

REGISTRAR

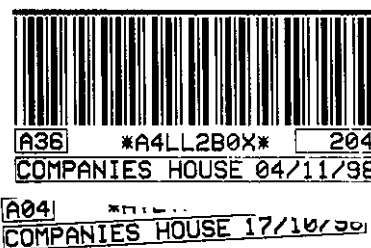
LODORE LIMITED

DIRECTORS' REPORT AND ACCOUNTS

for the year ended

5th April 1998

COMPANY REGISTRATION NUMBER: 166329



LODORE LIMITED

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the company will be held on Friday, 25th September 1998 at 12.00 noon at The Pheasant Inn, Bassenthwaite Lake, Cumbria.

Items on the Agenda are as follows -

1. To receive apologies for absence.
2. To approve the minutes of the Annual General Meeting held on 26th September 1997.
3. To receive and consider the report of the directors and accounts for the year ended 5th April 1998.
4. To confirm the payment of the interim dividend for the year and approve the payment of a final dividend for the year.
5. To approve the directors' remuneration.
6. To re-elect the director retiring by rotation.
7. To re-elect the auditors, Mitchell Charlesworth and to resolve that the directors fix the remuneration of the auditors.
8. To transact any other ordinary business of the company.

Members are entitled to appoint proxies to attend and vote on their behalf. Such proxies need not be members of the company.

ON BEHALF OF THE BOARD



W.F. GOUGH
Secretary

3rd September 1998

LODORE LIMITED

Report of the Directors for the year ended 5th April 1998

The directors submit their annual report and the audited accounts for the year ended 5th April 1998.

Profit, business review and dividend

The profit for the year before taxation amounts to £277,258 (1997 £89,261). The profit includes a surplus arising on the sale of investments and property, which amounts to £215,241 (1997 £27,989).

The total profit for the year after taxation amounts to £227,537 (1997 £69,885).

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 reduced from the previous year again, due mainly to the lower average amount invested during the year, the directors reducing the portfolio, taking advantage of high stock market values. Total proceeds of £473,174 were realised and £121,482 invested during the year.

The market value of investments as stated in note 8 amounts to £808,717.

Income from commercial property is consistent with previous years. Rented farm property has received increased total rents, but a deficit has been incurred, due principally to substantial repair expenditure being incurred. A small deficit has been incurred on the woodlands, with lower maintenance charges and grants being the principal factor in achieving this.

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

	1998	1997
Interim dividend	10%	10%
Final dividend - proposed	<u>25%</u>	<u>25%</u>
	35%	35%
	—	—

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 1998

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	
	1998	1997	1998	1997
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. W.D. 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

3rd September 1998

LODORE LIMITED

Statement of Directors' Responsibilities for the year ended 5th April 1998

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 1998 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

3rd September 1998

LODORE LIMITED

Profit and Loss Account for the year ended 5th April 1998

	Notes	1998	1997
Income from investments	2	26,207	30,521
Commercial property rentals		35,445	35,485
Estate accounts:			
Rented farm property		(18,258)	5,611
Woodlands		(3,386)	(17,915)
Bank interest received		34,435	16,519
Other interest received		5,180	5,434
Building society interest received		659	1,118
Surplus on disposal of investments		214,741	27,989
Surplus on disposal of tangible fixed assets		<u>500</u>	<u>-</u>
		295,523	104,762
Staff costs	4	8,250	7,500
Interest paid		5	7
Other operating expenses		<u>10,010</u>	<u>7,994</u>
		<u>18,265</u>	<u>15,501</u>
Profit on ordinary activities before taxation	3	277,258	89,261
Taxation	5	<u>49,721</u>	<u>19,376</u>
Profit on ordinary activities after taxation		227,537	69,885
Dividends	6	<u>49,175</u>	<u>49,175</u>
Retained profit for year		178,362	20,710
Retained profit brought forward		<u>1,411,993</u>	<u>1,391,283</u>
Retained profit carried forward		<u>£1,590,355</u>	<u>£1,411,993</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.

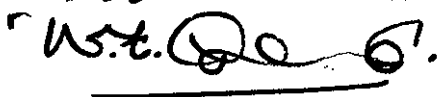
The notes on pages 7 to 10 form part of these accounts.

LODORE LIMITED

Balance Sheet 5th April 1998

	Notes	1998	1997
Fixed assets			
Tangible assets	7	648,314	649,314
Investments	8	<u>605,864</u>	<u>742,815</u>
		1,254,178	1,392,129
Current assets			
Debtors	10	25,675	26,391
Bank account		690,509	338,691
Building society account		<u>17,898</u>	<u>24,537</u>
		734,082	389,619
Creditors			
Amounts falling due within one year	11	<u>107,404</u>	<u>79,254</u>
Net current assets		<u>626,678</u>	<u>310,365</u>
		£1,880,856	£1,702,494
Capital and reserves			
Called up share capital	13	140,501	140,501
Capital reserve		150,000	150,000
Profit and loss account		<u>1,590,355</u>	<u>1,411,993</u>
Total shareholders' funds	14	£1,880,856	£1,702,494

Approved by the Board of Directors
on 3rd September 1998

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

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 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 fully depreciated.

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.

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	
	1998	1997	1998	1997
Franked	20,992	24,820	-	520
Foreign dividends	2,720	1,719	-	-
Unfranked	-	1,612	-	-
Property enterprise trusts	<u>-</u>	<u>-</u>	<u>2,495</u>	<u>1,850</u>
	£23,712	£28,151	£2,495	£2,370
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

3. Results for the year

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

	1998	1997
	£	£
Directors' remuneration (notes 4 and 15)	8,250	7,500
Audit fee	1,900	1,850

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

	1998	1997
Provision for taxation at 21% (1997 24%)		
On net income	12,671	17,194
On chargeable gains	37,000	5,268
Under-provision in previous year	<u>50</u>	<u>(3,086)</u>
	<u>£49,721</u>	<u>£19,376</u>

6. Dividends

The dividends paid and proposed are:

	1998	1997
Interim - 31st March 1998 - 10% (1997 10%)	14,050	14,050
Final proposed - 25th September 1998 - 25% (1997 25%)	<u>35,125</u>	<u>35,125</u>
	<u>£49,175</u>	<u>£49,175</u>

7. Tangible fixed assets

Cost or valuation	Freehold investment property	Office equipment	Total
At 5th April 1997	649,314	699	650,013
Disposal	<u>1,000</u>	<u>-</u>	<u>1,000</u>
At 5th April 1998	<u>648,314</u>	<u>699</u>	<u>649,013</u>
Depreciation			
At 5th April 1997 and 1998	<u>-</u>	<u>699</u>	<u>699</u>
Net book values			
At 5th April 1998	<u>£648,314</u>	<u>£ -</u>	<u>£648,314</u>
At 5th April 1997	<u>£649,314</u>	<u>£ -</u>	<u>£649,314</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	-	45,400	25,000	70,400
Subsequent additions - at cost	<u>403,975</u>	<u>173,799</u>	<u>140</u>	<u>577,914</u>
	£403,975	£219,199	£25,140	£648,314
	=====	=====	=====	=====

8. Investments

	Book value		Market value	
	1998	1997	1998	1997
Quoted	405,864	535,470	608,717	779,974
Unquoted	-	7,345	-	21,120
Property enterprise trusts	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
	£605,864	£742,815	£808,717	£1,001,094
	=====	=====	=====	=====

The change in the book value of quoted investments is represented by acquisitions of £121,482 and disposals, expressed in terms of cost, of £258,433.

The investment and valuation of property enterprise trusts is stated at cost based on the medium term nature of the investments. They are not readily realisable and the directors will continue to review the trustees progress in securing quality tenants for the underlying property.

9. Capital commitments

There are no commitments at the year end for capital expenditure (1997 £Nil).

10. Debtors

	1998	1997
Deferred asset (note 1)	7,200	8,781
Other debtors	<u>18,475</u>	<u>17,610</u>
	£25,675	£26,391
	=====	=====

LODORE LIMITED

Notes to the Accounts

11. Creditors - amounts falling due within one year

	1998	1997
Bank overdraft	6,626	12,517
Corporation tax	46,311	19,743
Accrued charges	19,342	11,869
Proposed dividend	<u>35,125</u>	<u>35,125</u>
	£107,404	£79,254
	<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 1998 not provided for in these accounts, amounts to £41,000 (1997 £44,831).

13. Share capital

	1998	1997
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 (1997 £150,000).

14. Reconciliation of movements in shareholders' funds

	1998	1997
Profit for financial year	227,537	69,885
Dividends	<u>(49,175)</u>	<u>(49,175)</u>
Net addition to shareholders' funds	178,362	20,710
Opening shareholders' funds	<u>1,702,494</u>	<u>1,681,784</u>
Closing shareholders' funds	£1,880,856	£1,702,494
	<u> </u>	<u> </u>

15. Transactions with directors

Mr. W.F. Gough was a partner with H.F.T. Gough & Co. who perform secretarial duties for the company. In the period to 31st December 1998, the company paid H.F.T. Gough & Co. fees totalling £2,250. From 1st January 1998, Mr. Gough commenced receiving secretarial fees directly at the rate of £3,000 per annum, following his retirement from that partnership.