	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Bank overdrafts	6,695	8,796	1,273	3,223
Trade creditors	78,976	70,421	-	-
Other creditors	1,534	2,264	168	20
Corporation tax	5,757	5,562	-	-
Other tax and social security	1,877	451	1,382	4
Accruals and deferred income	7,790	6,725	43	87
Proposed dividends	756	1,413	756	1,117
ACT payable	275	322	-	-
Amounts owed to group undertakings	-	-	13,626	7,979
	<u>103,660</u>	<u>95,954</u>	<u>17,248</u>	<u>12,430</u>

INTERCAPITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997

15. CALLED UP SHARE CAPITAL	1997	1996
	£'000	£'000
Authorised		
1,000,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
Allotted and fully paid		
736,000 ordinary shares of £1 each	736	736
	<hr/>	<hr/>
16. GROSS CASH FLOWS	1997	1996
	£'000	£'000
Returns on investments and servicing of finance		
Interest received	1,675	1,655
Interest paid	(794)	(995)
	<hr/>	<hr/>
	881	660
	<hr/>	<hr/>
Capital expenditure		
Payments to acquire tangible fixed assets	(3,557)	(1,785)
Receipts from sales of tangible fixed assets	148	51
Payment to acquire investments	(1,417)	(5,065)
Receipts from sales of investments	2,184	978
Purchase of subsidiary	-	1,106
Sale of subsidiary	450	-
	<hr/>	<hr/>
	(2,192)	(4,715)
	<hr/>	<hr/>
Management of liquid resources		
Purchase of short term investments	(2,222)	(3,042)
Sale of short term investments	3,369	-
	<hr/>	<hr/>
	1,147	(3,042)
	<hr/>	<hr/>

INTERCAPITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997

16. GROSS CASH FLOWS (Continued)		1997	1996	
		£'000	£'000	
Financing				
Funds introduced by minority		480	561	
Repurchase of shares		(120)	(65)	
Repayment of subordinated loans		-	(102)	
		<hr/> 360	<hr/> 394	
		<hr/>	<hr/>	
17. ANALYSIS OF CHANGES IN NET FUNDS				
	At 1 April 1996 £'000	Cash Flows £'000	Exchange Movements £'000	At 31 March 1997 £'000
Cash at bank	22,430	(2,005)	(455)	19,970
Overdrafts	(8,796)	2,101	-	(6,695)
	<hr/> 13,634	<hr/> 96	<hr/> (455)	<hr/> 13,275
Current asset investment	8,416	(1,147)	(385)	6,884
	<hr/> 22,050	<hr/> (1,051)	<hr/> (840)	<hr/> 20,159
	<hr/>	<hr/>	<hr/>	<hr/>
18. SALE OF SUBSIDIARY UNDERTAKINGS				1997 £'000
Net assets disposed:				
Investments				150
Tangible fixed assets				128
Debtors				362
Cash				1,167
Creditors				(470)
Minority interest				(700)
				<hr/> 637
Retained as an associate interest				(265)
Goodwill reinstated				192
Loss on disposal				(114)
				<hr/> 450
Proceeds				450

INTERCAPITAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997

19. FINANCIAL COMMITMENTS	1997 £'000	1996 £'000
Leasehold property held under operating lease:		
Expiry within 1 year	523	591
Expiry within 2-5 years	2,088	1,904
Expiry after more than 5 years	267	614
	<u>2,878</u>	<u>3,109</u>

20. RELATED PARTIES

During the year the Company purchased 4,090 ordinary shares in Intercapital Securities Limited, a subsidiary undertaking, from P O'Toole, a director, for £100,000.

21. CONTINGENT ASSET

A subsidiary of the group has been involved in protracted legal proceedings. Post the year-end this company was awarded just over £800,000 in damages. This amount is currently subject to appeal.