

**THE LEEDS CRICKET, FOOTBALL &
ATHLETIC COMPANY LIMITED**

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 1997

REGISTERED NUMBER 28301



PANNELL KERR FORSTER
Chartered Accountants

THE LEEDS CRICKET, FOOTBALL & ATHLETIC COMPANY LIMITED

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 1997

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THE LEEDS CRICKET, FOOTBALL & ATHLETIC COMPANY LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1997, which show the state of the company's affairs.

RESULTS AND DIVIDEND

The loss for the year after tax was £797,268 (1996: loss £505,881). The directors do not recommend the payment of a dividend for the year.

REVIEW OF THE BUSINESS

The company's principal activity continues to be the staging of professional Rugby League Football, and Test, International and County Cricket.

The directors are disappointed with the results for the year and look forward to the future with cautious optimism.

DIRECTORS AND DIRECTORS' INTERESTS

The directors during the financial period and their interests in the shares of the company were as follows:

	31 December 1997		31 December 1996	
	Pref	Ord	Pref	Ord
P Caddick	-	-	-	-
P G Hirst	-	-	-	-
G Hetherington	-	-	-	-
A M Laycock	-	-	-	-
G C Jackson (resigned 11 December 1997)	-	-	-	-
D J Howes (appointed 1 July 1998)	-	-	-	-

COST OF CURRENT PLAYING STAFF

The Directors recognise that the playing squad is the attraction responsible for generating most of the company's turnover. The directors note that the cost of players at 31 December 1997 totalled £1,627,077 (1996: £1,469,169).

BY ORDER OF THE BOARD



Date:

29 October 1998

Secretary

P G Hirst

THE LEEDS CRICKET, FOOTBALL & ATHLETIC COMPANY 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 then 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 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.

**AUDITORS REPORT TO THE SHAREHOLDERS OF
THE LEEDS CRICKET, FOOTBALL & ATHLETIC COMPANY LIMITED**

**PANNELL
KERR
FORSTER**
CHARTERED ACCOUNTANTS

We have audited the financial statements on pages 4 to 16 which have been prepared under the accounting policies set out on pages 7 and 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 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.

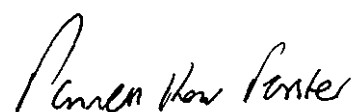
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards. 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 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 as at 31 December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PANNELL KERR FORSTER
Chartered Accountants
Registered Auditors

Leeds
30 October 1998

THE LEEDS CRICKET, FOOTBALL & ATHLETIC COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 1997

	Notes	1997		1996	
		£	£	£	£
TURNOVER	2		5,662,397		3,973,031
External charges	23	3,706,440		2,288,607	
Staff costs	3	2,414,357		1,881,069	
Depreciation		<u>129,648</u>	<u>6,250,445</u>	<u>119,451</u>	<u>4,289,127</u>
			(588,048)		(316,096)
INTEREST PAYABLE	5		<u>209,220</u>		<u>189,785</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	6		(797,268)		(505,881)
TAX ON LOSS ON ORDINARY ACTIVITIES	7		<u>-</u>		<u>-</u>
LOSS FOR THE FINANCIAL YEAR			(797,268)		(505,881)
APPROPRIATION	12		5,005		372
RETAINED LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS			<u>(802,273)</u>		<u>(506,253)</u>

STATEMENT OF RETAINED LOSSES AND PROFITS

	1997	1996
	£	£
Losses at beginning of the year	(1,322,596)	(816,715)
Loss for the year	<u>(797,268)</u>	<u>(505,881)</u>
Losses at end of the year	<u>(2,119,864)</u>	<u>(1,322,596)</u>
Accumulated (losses)/profits	(492,787)	146,573
Cost of current playing staff	19	
	<u>(1,627,077)</u>	<u>(1,469,169)</u>
Losses at end of the year	<u>(2,119,864)</u>	<u>(1,322,596)</u>

All amounts relate to continuing operations. The company has no recognised gains or losses other than the loss for the year.

THE LEEDS CRICKET, FOOTBALL & ATHLETIC COMPANY LIMITED

BALANCE SHEET

31 DECEMBER 1997

	Notes	£	1997	£	£	1996	£
FIXED ASSETS							
Tangible assets	8			7,469,636			3,762,899
CURRENT ASSETS							
Debtors	9	951,667			475,239		
Cash and short term deposits		<u>23,546</u>			<u>6,506</u>		
			975,213			481,745	
CREDITORS - Amounts falling due within one year	10	<u>3,250,837</u>			<u>1,810,299</u>		
NET CURRENT LIABILITIES				<u>(2,275,624)</u>			<u>(1,328,554)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				5,194,012			2,434,345
CREDITORS - Amounts falling due after more than one year	10			1,669,000			1,503,370
DEFERRED INCOME	11			<u>1,759,821</u>			<u>2,009,370</u>
NET ASSETS/(LIABILITIES)				<u>1,765,191</u>			<u>(1,078,395)</u>
CAPITAL AND RESERVES							
Called up share capital	12			244,192			244,192
Forfeited shares account				9			9
Profit and loss account:							
Accumulation of profits				(492,787)			146,573
Cost of current playing staff	19			<u>(1,627,077)</u>			<u>(1,469,169)</u>
Revaluation reserve				<u>3,640,854</u>			<u>-</u>
SHAREHOLDERS' FUNDS	13			1,765,191			(1,078,395)
- Equity		1,638,946			(1,199,635)		
- Non equity		<u>126,245</u>			<u>121,240</u>		
				<u>1,765,191</u>			<u>(1,078,395)</u>

Approved by the board on 29 October 1998


P G Hirst

Director

THE LEEDS CRICKET, FOOTBALL & ATHLETIC COMPANY LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 1997

	Notes	1997 £	1996 £
Net cash outflow from operating activities		(103,653)	(956,003)
Returns on investments and servicing of finance	14	(207,331)	(183,763)
Capital expenditure	14	(209,065)	75,812
Financing	14	426,352	1,370,754
(Decrease)/increase in cash in period		<u>(93,697)</u>	<u>306,800</u>
Reconciliation of net cash flow movement to net debt			
(Decrease)/increase of cash in the period		(93,697)	306,800
Cash inflow from increase in debt and lease financing		<u>(426,352)</u>	<u>(1,370,754)</u>
Change in net debt		(520,049)	(1,063,954)
Net debt at 1 January 1997		<u>(2,684,612)</u>	<u>(1,620,658)</u>
Net debt at 31 December 1997	15	<u>(3,204,661)</u>	<u>(2,684,612)</u>
Reconciliation of operating profit to net cash outflow from operating activities			
Operating loss before interest		(588,048)	(316,096)
Depreciation charges		129,648	119,451
Loan amortisation		(233,114)	(214,091)
Decrease in stocks		-	52,038
(Increase)/decrease in debtors		(476,428)	17,077
Increase/(decrease) in creditors		1,050,756	(620,138)
Loss on disposal of fixed assets		<u>13,533</u>	<u>5,756</u>
Net cash outflow from operating activities		<u>(103,653)</u>	<u>(956,003)</u>

THE LEEDS CRICKET, FOOTBALL & ATHLETIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material to the company's affairs.

(a) Accounting Convention

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

The accounts show net current liabilities of £2,275,624 (1996: £1,328,554). The loss for the year was £797,268 (1996: £505,881).

The company's ultimate parent undertaking Paul Caddick (Holdings) plc, has confirmed that it will maintain its financial support for the foreseeable future to enable the company to continue normal trading operations. The accounts are therefore drawn up on a going concern basis.

(b) Revenue

The company takes credit for all revenue, including advertising revenue, and charges direct expenses in respect of football and cricket matches according to the season to which they relate and not on an actual time basis, in accordance with the following rules:

(i) Football

All revenue from matches and advertising in one calendar year are included in the accounts for the year ending 31 December 1997.

(ii) Cricket

All revenue from matches and advertising in one calendar year are included in the accounts for the year ending 31 December 1997.

(c) Ground improvements

Ground improvements are either charged to profit and loss account or, if of structural significance, capitalised and written off on a straight line basis (see (f) (i) and (ii) below).

(d) Development funds

Income from development funds is now credited to profit and loss account on a receivable basis.

(e) Transfer fees

Transfer fees paid or received and signing on fees paid are written off to the profit and loss account in the year in which the fees are due to be paid or received.

THE LEEDS CRICKET, FOOTBALL & ATHLETIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

1. ACCOUNTING POLICIES (continued)

(f) Depreciation

Depreciation of tangible fixed assets is provided as follows:

(i) Freehold land and buildings

Freehold land is not depreciated.

The cost of buildings capitalised after the year ended 31 May 1985 is being written off over the expected life of 50 years.

Depreciation on the cost of buildings capitalised to 31 May 1984 is charged to profit and loss account at the rate of £1,000 per annum to write off that cost over the expected life of the buildings.

(ii) Floodlights

The cost of floodlights is being written off over the expected useful life of 30 years.

(iii) Other tangible fixed assets

Depreciation is provided on a straight line basis calculated to write off the cost of the individual assets over their estimated useful lives. The rate used for plant, furniture, fittings and motor vehicles is 20% per annum on original cost.

(g) Investment income

Investment income is credited to income when received.

(h) Finance and operating leases

Assets acquired under finance leases are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account evenly over the period of the lease.

Leasing charges in respect of operating leases are recognised in the profit and loss account over the lives of the lease agreements as incurred.

(i) Pension costs

The company operates a defined contribution scheme providing benefits for employees additional to those from the state. The pension cost charge represents contributions payable by the company to the fund in respect of the year.

THE LEEDS CRICKET, FOOTBALL & ATHLETIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

2. TURNOVER

Turnover represents the gross income of the company, excluding investment income, interest receivable and value added tax.

All turnover arose from trading in the UK.

3. STAFF COSTS

	1997 £	1996 £
Wages and salaries	2,174,708	1,672,884
Social security costs	193,272	190,706
Other pension costs	46,377	17,479
	<u>2,414,357</u>	<u>1,881,069</u>
	Number	Number
Administration	39	39
Ground staff	9	9
Players	70	60
Matchday	31	-
	<u>149</u>	<u>108</u>
Directors' emoluments were as follows:	£	£
Salaries	100,000	82,458
Other emoluments including pension contributions	7,000	21,668
	<u>107,000</u>	<u>104,126</u>

THE LEEDS CRICKET, FOOTBALL & ATHLETIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

4. PENSION COSTS

The company has made annual payments to a defined contribution pension scheme, the assets of which are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company and amounted to £46,377 (1996: £17,479).

5. INTEREST PAYABLE

Interest payable and similar charges comprised:	1997 £	1996 £
On bank loans and overdrafts wholly repayable within 5 years not by instalments	49,590	59,081
Interest on other loans (including hire purchase interest)	<u>159,630</u>	<u>130,704</u>
	<u>209,220</u>	<u>189,785</u>

6. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is after charging:

Depreciation	129,648	119,451
Auditors' remuneration	16,000	10,000
Rentals under operating leases		
- Plant and machinery	<u>7,914</u>	<u>19,732</u>

7. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no corporation tax payable on the results for the year as the company has tax losses brought forward from previous years.

8. FIXED ASSETS - TANGIBLE

	1996 £	Additions £	Disposals £	Revaluations £	1997 £
Cost					
Freehold land and buildings	4,138,848	-	-	3,011,152	7,150,000
Floodlights	115,088	-	-	-	115,088
Plant, furniture, fittings and motor vehicles	<u>387,865</u>	<u>209,065</u>	<u>(31,970)</u>	<u>-</u>	<u>564,960</u>
	<u>4,641,801</u>	<u>209,065</u>	<u>(31,970)</u>	<u>3,011,152</u>	<u>7,830,048</u>

THE LEEDS CRICKET, FOOTBALL & ATHLETIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

8. FIXED ASSETS - TANGIBLE (continued)

	1996 £	Charge for the year £	Disposals £	Revaluations £	1997 £
Depreciation					
Freehold land and buildings	550,244	79,457	-	(629,701)	-
Floodlights	32,267	3,835	-	-	36,102
Plant, furniture, fittings and motor vehicles	<u>296,391</u>	<u>46,356</u>	<u>(18,437)</u>	<u>-</u>	<u>324,310</u>
	<u>878,902</u>	<u>129,648</u>	<u>(18,437)</u>	<u>(629,701)</u>	<u>360,412</u>

	1996 £	1997 £
Net book amounts		
Freehold land and buildings	3,588,604	7,150,000
Floodlights	82,821	78,986
Plant, furniture, fittings and motor vehicles	<u>91,474</u>	<u>240,650</u>
	<u>3,762,899</u>	<u>7,469,636</u>

Freehold land and buildings were revalued during the year at £7,150,000 by Weatherall, Green and Smith on the basis of depreciated replacement cost. The historical cost of the revalued freehold land and buildings is £4,138,848, including land of £365,000.

9. DEBTORS

	1997 £	1996 £
Trade debtors	212,883	194,732
Other debtors	25,150	-
Prepayments and accrued income	<u>713,634</u>	<u>280,507</u>
	<u>951,667</u>	<u>475,239</u>

THE LEEDS CRICKET, FOOTBALL & ATHLETIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

10. CREDITORS

	1997 £	1996 £
Amounts falling due within one year:		
Bank overdraft	407,374	296,637
Bank loan	200,000	200,000
Trade creditors	370,088	157,420
Corporation tax	-	583
Loans - Rugby Football League	7	7,999
Other loans	66,000	51,738
Amounts owed to fellow subsidiary	1,328,290	828,290
Amounts owed to parent undertaking	192,536	-
Taxation and social security	48,588	82,578
Accruals	532,622	175,576
Other creditors	105,332	4,656
Hire purchase	-	4,822
	<u>3,250,837</u>	<u>1,810,299</u>

Amounts falling due after more than one year:

Bank loan	1,100,000	1,300,000
Other loans	134,000	200,000
Hire purchase	-	3,370
Other creditors	435,000	-
	<u>1,669,000</u>	<u>1,503,370</u>

The bank loan and other loans are payable as follows:

Within one year	266,000	200,000
Between one and two years	267,000	266,000
Between two and five years	667,000	734,000
In more than five years	300,000	500,000
	<u>1,500,000</u>	<u>1,700,000</u>

The bank loan is secured by a legal mortgage over the company's freehold property. It is currently under the terms of the original offer, being repaid in annual instalments of £200,000 per annum over the next seven years and is therefore accounted for as a long term liability. The terms of the loan agreement also allow the bank to demand immediate repayment at their sole discretion.

THE LEEDS CRICKET, FOOTBALL & ATHLETIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

11. DEFERRED INCOME

	1997 £	1996 £
Deferred income comprises:		
Income received in advance	297,928	314,363
Other deferred income	<u>1,461,893</u>	<u>1,695,007</u>
	<u>1,759,821</u>	<u>2,009,370</u>

Income received in advance is sales of tickets and related income in respect of events in the forthcoming year.

Movements in other deferred income were as follows:

At 1 January 1997	1,695,007	1,909,098
Loan amortisation	<u>(233,114)</u>	<u>(214,091)</u>
At 31 December 1997	<u>1,461,893</u>	<u>1,695,007</u>

The other deferred income relates to agreements whereby funds have been advanced as a loan in order to finance development of the ground and facilities. The year end balance of £1,461,893 is being written off in equal instalments over 10 years in accordance with loan and sponsorship agreements.

12. SHARE CAPITAL

	1997 Authorised £	1997 Allotted and fully paid £
4.2% cumulative preference shares of £1 each (non-equity shares)	500,000	125,029
Ordinary shares of £1 each (equity shares)	<u>500,000</u>	<u>119,163</u>
	<u>1,000,000</u>	<u>244,192</u>

The preference shares confer the right to a fixed cumulative dividend of 4.2% per annum.

On a winding up of the company the assets of the company available for distribution amongst the members are to be applied to repay the capital paid upon the preference shares together with any arrears of dividend in priority to payment to any other class of shares.

The company has made appropriation to non-equity shareholders funds for cumulative dividends on the preference shares arising in the current period and preceding six financial years.

THE LEEDS CRICKET, FOOTBALL & ATHLETIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

12. SHARE CAPITAL (Continued)

At the period end, arrears of dividends on the cumulative preference shares amounted to £7,082 (1996: £2,077).

13. SHAREHOLDERS' FUNDS

The reconciliation of movements in shareholders' funds was as follows:-

	1997 £	1996 £
Loss for the financial year	(797,268)	(505,881)
New shares issued	-	226,463
Revaluations	3,640,854	-
Balance at 1 January 1997	<u>(1,078,395)</u>	<u>(798,977)</u>
Balance at 31 December 1997	<u>1,765,191</u>	<u>(1,078,395)</u>

14. GROSS CASH FLOWS

	1997 £	1996 £
Returns on investment and servicing of finance		
Interest paid	<u>(207,331)</u>	<u>(183,763)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(209,065)	(14,188)
Receipts from sale of tangible fixed assets	<u>-</u>	<u>90,000</u>
	<u>(209,065)</u>	<u>75,812</u>
Financing		
Issue of share capital	-	226,463
Parent company loan advance	500,000	828,290
Fellow subsidiary loan advance	192,536	-
Bank loan advance	-	150,000
Other loan advances	-	200,000
Repayment of bank loan	(200,000)	-
Repayment of other loan	(50,000)	(20,283)
Repayment of RFL loan	(7,992)	(8,895)
Finance lease and HP contracts	<u>(8,192)</u>	<u>(4,821)</u>
	<u>426,352</u>	<u>1,370,754</u>

THE LEEDS CRICKET, FOOTBALL & ATHLETIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

15. ANALYSIS OF CHANGES IN NET DEBT

	1 January 1997 £	Cashflows £	Other changes £	31 December 1997 £
Cash in hand and at bank	6,506	17,040	-	23,546
Overdrafts	(296,637)	(110,737)	-	(407,374)
	<u>(290,131)</u>	<u>(93,697)</u>	<u>-</u>	<u>(383,828)</u>
Debt due within one year	(891,111)	(429,722)	(266,000)	(1,586,833)
Debt due in more than one year	<u>(1,503,370)</u>	<u>3,370</u>	<u>266,000</u>	<u>(1,234,000)</u>
	<u>(2,684,612)</u>	<u>(520,049)</u>	<u>-</u>	<u>(3,204,661)</u>

16. TRANSFER AND SIGNING ON FEES

As stated in Accounting Policy 1(e), transfer fees paid or received and signing on fees paid are written off to profit and loss account in the period in which the fees are due to be paid or received. At 31 December 1997, transfer fees payable in future years amounted to £Nil (1996 : £50,000) whilst signing on fees payable amounted to £53,300 (1996 : £82,500). Transfer fees receivable after 31 December 1997 amounted to £Nil (1996 : £33,750).

17. FINANCIAL COMMITMENTS

At 31 December 1997 the company had operating lease commitments to pay during the next year in respect of motor vehicles:

	1997 £	1996 £
Expiring within one year	4,295	3,306
Expiring between two and five years	<u>-</u>	<u>1,760</u>
	<u>4,295</u>	<u>5,066</u>

18. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts amounted to £79,513 (1996: £Nil).

19. COST OF PLAYERS' REGISTRATION

In accordance with normal accounting procedures for Rugby League Clubs, transfer and signing fees have been written off in the profit and loss account in the year in which the fees are due to be paid. At the year end, the total cost of transfer and signing fees in respect of the current playing staff was £1,627,077 (1996 : £1,469,169).

THE LEEDS CRICKET, FOOTBALL & ATHLETIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

20. PARENT UNDERTAKINGS

The parent company is Leeds Rugby Limited, a company registered in England. The ultimate parent undertaking is Paul Caddick (Holdings) Plc a company registered in England.

21. CONTROLLING PARTY

The controlling party is Leeds Rugby Limited which is ultimately controlled by Mr P Caddick.

22. TRANSACTIONS WITH RELATED PARTIES

The group prepares consolidated accounts and therefore the company is exempt from disclosing related party transactions with other group companies. Group accounts are available from Companies House, Cardiff.

P G Hirst, P Caddick and G Hetherington, directors of the Leeds Cricket, Football and Athletic Company Limited, are also directors of the Leeds Rugby Community Development Projects Limited.

At the year end, the Leeds Cricket, Football and Athletic Company Limited were owed £105,416 (1996: Nil) by The Leeds RCDP Limited which was as a result of the settlement of various expenses and management charges. All amounts were as a result of trading on normal commercial terms. No interest is being charged on the outstanding balance.

23. EXCEPTIONAL ITEM

External charges of £3,706,440 include an exceptional charge of £500,000 which relates to the termination agreement of a catering contract.