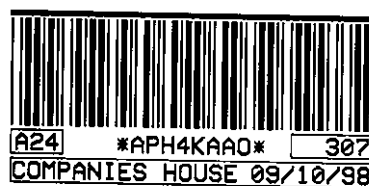


**R.A.M. Racing Leisure Limited**

**Directors' report and consolidated  
financial statements**

31 December 1997  
Registered number 2136244



## **Financial statements**

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## Directors' report

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

### Principal activity

The principal activity of the group was that of racecourse operators.

### Review of the business operations and results

The directors are pleased to report an increase in turnover of 7.5% for the year and are of the opinion that the overall results for the year are satisfactory. The directors do not recommend the payment of a dividend and the profit for the year has been transferred to reserves.

The directors have further considered the value of the tangible fixed assets and the rate of depreciation applied thereto and have concluded that the change in market conditions has been such as to make the adoption of a depreciated 1994 independent valuation upon which the 1996 financial statements were based no longer the most prudent basis upon which the tangible fixed assets should be valued.

The directors have had regard also to the indications of interest which have been shown during the year by others in the industry and in the media and have concluded that both the value and the rate of depreciation of the all-weather track in particular and of the tangible fixed assets in general needs revision.

The revisions which the directors have made and which in their opinion are reasonable and prudent are reflected in the results and explained in the note to the financial statements.

### Directors

The directors who served during the year, and their holdings in the shares of the company, were as follows:

	£1 'B' ordinary shares		£1 'A' ordinary shares	
	1997	1996	1997	1996
RA Muddle	-	-	7,000	7,000
RJ Muddle	-	-	16,501	16,501
Brigadier A Parker Bowles	-	-	-	-
WA Parker	-	-	-	-
GT Lowndes (appointed 1 January 1997)	-	-	-	-

## **Directors' report** *(continued)*

### **Auditors**

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company will be proposed at the forthcoming Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'RA Muddle', written over a horizontal line.

**RA Muddle**  
*Director*

### **Registered Office:**

Dunstall Park  
Gorsebrook Road  
Wolverhampton  
WV6 0PE

25 September 1998

## **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 group and of the profit or loss 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, subject to any material departures disclosed and explained in the financial statements;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ

## **Report of the auditors to the members of R.A.M. Racing Leisure Limited**

We have audited the financial statements on pages 5 to 19.

### **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 the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 affairs of the company and of the group as at 31 December 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.

25 September 1998

*Chartered Accountants  
Registered Auditors*

**Consolidated profit and loss account**  
*for the year ended 31 December 1997*

	<i>Notes</i>	1997 £	1996 £
<b>Turnover</b>	2	5,447,380	5,068,764
Cost of sales		(3,164,957)	(3,174,065)
<b>Gross profit</b>		2,282,423	1,894,699
Administrative expenses - other		(1,640,413)	(1,043,637)
Administrative expenses - exceptional items	3	5,534,474	-
		3,894,061	(1,043,637)
<b>Operating profit</b>		6,176,484	851,062
Income from fixed asset investment	4	57,269	44,730
Interest payable and similar charges	5	(160,303)	(181,649)
<b>Profit on ordinary activities before taxation</b>	6	6,073,450	714,143
Tax on profit on ordinary activities	8	-	-
<b>Profit for the financial year</b>	17	6,073,450	714,143

There were no recognised gains or losses in either the current or preceding years other than those disclosed in the profit and loss account.

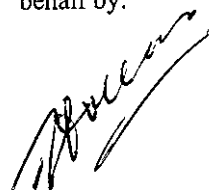
In both the current and preceding years, there was no material difference between the profit reported in the profit and loss account and the profit on an unmodified historical cost basis.

In both the current and preceding years, the company made no material acquisitions and had no discontinued operations.

**Consolidated balance sheet**  
at 31 December 1997

	Notes	£	1997 £	£	1996 £
<b>Fixed assets</b>					
Tangible assets	9		18,888,725		11,504,505
Investments	10		208,424		206,729
			<u>19,097,149</u>		<u>11,711,234</u>
<b>Current assets</b>					
Stocks	11	33,144		25,070	
Debtors	12	582,270		784,232	
Cash at bank and in hand		388,923		346,158	
		<u>1,004,337</u>		<u>1,155,460</u>	
<b>Creditors: amounts falling due within one year</b>	13	(2,056,298)		(2,026,727)	
<b>Net current liabilities</b>			<u>(1,051,961)</u>		<u>(871,267)</u>
<b>Total assets less current liabilities</b>			<u>18,045,188</u>		<u>10,839,967</u>
<b>Creditors: amounts falling due after more than one year</b>	14		<u>(3,267,897)</u>		<u>(3,663,000)</u>
<b>Net assets</b>			<u>14,777,291</u>		<u>7,176,967</u>
<b>Accruals and deferred income</b>	15		8,575,262		7,048,388
<b>Capital and reserves</b>					
Called up share capital	16	35,501		35,501	
Capital redemption reserve	17	66,501		66,501	
Reserve arising on consolidation		8,500		8,500	
Profit and loss account	17	6,091,527		18,077	
<b>Attributable to:</b>					
Equity shareholders' funds	18		<u>6,202,029</u>		<u>128,579</u>
<b>Shareholders' funds</b>			<u>14,777,291</u>		<u>7,176,967</u>

These financial statements were approved by the board of directors on 25 September 1998 and were signed on its behalf by:

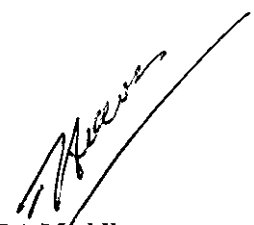
  
RA Muddle  
Director



**Company balance sheet**  
*at 31 December 1997*

	Notes	£	1997 £	£	1996 £
<b>Fixed assets</b>					
Investments	10		150,042		150,042
<b>Current assets</b>					
Debtors	12	2,604,156		2,604,177	
<b>Creditors: amounts falling due within one year</b>	13	(178,054)		(178,054)	
<b>Net current assets</b>			<u>2,426,102</u>		<u>2,426,123</u>
<b>Net assets</b>			<u>2,576,144</u>		<u>2,576,165</u>
<b>Capital and reserves</b>					
Called up share capital	16		35,501		35,501
Capital redemption reserve	17		66,501		66,501
Profit and loss account	17		<u>2,474,142</u>		<u>2,474,163</u>
<b>Equity shareholders' funds</b>	18		<u>2,576,144</u>		<u>2,576,165</u>

These financial statements were approved by the board of directors on 25 September 1998 and were signed on its behalf by:

  
**RA Muddle**  
*Director*

**Consolidated cash flow statement**  
*for the year ended 31 December 1997*

	<i>Notes</i>	1997 £	1996 £
Cash flow from operating activities	19	1,037,428	573,319
Returns on investments and servicing of finance	21	(103,398)	(131,667)
Taxation		(3,405)	(4,224)
Capital expenditure and financial investment	21	(766,633)	(356,520)
Cash inflow before use of liquid resources and financing		<u>163,992</u>	<u>80,908</u>
Management of liquid resources	21	(1,695)	2,400
Financing	21	(122,603)	(350,324)
Increase/(decrease) in cash	20	<u><u>39,694</u></u>	<u><u>(267,016)</u></u>

**Reconciliation of net cash flow to movement in net debt**

	£
<b>Increase in cash in the year</b>	39,694
Cash outflow from decrease in debt financing	366,307
Cash outflow from increase in liquid resources	(1,695)
New finance leases	(7,549)
	<u>396,757</u>
Movement in net debt in the year	(4,554,118)
Net debt at 1 January 1997	<u>(4,157,361)</u>
Net debt at 31 December 1997	<u><u>(4,157,361)</u></u>

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the group's financial statements.

#### ***Basis of accounting***

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

#### ***Basis of consolidation***

The group financial statements comprise the financial statements of R.A.M. Racing Leisure Limited and all of its subsidiaries which are listed in note 10 of the financial statements. The financial statements of all subsidiaries are made up to 31 December 1997. Consolidated goodwill is written off against reserves.

In accordance with section 230 of the Companies Act 1985 the company has not prepared a separate profit and loss account.

#### ***Turnover***

Turnover represents the amounts received by the group in the ordinary course of business, net of value added tax, for goods and services provided during the year outside the group.

#### ***Tangible fixed assets***

The rates of depreciation on freehold buildings, the all weather track, flood lights and equipment have been changed during the year as indicated below. This has been done to provide a fairer reflection of the useful economic lives of those assets. The effect of this change is shown in note 3.

No depreciation is provided on freehold properties. It is the company's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time. Accordingly, the directors consider that the lives and residual values, based on prices prevailing at the time of the acquisition or subsequent valuation, of these assets are such that any depreciation would be insignificant.

Depreciation is provided by the company to write off the cost of tangible fixed assets over their estimated useful lives as follows:

	<b>Current rate</b>	<b>Previous rate</b>
Freehold buildings	- nil	equally over forty years
All weather track	- equally over twenty years on cost	equally over seven years
Flood lights	- equally over fifteen years on cost	equally over ten years
Plant and equipment	- 10% on cost	15% on a reducing balance basis
Hotel fixtures	- 25% on cost (included within equipment and motor vehicles in note 9)	Unchanged
Motor vehicles	- 25% on cost	Unchanged

No depreciation is provided on freehold land (unchanged from previous year).

## Notes (continued)

### 1 Accounting policies (continued)

#### *Deferred taxation*

Deferred tax is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

#### *Grants*

Capital based grants are included within capital grants in the balance sheet and credited to trading profit over the estimated useful economic lives of the assets to which they relate.

#### *Goodwill*

Purchased goodwill is written off at the date of acquisition.

#### *Leases*

Assets financed by leasing arrangements which give rights and obligations that approximate to ownership are capitalised and depreciated over the shorter of the useful life or the lease term. The capital element of future lease payments is treated as a liability and the interest element is charged to the profit and loss account in proportion to the capital outstanding. Rentals paid under operating leases are charged to the profit and loss account as incurred.

### 2 Segmental information

The group's turnover arises from continuing operations, wholly in the United Kingdom and are analysed as follows:

	1997 £	1996 £
Racecourse operations	4,919,212	4,486,672
Other operations	478,168	532,092
Property investment	50,000	50,000
	<u>5,447,380</u>	<u>5,068,764</u>

### 3 Exceptional items

#### *Revaluation*

In 1994 the directors made provisions against the carrying value of fixed assets to reflect conditions which, at the time, were reasonably anticipated to give rise to a permanent diminution in asset values.

During the year the directors have re-appraised the carrying value of certain fixed assets in the light of current economic conditions. To the extent that any increase in value reflects an amount written off to the profit and loss account in 1994 that amount has been credited to profit and loss in the current year. The amount credited to the profit and loss account in the current year is £5,536,267 (see below).

## Notes (continued)

### 3 Exceptional items (continued)

#### Change in depreciation rates

The depreciation methods and expected useful lives of certain assets were re-assessed during the year. It is considered that a material distortion would affect future results if this change was effected by writing down the present balances over the remaining useful lives. Therefore, under the provisions of SSAP 12, depreciation has been recalculated from the dates of acquisition of the assets and the total change credited to the profit and loss account as an exceptional item. The amortisation of grants associated with these assets has also been amended accordingly. The result is therefore:

	1997 £	1996 £
Revaluation	5,536,267	-
Effect on depreciation due to the above	1,737,178	-
Effect on amortisation of grants due to the above	(1,738,971)	-
	<u>5,534,474</u>	<u>-</u>

### 4 Income from fixed asset investments

	£	£
Dividends receivable	57,269	44,730
	<u>57,269</u>	<u>44,730</u>

### 5 Interest payable and similar charges

	1997 £	1996 £
On bank loans and overdrafts	160,303	181,649
	<u>160,303</u>	<u>181,649</u>

### 6 Profit on ordinary activities before taxation

	£	£
<i>Profit on ordinary activities before taxation is stated after charging/(crediting) the following:</i>		
Depreciation of tangible fixed assets	(1,048,051)	749,475
Auditors' remuneration - audit work	14,500	12,000
- non-audit work	250	1,000
Amortisation of capital credits and grants	1,279,640	(776,017)
Profit on disposal of tangible fixed assets	(20,495)	-
	<u>(1,048,051)</u>	<u>749,475</u>

**Notes (continued)**

**7 Staff numbers and costs**

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	1997 Number	1996 Number
Office and management	15	32
Racecourse operation	77	73
Other	56	29
	<u>148</u>	<u>134</u>
	£	£

*The aggregate payroll costs of these persons were as follows:*

Wages and salaries	939,997	686,053
Social security costs	68,350	34,273
	<u>1,008,347</u>	<u>720,326</u>
	£	£

*Directors' emoluments:*

Remuneration	66,420	70,000
Social security costs	4,621	4,081
	<u>71,041</u>	<u>74,081</u>
	£	£

**8 Tax on profit on ordinary activities**

There is no tax charge for the group in either the current or preceding years.

## Notes (continued)

### 9 Tangible fixed assets

Group	All weather tracks £	Freehold land and buildings £	Flood- lights £	Equipment and motor vehicles £	Total £
<i>Cost or valuation:</i>					
At 1 January 1997	848,880	8,916,728	578,870	3,203,412	13,547,890
Additions	-	612,637	-	199,888	812,525
Disposals	-	(5,000)	-	(15,640)	(20,640)
Directors' revaluation	1,079,005	5,250,635	443,857	-	6,773,497
At 31 December 1997	<u>1,927,885</u>	<u>14,775,000</u>	<u>1,022,727</u>	<u>3,387,660</u>	<u>21,113,272</u>
<i>Depreciation:</i>					
At 1 January 1997	316,137	312,441	130,246	1,284,561	2,043,385
Charged/(credited) in year	(467,796)	(816,802)	39,406	197,141	(1,048,051)
Disposals	-	(250)	-	(7,767)	(8,017)
Directors' revaluation	629,544	504,611	103,075	-	1,237,230
At 31 December 1997	<u>477,885</u>	<u>-</u>	<u>272,727</u>	<u>1,473,935</u>	<u>2,224,547</u>
<i>Net book value:</i>					
At 31 December 1997	<u>1,450,000</u>	<u>14,775,000</u>	<u>750,000</u>	<u>1,913,725</u>	<u>18,888,725</u>
At 31 December 1996	<u>532,743</u>	<u>8,604,287</u>	<u>448,624</u>	<u>1,918,851</u>	<u>11,504,505</u>

Freehold land and buildings are not depreciated.

### 10 Investments

Group	1997 £	1996 £
Other investments other than loans:		
Shares held in Satellite Information Services Limited at cost	194,774	194,774
Racehorses at cost	13,650	11,955
	<u>208,424</u>	<u>206,729</u>
Company		£
Shares in group undertakings as at 1 January and 31 December 1997		<u>150,042</u>

Shares in group undertakings comprise entirely of subsidiary undertakings.

## Notes (continued)

### 10 Investments (continued)

The following companies, which are all incorporated in Great Britain and registered in England and Wales, are subsidiaries of R.A.M. Racing Leisure Limited and are included in the consolidated financial statements:

Name of company	Type of share	% held	Nature of shareholding	Activity
RAM Racecourse Limited	Ordinary	100	Direct	Racecourse operator
Dunstall Park Centre Limited	Ordinary	100	Direct	Racecourse operator
Rowanglen Limited	Ordinary	100	Direct	Dormant
Southwell Race Company Limited	Ordinary	100	Direct	Dormant
Design Contractors (Midlands) Limited	Ordinary	100	Direct	Building contractor
Dunstall Park Stables Limited	Ordinary	100	Direct	Horse training

### 11 Stocks

	1997 £	1996 £
Raw materials and consumables	-	4,600
Finished goods and goods for resale	33,144	20,470
	<u>33,144</u>	<u>25,070</u>

### 12 Debtors

	1997		1996	
	Group £	Company £	Group £	Company £
Trade debtors	232,929	-	194,940	-
Amounts owed by group undertakings	-	2,604,156	-	2,604,156
Corporation tax	8,619	-	5,214	-
Other debtors	309,616	-	502,197	21
Prepayments and accrued income	31,106	-	81,881	-
	<u>582,270</u>	<u>2,604,156</u>	<u>784,232</u>	<u>2,604,177</u>



**Notes (continued)**

**13 Creditors: amounts falling due within one year**

	1997		1996	
	Group £	Company £	Group £	Company £
Bank loans and overdraft	866,490	-	863,419	-
Horserace betting levy board loan	406,500	-	367,500	-
Other loans	-	-	3,112	-
Obligations under hire purchase contracts	5,397	-	3,245	-
Trade creditors	403,475	-	339,128	-
Amounts owed to group undertakings	-	178,054	-	178,054
Other taxation and social security costs	28,111	-	21,128	-
Other creditors	346,325	-	429,195	-
	<u>2,056,298</u>	<u>178,054</u>	<u>2,026,727</u>	<u>178,054</u>

**14 Creditors: amounts falling due after more than one year**

Group	1997 £	1996 £
Bank loan	1,510,500	1,760,500
Horserace Betting Levy Board loan	1,752,000	1,902,500
Obligations under hire purchase contracts	5,397	-
	<u>3,267,897</u>	<u>3,663,000</u>
<i>Bank loan:</i>		
The bank loan is repayable in instalments as follows:	£	£
Within two to five years	1,000,000	1,000,000
After five years	510,500	760,500
	<u>1,510,500</u>	<u>1,760,500</u>

The bank overdraft and loan are secured by a fixed charge over the freehold land. The bank loan is to be repaid monthly and the interest applied is 2% above the base rate.

***Horserace Betting Levy Board loan***

The Horserace Betting Levy Board has provided interest free loans to subsidiary undertakings of the group secured on the floating assets of those undertakings. The loans are repayable in equal instalments over ten years. The amount of the loan due after five years is £400,000.

## Notes (continued)

### 15 Accruals and deferred income

	1997 £	1996 £
<b>Capital credits</b>	<b>5,238,514</b>	<b>4,050,590</b>
- Repayable if the property ceases to be used as a racecourse		
<b>Department of Environment grants</b>	<b>2,903,158</b>	<b>2,596,046</b>
- Repayable in certain circumstances		
<b>Sundry capital grant contributions</b>		
Tote	147,133	135,900
Ladbrokes	50,000	46,180
City Challenge	236,457	219,672
- Ladbrokes and City Challenge are refundable in certain circumstances		
- Tote is non-refundable		
	<b>3,336,748</b>	<b>2,997,798</b>
	<b>8,575,262</b>	<b>7,048,388</b>
	£	£
<b>To be amortised</b>		
Within one year	162,163	447,666
Within two to five years	648,652	1,599,601
After more than five years	7,764,447	5,001,121
	<b>8,575,262</b>	<b>7,048,388</b>

### 16 Called up share capital

	1997 £	1996 £
<i>Authorised:</i>		
950,000 'A' ordinary shares of £1 each	950,000	950,000
50,000 'B' ordinary shares of £1 each	50,000	50,000
	<b>1,000,000</b>	<b>1,000,000</b>
	£	£
<i>Allotted, called up and fully paid:</i>		
35,501 'A' ordinary shares of £1 each	35,501	35,501

The 'A' and 'B' ordinary shares ranked pari passu in all respects other than outlined below:

- The 'B' shares had no voting rights other than the class protection rights set out in the Articles of Association.
- In the event of a winding up the capital would be paid up on a pro rata basis with the 'A' ordinary shares. 10% of any surplus would be payable to the 'B' ordinary shareholders.

The 50,000 'B' shares of £1 each were redeemed during 1996.

## Notes (continued)

### 17 Reserves

	Profit and loss		Capital redemption	
	Group	Company	Group	Company
	£	£	£	£
At 1 January 1997	18,077	2,474,163	66,501	66,501
Retained profit/(loss) for the year	6,073,450	(21)	-	-
At 31 December 1997	<u>6,091,527</u>	<u>2,474,142</u>	<u>66,501</u>	<u>66,501</u>

### 18 Reconciliation of movements in equity shareholders funds

	1997		1996	
	Group	Company	Group	Company
	£	£	£	£
Profit for the financial year	6,073,450	(21)	714,143	(38)
Redemption of shares	-	-	(10,000)	(10,000)
Net addition to/(reduction in) shareholders funds	<u>6,073,450</u>	<u>(21)</u>	<u>704,143</u>	<u>(10,038)</u>
Opening shareholders funds	128,579	2,576,165	(575,564)	2,586,203
Closing shareholders funds	<u>6,202,029</u>	<u>2,576,144</u>	<u>128,579</u>	<u>2,576,165</u>

### 19 Reconciliation of operating profit to net cash inflow from operating activities

	1997	1996
	£	£
Operating profit	6,176,484	851,062
Directors' revaluation	(5,536,267)	-
Depreciation (credit)/charge	(1,048,051)	749,475
Profit on sale of fixed assets	(20,495)	(10,500)
Amortisation of capital grants	1,279,640	(776,017)
Increase in stocks	(8,074)	(7,700)
Decrease/(increase) in debtors	205,367	(14,173)
Decrease in creditors	(11,176)	(218,828)
Net cash inflow from operating activities	<u>1,037,428</u>	<u>573,319</u>

**Notes (continued)**

**20 Analysis of changes in net debt**

	At 1 Jan 97 £	Cash flows £	Other changes £	At 31 Dec 97 £
Cash at bank and in hand	346,158	42,765	-	388,923
Bank overdrafts	(613,419)	(3,071)	-	(616,490)
		<u>39,694</u>		
Debts due after one year	(3,663,000)	650,500	(250,000)	(3,262,500)
Debts due within one year	(620,612)	(285,888)	250,000	(656,500)
Finance leases	(3,245)	(10,622)	3,073	(10,794)
		<u>353,990</u>		
<b>Total</b>	<u>(4,554,118)</u>	<u>393,684</u>	<u>3,073</u>	<u>(4,157,361)</u>

**21 Analysis of cash flows for headings netted in the cash flow statement**

	1997 £	1996 £
<b>Returns on investments and servicing of finance</b>		
Dividends received	57,269	44,730
Interest paid	(160,667)	(176,397)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<u>(103,398)</u>	<u>(131,667)</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(799,751)	(363,020)
Sale of tangible fixed assets	33,118	6,500
<b>Net cash outflow for capital expenditure and financial investment</b>	<u>(766,633)</u>	<u>(356,520)</u>
<b>Management of liquid resources</b>		
Sale of investments	10,628	10,000
Purchase of investments	(12,323)	(7,600)
<b>Net cash (outflow)/inflow from management of liquid resources</b>	<u>(1,695)</u>	<u>2,400</u>
<b>Financing</b>		
Redemption of shares	-	(170,000)
Capital grants received	247,234	452,564
New loans	39,000	3,112
Capital element of finance lease rental payments	(5,225)	(7,255)
Repayments of loans	(403,612)	(628,745)
<b>Net cash outflow from financing</b>	<u>(122,603)</u>	<u>(350,324)</u>

**Notes** *(continued)*

**22 Commitments**

There were no capital commitments at 31 December 1997 (1996: £nil).

**23 Contingencies**

The company has guaranteed the borrowings of its subsidiary undertakings.