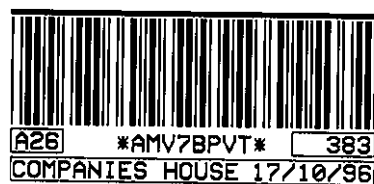


*REGISTRAR.
Please return after
signature.

LODORE LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the year ended
5th April 1996

COMPANY REGISTRATION NUMBER: 166329



LODORE LIMITED

Report of the Directors for the year ended 5th April 1996

The directors submit their annual report and the audited accounts for the year ended 5th April 1996.

Profit, business review and dividend

The profit for the year before taxation amounts to £179,756 (1995 £93,441). The profit includes a surplus arising on the sale of investments which amounts to £101,622 (1995 £33,154).

The total profit for the year after taxation amounts to £141,552 (1995 £71,808).

The company continues to operate as an investment company, holding stocks and shares, commercial and agricultural property, and woodlands.

In conjunction with advice from the company's stockbrokers, the directors continue to actively manage the portfolio of quoted investments. Investment income is comparable with the previous year. Total proceeds of £388,635 were realised and £104,363 invested during the year.

The market value of investments as stated in note 8 amounts to £972,182.

Income from commercial property is consistent with previous years. Rented farm property has incurred a deficit, despite higher overall rents received, due to significant repair expenditure. A surplus has been generated on the woodlands, principally due to the receipt of management and planting grants.

The directors consider the overall results for the year to be satisfactory and propose dividends as follows:

	1996	1995
Interim dividend	10%	5%
Final dividend - proposed	<u>25%</u>	<u>25%</u>
	35%	30%
	—	—

Fixed assets

The directors consider the present value of the freehold land and property to be in excess of the amount shown in the Balance Sheet but do not consider that the expense of a professional valuation would be justified.

LODORE LIMITED

Report of the Directors for the year ended 5th April 1996

Directors and directors' interests

The directors of the company throughout the year together with details of their interest in the share capital of the company are as follows:

	Ordinary shares of £1 each			
	Voting		Non-voting	
	1996	1995	1996	1995
W.D.. Walker	3,514	3,514	4,050	4,050
H.M. Walker	3,013	3,013	3,951	3,951
W.F. Gough	-	-	-	-

Mr. H.M. Walker retires by rotation and, being eligible, offers himself for re-election.

Mr. W.D. Walker and Mr. H.M. Walker and a partner in Mitchell Charlesworth, the auditors of the company, are also interested as trustees in 4,773 voting shares.

Auditors

Mitchell Charlesworth are willing to continue as auditors and a resolution will be proposed for their re-appointment at the forthcoming Annual General Meeting.

By Order of the Board



W.F. GOUGH

Secretary

27th August 1996

LODORE LIMITED

Statement of Directors' Responsibilities for the year ended 5th April 1996

The directors are required under company law to prepare accounts for each financial period 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 the period then ended.

In preparing these accounts, they are required to:

- ◆ select suitable accounting policies and apply them consistently;
- ◆ make reasonable and prudent judgements and estimates;
- ◆ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- ◆ prepare the accounts 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;
- ◆ safeguarding the company's assets;
- ◆ taking reasonable steps for the prevention and detection of fraud and other irregularities.

Mitchell Charlesworth

Chartered Accountants

Chavasse Court · 24 Lord Street · Liverpool L2 1TA

AUDITORS' REPORT TO THE MEMBERS OF LODORE LIMITED

We have audited the accounts on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 have considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Qualified opinion arising from disagreement about accounting treatment

The company owns investment properties which, as stated in note 7 to the accounts are included at cost or September 1967 valuation. In our opinion these properties should be stated at their open market value as required by Statement of Standard Accounting Practice 19.

The potential increase in the value at which the investment properties are stated is not known.

In our opinion, the subject matter of the foregoing qualification is not material for determining whether the interim and proposed final distributions of £14,050 and £35,125 respectively, are permitted under Section 263 of the Companies Act 1985.

Except for the failure to account for the investment properties referred to above as required by SSAP 19, in our opinion the accounts give a true and fair view of the state of affairs of the company as at 5th April 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MITCHELL CHARLESWORTH
Registered Auditor

29th August 1996

LODORE LIMITED

Profit and Loss Account for the year ended 5th April 1996

	Notes	1996	1995 as restated
Income from investments	2	42,015	41,106
Commercial property rentals		34,688	35,386
Estate accounts:			
Rented farm property		(9,521)	4,785
Woodlands		11,909	(13,962)
Bank interest received		5,912	4,683
Other interest received		5,312	2,286
Building society interest received		2,600	2,454
Surplus on disposal of investments		<u>101,622</u>	<u>33,154</u>
		194,537	109,892
Staff costs	4	6,500	6,500
Interest paid		36	-
Other operating expenses		<u>8,245</u>	<u>9,951</u>
		<u>14,781</u>	<u>16,451</u>
Profit on ordinary activities before taxation	3	179,756	93,441
Taxation	5	<u>38,204</u>	<u>21,633</u>
Profit on ordinary activities after taxation		141,552	71,808
Dividends	6	<u>49,175</u>	<u>42,150</u>
Retained profit for year		92,377	29,658
Retained profit brought forward		<u>1,298,906</u>	<u>1,269,248</u>
Retained profit carried forward		<u>£1,391,283</u>	<u>£1,298,906</u>

All operating income and expenditure is wholly attributable to continuing operations.

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 7 to 10 form part of these accounts.

LODORE LIMITED

Balance Sheet 5th April 1996

	Notes	1996	1995
Fixed assets			
Tangible assets	7	649,314	610,124
Investments	8	<u>757,264</u>	<u>939,914</u>
		1,406,578	1,550,038
Current assets			
Debtors	10	31,763	24,210
Bank account		310,447	46,463
Building society account		<u>26,603</u>	<u>49,389</u>
		368,813	120,062
Creditors			
Amounts falling due within one year	11	<u>93,607</u>	<u>80,693</u>
Net current assets		<u>275,206</u>	<u>39,369</u>
		<u>£1,681,784</u>	<u>£1,589,407</u>
Capital and reserves			
Called up share capital	13	140,501	140,501
Capital reserve		150,000	150,000
Profit and loss account		<u>1,391,283</u>	<u>1,298,906</u>
Total shareholders' funds	14	<u>£1,681,784</u>	<u>£1,589,407</u>

Approved by the Board of Directors
on 27th August 1996

W.D. Walker
W.F. Gough

W.D. WALKER)
) Directors
W.F. GOUGH)

The notes on pages 7 to 10 form part of these accounts.

LODORE LIMITED

Notes to the Accounts

1. Accounting policies

Accounts

The accounts have been prepared under the historical cost convention, as modified by the revaluation of the freehold property and, except as noted, in accordance with applicable Accounting Standards.

Statement of standard accounting practice no. 19 requires that investment property should be included in financial statements at open market value. The directors do not believe that the cost of an annual valuation can be justified and accordingly, they are included as shown in note 7 to the accounts.

Depreciation

Freehold investment property is not depreciated.

Office equipment is depreciated evenly over a four year period.

Income

Franked investment income is shown at the amounts received with the addition of the tax credits, and includes where applicable, notional dividends received in the form of additional shares. Investment income for the previous year has been restated for the purposes of fair comparison.

Income from commercial property, rented farms and woodlands is shown net of directly attributable costs.

Taxation

Provision is made for advance corporation tax on proposed dividends after taking account of an estimate of franked investment income receivable up to the dividend payment date. The balance on deferred asset account represents the balance of advance corporation tax available for set off against mainstream corporation tax in the next accounting period.

Deferred taxation is only provided where the liability is expected to crystallise in the foreseeable future.

2. Investment income	Quoted		Unquoted	
	1996	1995	1996	1995
Franked	31,735	26,814	186	803
Foreign dividends	2,410	2,368	-	-
Unfranked	5,837	6,372	-	-
Property enterprise trusts	<u>-</u>	<u>-</u>	<u>1,847</u>	<u>4,749</u>
	<u>£39,982</u>	<u>£35,554</u>	<u>£2,033</u>	<u>£5,552</u>

3. Result for the year

The profit for the year on ordinary activities is stated after charging:

	1996	1995
	£	£
Directors' remuneration	6,500	6,500
Audit fee	1,800	1,725

LODORE LIMITED

Notes to the Accounts

4. Staff costs

The staff costs for both years are the directors' remuneration as detailed in note 3. National Insurance costs are included with other operating expenses.

5. Taxation

	1996	1995
Provision for taxation at 25% (1995 25%)		
On net income	19,419	19,180
On chargeable gains	18,871	2,290
Over-provision in previous year	(86)	163
	<u>£38,204</u>	<u>£21,633</u>

6. Dividends

The dividends paid and proposed are:

	1996	1995
Interim - 31st March 1996 - 10% (1995 5%)	14,050	7,025
Final proposed - 27th September 1996 - 25% (1995 25%)	<u>35,125</u>	<u>35,125</u>
	<u>£49,175</u>	<u>£42,150</u>

7. Tangible fixed assets

Cost or valuation	Freehold investment property	Office equipment	Total
At 5th April 1995	609,948	699	610,647
Additions	<u>39,366</u>	-	<u>39,366</u>
At 5th April 1996	<u>649,314</u>	<u>699</u>	<u>650,013</u>
Depreciation			
At 5th April 1995	-	523	523
Charge for year	<u>-</u>	<u>176</u>	<u>176</u>
At 5th April 1996	<u>-</u>	<u>699</u>	<u>699</u>
Net book values			
At 5th April 1996	<u>£649,314</u>	<u>£ -</u>	<u>£649,314</u>
At 5th April 1995	<u>£609,948</u>	<u>£176</u>	<u>£610,124</u>

LODORE LIMITED

Notes to the Accounts

7. Tangible fixed assets [continued]

Freehold investment property is represented by:

	Commercial properties	Tenanted farms	Managed woodlands	Total
At valuation - 29th September 1967	-	46,400	25,000	71,400
Subsequent additions - at cost	<u>403,975</u>	<u>173,799</u>	<u>140</u>	<u>577,914</u>
	<u>£403,975</u>	<u>£220,199</u>	<u>£25,140</u>	<u>£649,314</u>

8. Investments

	Book value		Market value	
	1996	1995	1996	1995
Quoted	549,919	732,569	752,790	868,298
Unquoted	7,345	7,345	19,392	21,120
Property enterprise trusts	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
	<u>£757,264</u>	<u>£939,914</u>	<u>£972,182</u>	<u>£1,089,418</u>

The change in the book value of quoted investments is represented by acquisitions of £104,363 and disposals, expressed in terms of cost, of £287,013.

The market value of the unquoted investments is estimated by the directors.

The directors' value of the property enterprise trusts is considered to be at least equal to cost, based on the medium term nature of the investments.

9. Capital commitments

There are no commitments at the year end for capital expenditure (1995 Nil).

10. Debtors

	1996	1995
Deferred asset (note 1)	8,781	7,000
Other debtors	<u>22,982</u>	<u>17,210</u>
	<u>£31,763</u>	<u>£24,210</u>

LODORE LIMITED

Notes to the Accounts

11. Creditors - amounts falling due within one year

	1996	1995
Bank overdraft	15,024	6,015
Corporation tax	32,333	20,223
Accrued charges	11,125	19,330
Proposed dividend	<u>35,125</u>	<u>35,125</u>
	£93,607	£80,693
	<u> </u>	<u> </u>

12. Deferred taxation

The taxation charge for previous years has been reduced by industrial buildings allowances granted in respect of property enterprise trust investments. If these investments were to be realised, then a balancing charge would arise on the proceeds received, to a maximum extent of the allowances previously granted. The full potential liability at 5th April 1996 not provided for in these accounts, amounts to £46,780 (1995 £48,729).

13. Share capital

	1996	1995
Ordinary voting shares of £1 each fully paid	12,300	12,300
Ordinary non-voting shares of £1 each fully paid	<u>128,201</u>	<u>128,201</u>
	£140,501	£140,501
	<u> </u>	<u> </u>

The authorised share capital is £150,000 (1995 £150,000).

14. Reconciliation of movements in shareholders' funds

	1996	1995
Profit for financial year	141,552	71,808
Dividends	(49,175)	(42,150)
Net addition to shareholders' funds	92,377	29,658
Opening shareholders' funds	<u>1,589,407</u>	<u>1,559,749</u>
Closing shareholders' funds	£1,681,784	£1,589,407
	<u> </u>	<u> </u>