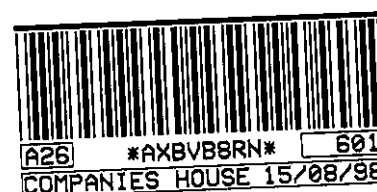


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THE CARLISLE RACECOURSE COMPANY LIMITED

NOTICE OF ANNUAL GENERAL MEETING,
REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 1997

David Coates & Co
Chartered Accountants and Registered Auditors
Hexham



THE CARLISLE RACECOURSE COMPANY LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Nineteenth Annual General Meeting of the Company will be held at the Racecourse, Grandstand, Carlisle at 12.00 noon on Tuesday 30th June 1998 to transact the following business:-

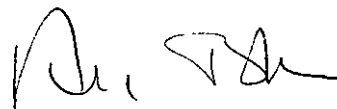
AGENDA

1. To read the minutes of the last Annual General Meeting.
2. To receive and adopt the Directors Report and audited financial statements for the year ended 31st December 1997.
3. To re-elect directors.
4. To authorise and fix directors fees.
5. To confirm the dividend.
6. To re-appoint David Coates & Co as auditors and authorise the directors to fix their remuneration.
7. To transact any other business of an Annual General Meeting.

By Order of the Board

Mrs A Bliss
Secretary
Grandstand Office
The Racecourse
Durdar Road
Carlisle CA2 4TS

4th June 1998



Note: Any member of the company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and on a poll vote on their behalf. A proxy need not also be a member of the company.

THE CARLISLE RACECOURSE COMPANY LIMITED

**INDEX TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1997**

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Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7-12

THE CARLISLE RACECOURSE COMPANY LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 1997**

Directors: T E Robinson (Chairman and
Managing Director)
A D B Duff
D I Osborne
Mrs A Bliss (Administration Director)
James Westoll
Mrs R C Carr
Mrs S Wood

Secretary: Mrs A Bliss

Registered Number: 90873 (England and Wales)

Registered Office: The Grandstand Office
Carlisle Racecourse Co Ltd
Durdar Road
Carlisle
CA2 4TS

Auditors: David Coates & Co
Chartered Accountants and Registered
Auditors
5/7 Eastgate
Hexham
Northumberland
NE46 1BH

Bankers: Barclays Bank PLC
English Street Business Centre
33 English Street
Carlisle
CA3 8JS

THE CARLISLE RACECOURSE COMPANY LIMITED

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

The directors present their report together with the financial statements of the company for the year ended 31st December 1997.

Results and Dividends

The profit for the year after taxation amounted to £30,608 (1996 £15,921) and the directors recommend a dividend of £3,822 (1996 £3,640) on the ordinary shares. Shareholders will be asked to confirm this at the Annual General Meeting.

Principal Activity

The principal activity of the company continued to be that of Racecourse Proprietors.

Chairman's Statement

I am happy to report another successful year here at Carlisle Racecourse. A record number of race meetings were held, 21 in all and our attendance has continued to increase by about 30% overall thanks to our continuing policy of maintaining our excellent facilities and providing value for money for our customers – the race going public. Profits on meetings increased by 60% on the previous year.

The renovation of Blackwell House was completed during the year making two very good houses, both of which are let at commercial rents.

During the current year a watering system has been installed and as part of our policy of upgrading facilities for our customers, a new snack bar under the grandstand has been completed.

We shall continue our policy of ploughing back the bulk of our profits into the business whilst maintaining dividends to our shareholders.

In conclusion, I would like to thank our hard working staff for all their support during the year.

Directors and their Interests

The directors at 31st December 1997 and their interests in the share capital of the company were as follows:-

	<u>31/12/97</u>	<u>31/12/96</u>
T E Robinson (Chairman & Managing Director)	180	180
A D B Duff	180	180
D I Osborne	-	-
Mrs A Bliss (Administration Director)	-	-
Mr James Westoll (Jnr)	380	380
Mrs R C Carr	-	-
Mrs S Wood	-	-

(cont)

THE CARLISLE RACECOURSE COMPANY LIMITED

**REPORT OF THE DIRECTORS (CONT)
FOR THE YEAR ENDED 31ST DECEMBER 1997**

Directors and their Interests (cont)

Mr D I Osborne retires from the board by rotation and, being eligible, offers himself for re-election.
Mr Hugh Fitzgerald was appointed to the board on 5th May 1998.

Mr A D B Duff retires at the AGM and the board wish to express their thanks for his contribution to the company's success over the years.

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 the company's affairs and of the profit or loss of the company for that period. In preparing these financial statements the directors are required to:-

- A) select suitable accounting policies and then apply them consistently;
- B) make judgements and estimates that are reasonable and prudent and;
- C) 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 also 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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

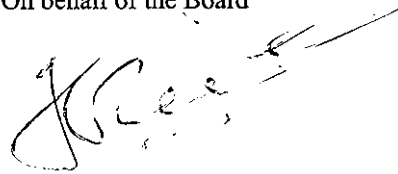
Auditors

David Coates & Co have expressed their willingness to continue in office as auditors, and in accordance with Section 385 of the Companies Act 1985 and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

Small Company Exemptions

In preparing this report the directors have taken advantage of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

On behalf of the Board



T E Robinson
Chairman and Managing Director

5th May 1998

**REPORT OF THE AUDITORS TO THE MEMBERS OF
THE CARLISLE RACECOURSE COMPANY LIMITED**

FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1997

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described on page 3 the company directors are responsible for the preparation of the 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.

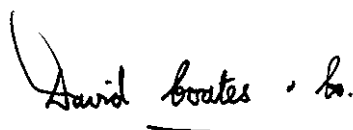
Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an 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 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 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 provisions of the Companies Act 1985 applicable to small companies.



David Coates & Co
Chartered Accountants and Registered Auditors
5/7 Eastgate
Hexham
Northumberland
NE46 1BH

7th May 1998

THE CARLISLE RACECOURSE COMPANY LIMITED

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

	1997	1996
TURNOVER - Note 2	1,185,928	1,030,170
External Charges	948,016	812,169
	<u>237,912</u>	<u>218,001</u>
Staff Costs	102,782	100,425
Depreciation	25,369	22,444
Other Operating Charges	81,963	78,824
	<u>210,114</u>	<u>201,693</u>
OPERATING PROFIT - Note 3	<u>27,798</u>	<u>16,308</u>
Income from Investments	14,491	10,677
Interest Received	1,776	1,648
Interest Payable	-28	-7
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>44,037</u>	<u>28,626</u>
Tax on Profit on Ordinary Activities - Note 4	-13,429	-12,705
PROFIT FOR THE FINANCIAL YEAR	<u>30,608</u>	<u>15,921</u>
Dividends	-3,822	-3,640
PROFIT RETAINED FOR THE FINANCIAL YEAR - Note 14	<u><u>£26,786</u></u>	<u><u>£12,281</u></u>

All the activities of the company are classed as continuing.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains and losses for 1997 or 1996 other than the profit attributable to the Shareholders for the year ended 31st December 1997 of £30,608 and the profit for the year ended 31st December 1996 of £15,921

THE CARLISLE RACECOURSE COMPANY LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1997

	1997	1996
FIXED ASSETS		
Tangible Assets - Note 5	622,144	566,829
Investments - Note 6	25	25
	<u>622,169</u>	<u>566,854</u>
Work in Progress	1,650	
CURRENT ASSETS		
Debtors - Note 7	70,344	65,913
Cash at Bank and In Hand	298	1,526
	<u>70,642</u>	<u>67,439</u>
CREDITORS: Amounts Falling due Within one Year - Note 8	124,805	93,794
NET CURRENT (LIABILITIES)	<u>-54,163</u>	<u>-26,355</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>569,656</u>	<u>540,499</u>
CREDITORS: Amounts Falling due After more than one Year		
HBLB Loan - Note 9	-58,000	-93,000
PROVISIONS FOR LIABILITIES AND CHARGES - Note 10	-7,748	-5,378
	<u>£503,908</u>	<u>£442,121</u>
GRANT ACCOUNT - Note 11	82,913	50,866
CAPITAL AND RESERVES		
Called Up Share Capital - Note 12	9,100	9,100
Grant Reserve - Note 13	177,166	174,212
Profit and Loss Account - Note 14	234,729	207,943
	<u>£503,908</u>	<u>£442,121</u>

In preparing these financial statements, the directors have taken advantage of the special exemptions applicable to small companies conferred by Part 1 of Schedule 8 to the Companies Act 1985, on the grounds that in their opinion, the Company is entitled to the benefits of those exemptions because it meets the qualifying conditions for small companies as stated in Section 247 of the Companies Act 1985.

..... T E Robinson (Director)

..... Mrs A Bliss (Director)

5th May 1998

THE CARLISLE RACECOURSE COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1997****1. ACCOUNTING POLICIES****a. Accounting Convention**

The financial statements have been prepared under the historical cost convention. The principal policies which the directors have adopted within that convention are set out below.

b. 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.

c. Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value of each asset evenly over its expected useful life as follows:-

Freehold Buildings - Over 50 years

All Other Fixed Assets - Over 10 years

The cost of fixed assets, for depreciation purposes, is taken as the cost after taking into account capital grants received from the Horserace Betting Levy Board.

d. 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.

e. Capital Grants

Capital Grants are received from the Horserace Betting Levy Board ("HBLB") 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 30 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.

f. Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

THE CARLISLE RACECOURSE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT) FOR THE YEAR ENDED 31ST DECEMBER 1997

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts received from third parties.

Turnover is attributable to the one continuing activity, ie. income from holding race meetings and associated activities. It arose wholly in the UK.

Pre tax profit is all attributable to the holding of race meetings and associated activities.

3. OPERATING PROFIT(LOSS)

This is stated after charging/(crediting)

	1997	1996
Auditors Remuneration	2,900	2,625
Depreciation of Owned Fixed Assets	25,369	22,444
Directors Remuneration	48,510	42,875
Transfer to Grant Reserve	2,953	1,786
Amortisation of Capital Grants	-2,953	-1,786

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The charge based on the profits for the year comprises of:-

	1997	1996
Based on the profit for the Year:-		
UK Corporation Tax at 24%/21%	6,704	5,192
Transferred to Deferred Taxation Account	2,370	5,378
Tax Credits Attributable to Dividends Received	2,898	2,135
Prior Year Adjustment	1,457	
	<u>£13,429</u>	<u>£12,705</u>

The transfer to deferred taxation represents Capital Allowances claimed over the depreciation charged in the financial statements on plant and equipment, furniture and fittings.

THE CARLISLE RACECOURSE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED 31ST DECEMBER 1997**

5. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Safety Expenditure	Plant Equipment Furniture & Fittings	Total
COST				
At 1st January 1997	546,167	48,543	214,520	809,230
Additions	41,095		39,590	80,685
At 31st December 1997	587,262	48,543	254,110	889,915
DEPRECIATION				
At 1st January 1997	77,919	20,409	144,074	242,402
Charge for Year	8,258	1,122	15,989	25,369
At 31st December 1997	86,177	21,531	160,063	267,771
NET BOOK VALUES				
At 31st December 1996	£501,085	£27,012	£94,047	£622,144
At 31st December 1997	£468,248	£28,134	£70,447	£566,829

6. INVESTMENTS

	1997	1996
Unlisted Investments	£25	£25

The Company has an interest amounting to 1.264% in the holding by the Racecourse Association Limited of 10% of the issued share capital of Satellite Information Services which it holds in trust for its members on the terms set out in the relevant Trust Deed.

7. DEBTORS

	1997	1996
Trade Debtors	46,894	47,858
Other Debtors	23,450	18,055
	£70,344	£65,913

THE CARLISLE RACECOURSE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED 31ST DECEMBER 1997**

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997	1996
Trade Creditors	37,636	10,424
Current Corporation Tax	6,704	5,192
Other Creditors	41,643	39,538
Horserace Betting Levy Board	35,000	35,000
Proposed Dividend	3,822	3,640
	<u>£124,805</u>	<u>£93,794</u>

9. HORSERACE BETTING LEVY BOARD

The Horserace Betting Levy Board has made interest free loans to the company as follows:-

	Due Within One Year	Due After One Year	Total
A) Replace Tattersalls Grandstand Roof	6,000		6,000
B) Refurbishment of Red Rum Bar area and New Toilets	29,000	58,000	87,000
	<u>£35,000</u>	<u>£58,000</u>	<u>£93,000</u>

Repayment Terms

A) By equal instalments of £6,000 on 1st October 1998.

B) By equal instalments of £29,000 on 24th September 1998 - 2000.

10. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation	
	1997	1996
At 1st January 1997	5,378	
Added During the Year	2,370	5,378
At 31st December 1997	<u>£7,748</u>	<u>£5,378</u>

11. GRANT ACCOUNT

	1997	1996
At 1st January 1997	50,866	16,280
Received during the Year	35,000	36,372
Released during the Year	-2,953	-1,786
Balance at 31st December 1997	<u>£82,913</u>	<u>£50,866</u>

THE CARLISLE RACECOURSE COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED 31ST DECEMBER 1997**

12. CALLED UP SHARE CAPITAL

	1997	1996
<u>Authorised</u>		
13,000 Ordinary Shares of £1 each	£13,000	£13,000
<u>Issued and Fully Paid</u>		
9,100 Ordinary Shares of £1 each	£9,100	£9,100

13. GRANT RESERVE

	1997	1996
At 1st January 1997	174,212	172,426
Transfer from Profit and Loss Account of an amount equal to credits made from the Grant Account	2,953	1,786
Balance at 31st December 1997	£177,165	£174,212

14. PROFIT AND LOSS ACCOUNT

	1997	1996
At 1st January 1997	207,943	195,662
Profit for the Year	26,786	12,281
At 31st December 1997	£234,729	£207,943

15. RECONCILIATION OF SHAREHOLDERS FUNDS

	1997	1996
At 1st January 1997	217,043	204,762
Profit for the Year	30,608	15,921
Dividends	-3,822	-3,640
At 31st December 1997	£243,829	£217,043

THE CARLISLE RACECOURSE COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONT)
FOR THE YEAR ENDED 31ST DECEMBER 1997****16. CAPITAL COMMITMENTS**

	1997	1996
Authorised future Capital Expenditure		
Contracted	£40,000	£10,000
Not Contracted	NIL	£40,000

17. CONTINGENT LIABILITY

Under a Deed dated 18th September 1978, between the Company and the Horserace Betting Levy Board, the Company received a capital grant of £24,472 from the HBLB towards approved expenditure.

The terms of the Deed state that there is a contingent liability to repay the loan, together with interest thereon, for a period of 30 years from 31st March 1979, if the company were to cease trading.

The contingent liability at 31st December 1997 is £48,273.