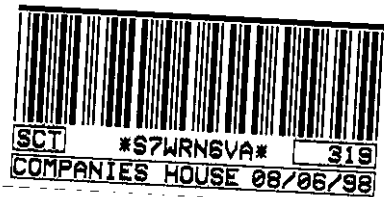


Abbreviated Financial Statements for the Year Ended 31 December 1997

for

Kelso Races Limited



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for the Year Ended 31 December 1997**

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**Company Information
for the Year Ended 31 December 1997**

DIRECTORS:

D M Thomson
Duke of Roxburghe
E S M Collingwood-Cameron
G F Adam
I C Straker
J R Jeffreys
R M Landale

SECRETARY:

R M Landale

REGISTERED OFFICE:

Kelso Racecourse
Berrymoss
Kelso
Roxburghshire

REGISTERED NUMBER:

SC 14994 (Scotland)

AUDITORS:

Douglas Home & Co
Chartered Accountants
& Registered Auditor
47-49 The Square
Kelso
Roxburghshire
TD5 7HW

**Report of the Auditors to
Kelso Races Limited
Under Section 247B of the Companies Act 1985**

We have examined the abbreviated financial statements on pages three to six, together with the full financial statements of the company for the year ended 31 December 1997 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

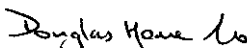
The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated financial statements on pages three to six are properly prepared in accordance with those provisions.


Douglas Home & Co
Chartered Accountants
& Registered Auditor
47-49 The Square
Kelso
Roxburghshire
TD5 7HW

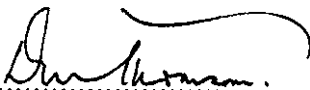
Dated: 5th June 1998

Abbreviated Balance Sheet
31 December 1997

		31.12.97		31.12.96	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	2		537,079		508,778
Investments	3		14		14
			<u>537,093</u>		<u>508,792</u>
CURRENT ASSETS:					
Stocks		834		598	
Debtors		68,326		92,377	
Cash in hand		-		1,660	
		<u>69,160</u>		<u>94,635</u>	
CREDITORS: Amounts falling due within one year	4	180,840		166,888	
NET CURRENT LIABILITIES:			(111,680)		(72,253)
TOTAL ASSETS LESS CURRENT LIABILITIES:			425,413		436,539
CREDITORS: Amounts falling due after more than one year	4		(180,649)		(170,342)
PROVISIONS FOR LIABILITIES AND CHARGES:			(14,400)		(9,401)
			<u>£230,364</u>		<u>£256,796</u>
CAPITAL AND RESERVES:					
Called up share capital	5		1,150		1,150
Other reserves			157,090		157,090
Profit and loss account			72,124		98,556
Shareholders' funds			<u>£230,364</u>		<u>£256,796</u>

These abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


.....
D M Thomson - DIRECTOR

Approved by the Board on 23rd May 1998....

The notes form part of these financial statements

**Notes to the Abbreviated Financial Statements
for the Year Ended 31 December 1997**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents net income from raceday activities, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

New Stand	- 4 % on cost
Other improvements	- Over the remaining life of the lease
Fittings, plant and machinery	- 25 % on reducing balance

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Grants and capital contributions

Capital contributions received from the Horserace Betting Levy Board are capitalised in the balance sheet and amortised over a period specified at the time the grant was made. This amortisation appears in the Profit and Loss account.

**Notes to the Abbreviated Financial Statements
for the Year Ended 31 December 1997**

2. TANGIBLE FIXED ASSETS

	Total
	£
COST:	
At 1 January 1997	710,955
Additions	63,170
Disposals	(14,144)
	<hr/>
At 31 December 1997	759,981
	<hr/>
DEPRECIATION:	
At 1 January 1997	202,178
Charge for year	29,155
Eliminated on disposals	(8,431)
	<hr/>
At 31 December 1997	222,902
	<hr/>
NET BOOK VALUE:	
At 31 December 1997	537,079
	<hr/> <hr/>
At 31 December 1996	508,778
	<hr/> <hr/>

3. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 January 1997	
and 31 December 1997	14
	<hr/>
NET BOOK VALUE:	
At 31 December 1997	£14
	<hr/>
At 31 December 1996	£14
	<hr/>

4. CREDITORS

Creditors include the following debts falling due in more than five years:

	31.12.97 £	31.12.96 £
Repayable by instalments		
HBLB Loan	5,000	10,000
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Abbreviated Financial Statements
for the Year Ended 31 December 1997

5. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	31.12.97 £	31.12.96 £
200	Ordinary Shares	£10	<u>2,000</u>	<u>2,000</u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.97 £	31.12.96 £
115	Ordinary Shares	£10	<u>1,150</u>	<u>1,150</u>