

LODORE LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the year ended
5th April 1999

COMPANY REGISTRATION NUMBER: 166329



LODORE LIMITED

Report of the Directors for the year ended 5th April 1999

The directors submit their annual report and the audited accounts for the year ended 5th April 1999.

Profit, business review and dividend

The profit for the year before taxation amounts to £212,440 (1998 £277,258). The profit includes a surplus arising on the sale of investments and property, which amounts to £84,720 (1998 £215,241).

The total profit for the year after taxation amounts to £163,528 (1998 £227,537).

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 £77,767 were realised and £180,002 invested during the year. The surplus on disposal of fixed assets arose from the sale of Woodhow Farm. The company's investment in Property Enterprise Trusts have been written down during the year by £106,000.

The market value of investments as stated in note 8 amounts to £833,680.

Income from commercial property is consistent with previous years. Rented farm property has returned to surplus due to much lower repair and maintenance expenditure in the year. Woodlands is in surplus, the company having received substantial grants during the year.

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

	1999	1998
Interim dividend	10%	10%
Final dividend - proposed	<u>35%</u>	<u>25%</u>
	45%	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 1999

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	
	1999	1998	1999	1998
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

2nd September 1999

LODORE LIMITED

Statement of Directors' Responsibilities for the year ended 5th April 1999

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 £49,175 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 1999 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

2nd September 1999

LODORE LIMITED

Profit and Loss Account for the year ended 5th April 1999

	Notes	1999	1998
Income from investments	2	21,021	26,207
Commercial property rentals		35,474	35,445
Estate accounts:			
Rented farm property		4,136	(18,258)
Woodlands		42,177	(3,386)
Bank interest received		42,724	34,435
Other interest received		3,560	5,180
Building society interest received		1,737	659
Deficit on disposal of investments		(116,724)	214,741
Surplus on disposal of tangible fixed assets		<u>201,444</u>	<u>500</u>
		235,549	295,523
Staff costs	4	10,500	8,250
Other operating expenses		<u>12,609</u>	<u>10,015</u>
		<u>23,109</u>	<u>18,265</u>
Profit on ordinary activities before taxation	3	212,440	277,258
Taxation	5	<u>48,912</u>	<u>49,721</u>
Profit on ordinary activities after taxation		163,528	227,537
Dividends	6	<u>63,225</u>	<u>49,175</u>
Retained profit for year		100,303	178,362
Retained profit brought forward		<u>1,590,355</u>	<u>1,411,993</u>
Retained profit carried forward		<u>£1,690,658</u>	<u>£1,590,355</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.

Balance Sheet 5th April 1999

	Notes	1999	1998
Fixed assets			
Tangible assets	7	632,510	648,314
Investments	8	<u>589,851</u>	<u>605,864</u>
		1,222,361	1,254,178
Current assets			
Debtors	10	25,593	25,675
Bank account		765,112	683,883
Building society account		<u>70,927</u>	<u>17,898</u>
		861,632	727,456
Creditors			
Amounts falling due within one year	11	<u>102,834</u>	<u>100,778</u>
Net current assets		<u>758,798</u>	<u>626,678</u>
		£1,981,159	£1,880,856
		<u><u> </u></u>	<u><u> </u></u>
Capital and reserves			
Called up share capital	13	140,501	140,501
Capital reserve		150,000	150,000
Profit and loss account		<u>1,690,658</u>	<u>1,590,355</u>
Total shareholders' funds	14	£1,981,159	£1,880,856

Approved by the Board of Directors
on 2nd September, 1999

2nd September, 1999

Chano
W. E. D. O.

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 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

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

2. Investment income	Quoted		Unquoted	
	1999	1998	1999	1998
Franked	12,840	20,992	-	-
Foreign dividends	4,903	2,720	-	-
Property enterprise trusts	—	—	<u>3,278</u>	<u>2,495</u>
	£17,743	£23,712	£3,278	£2,495
	=====	=====	=====	=====

3. Results for the year

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

	1999 £	1998 £
Directors' remuneration (note 4)	10,500	8,250
Audit fee	1,950	1,900

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

	1999	1998
Provision for taxation at 21% (1998 21%)		
On net income	17,249	12,671
On chargeable gains	32,800	37,000
Over-provision in previous year	(1,137)	50
	<u>£48,912</u>	<u>£49,721</u>

6. Dividends

The dividends paid and proposed are:	1999	1998
Interim - 31st March 1999 - 10% (1998 10%)	14,050	14,050
Final proposed - 24th September 1999 - 35% (1998 25%)	<u>49,175</u>	<u>35,125</u>
	<u>£63,225</u>	<u>£49,175</u>

7. Tangible fixed assets

Cost or valuation	Freehold investment property	Office equipment	Total
At 5th April 1998	648,314	699	649,013
Additions	-	-	-
Disposals	(15,804)	-	(15,804)
At 5th April 1999	<u>632,510</u>	<u>699</u>	<u>633,209</u>
Depreciation			
At 5th April 1998 and 1999	-	699	699
Net book values			
At 5th April 1999	<u>£632,510</u>	<u>£ -</u>	<u>£632,510</u>
At 5th April 1998	<u>£648,314</u>	<u>£ -</u>	<u>£648,314</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>157,995</u>	<u>140</u>	<u>562,110</u>
	£403,975	£203,395	£25,140	£632,510
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

8. Investments

	Book value		Market value	
	1999	1998	1999	1998
Quoted	520,851	405,864	764,680	608,717
Property enterprise trusts	<u>69,000</u>	<u>200,000</u>	<u>69,000</u>	<u>200,000</u>
	£589,851	£605,864	£833,680	£808,717
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The change in the book value of quoted investments is represented by acquisitions of £180,002 and disposals, expressed in terms of cost, of £65,015.

The investment and valuation of property enterprise trusts is stated at the directors' valuation, using their best estimate, based on information currently available from the Trust Managers.

9. Capital commitments

There are no commitments at the year end for capital expenditure (1998 £Nil).

10. Debtors

	1999	1998
Deferred asset	-	7,200
Other debtors	<u>25,593</u>	<u>18,475</u>
	£25,593	£25,675
	<u> </u>	<u> </u>

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Notes to the Accounts

11. Creditors - amounts falling due within one year

	1999	1998
Corporation tax	39,185	46,311
Other taxes	5,133	-
Accrued charges	9,341	19,342
Proposed dividend	<u>49,175</u>	<u>35,125</u>
	£102,834	£100,778
	<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 at the values stated in Note 8, 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 1999 not provided for in these accounts, amounts to £14,000 (1998 £41,000).

13. Share capital

	1999	1998
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 (1998 £150,000).

14. Reconciliation of movements in shareholders' funds

	1999	1998
Profit for financial year	163,528	227,537
Dividends	(<u>63,225</u>)	(<u>49,175</u>)
Net addition to shareholders' funds	100,303	178,362
Opening shareholders' funds	<u>1,880,856</u>	<u>1,702,494</u>
Closing shareholders' funds	£1,981,159	£1,880,856
	<u> </u>	<u> </u>