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LODORE LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the year ended
5th April 2000

COMPANY REGISTRATION NUMBER: 166329



LODORE LIMITED

Report of the Directors for the year ended 5th April 2000

The directors submit their annual report and the audited accounts for the year ended 5th April 2000.

Profit, business review and dividend

The profit for the year before taxation amounts to £450,578 (1999 £212,440). The profit includes a surplus arising on the sale of investments and property, which amounts to £380,957 (1999 £84,720).

The total profit for the year after taxation amounts to £388,578 (1999 £163,528).

The company operates as an investment company, holding stocks and shares, commercial and agricultural property, and woodlands.

The results for the year were dominated by the surplus of £349,165, arising from the disposal of Bowderdale Farm to the National Trust.

The directors continue to actively manage the portfolio of quoted investments, with overall investment income slightly increased over the previous year. Acquisition of investments during the year amounted to £615,175, with proceeds from disposals amounting to £319,920.

The market value of investments as stated in note 7 amounts to £1,211,864.

Income from commercial property is consistent with previous years. Rented farm property has incurred a small deficit, lower rentals being generated following the two recent disposals, whilst management expenses and maintenance have remained at a similar level overall. Woodlands are in deficit, no income being generated and expenses being consistent with that of the previous year.

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

	2000	1999
Interim dividend	10%	10%
Final dividend - proposed	<u>35%</u>	<u>35%</u>
	45%	45%
	—	—

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 2000

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	
	2000	1999	2000	1999
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.F. Gough 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

1st September 2000

LODORE LIMITED

Statement of Directors' Responsibilities for the year ended 5th April 2000

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.

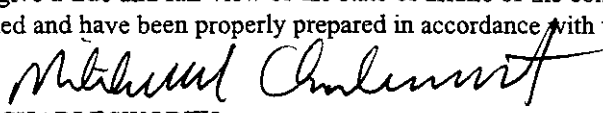
Qualified opinion arising from disagreement about accounting treatment

The company owns investment properties which, as stated in note 6 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 2000 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

1st September 2000

LODORE LIMITED

Profit and Loss Account for the year ended 5th April 2000

	Notes	2000	1999
Income from investments	2	22,061	21,021
Commercial property rentals		35,541	35,474
Estate accounts:			
Rented farm property		(2,248)	4,136
Woodlands		(7,127)	42,177
Bank interest received		37,354	42,724
Other interest received		6,685	3,560
Building society interest received		2,615	1,737
Surplus on disposal of investments		31,792	(116,724)
Surplus on disposal of tangible fixed assets		<u>349,165</u>	<u>201,444</u>
		475,838	235,549
Directors' remuneration	3	10,500	10,500
Other operating expenses		<u>14,760</u>	<u>12,609</u>
Profit on ordinary activities before taxation	3	450,578	212,440
Taxation	4	<u>62,000</u>	<u>48,912</u>
Profit on ordinary activities after taxation		388,578	163,528
Dividends	5	<u>63,225</u>	<u>63,225</u>
Retained profit for year		325,353	100,303
Retained profit brought forward		<u>1,690,658</u>	<u>1,590,355</u>
Retained profit carried forward		<u>£2,016,011</u>	<u>£1,690,658</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.

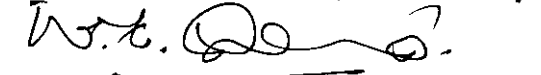
The notes on pages 7 to 10 form part of these accounts.

LODORE LIMITED

Balance Sheet 5th April 2000

	Notes	2000	1999
Fixed assets			
Tangible assets	6	626,330	632,510
Investments	7	<u>897,906</u>	<u>589,851</u>
		1,524,236	1,222,361
Current assets			
Debtors	9	30,144	34,244
Bank account		829,620	756,461
Building society account		<u>68,034</u>	<u>70,927</u>
		927,798	861,632
Creditors			
Amounts falling due within one year	10	<u>145,522</u>	<u>102,834</u>
Net current assets		<u>782,276</u>	<u>758,798</u>
		<u>£2,306,512</u>	<u>£1,981,159</u>
Capital and reserves			
Called up share capital	12	140,501	140,501
Capital reserve		150,000	150,000
Profit and loss account		<u>2,016,011</u>	<u>1,690,658</u>
Total shareholders' funds	13	<u>£2,306,512</u>	<u>£1,981,159</u>

Approved by the Board of Directors
on 1st September 2000

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 6 to the accounts.

Depreciation

Freehold investment property is not depreciated.

Office equipment is fully depreciated.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that as these properties are not held for consumption, but for their rental return, to depreciate them would not give a true and fair view.

Income

Investment income is shown at the amounts received with the addition of the withholding tax for foreign holdings.

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

Deferred taxation

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

Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date. All differences are taken to the profit and loss account.

Grants

Revenue grants are recognised in the period to which they relate.

2. Investment income	Quoted		Unquoted	
	2000	1999	2000	1999
Equities	18,752	12,840	-	-
Foreign dividends	1,033	4,903	-	-
Property enterprise trusts	<u>-</u>	<u>-</u>	<u>2,276</u>	<u>3,278</u>
	£19,785	£17,743	£2,276	£3,278
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

LODORE LIMITED

Notes to the Accounts

3. Results for the year

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

	2000 £	1999 £
Directors' remuneration	10,500	10,500
Audit fee	2,000	1,950

Other than the three directors, there are no staff employed.

4. Taxation

	2000	1999
Provision for taxation at 20% (1999 21%)		
On net income	10,300	17,249
On chargeable gains	51,700	32,800
Over-provision in previous year	—	(1,137)
	£62,000	£48,912

5. Dividends

The dividends paid and proposed are:

	2000	1999
Interim - 31st March 2000 - 10% (1999 10%)	14,050	14,050
Final proposed - 15th September 2000 - 35% (1999 35%)	49,175	49,175
	£63,225	£63,225

6. Tangible fixed assets

Cost or valuation	Freehold investment property	Office equipment	Total
At 5th April 1999	632,510	699	633,209
Disposals	(6,180)	—	(6,180)
At 5th April 2000	626,330	699	627,029
Depreciation			
At 5th April 1999 and 2000	—	699	699
Net book values			
At 5th April 2000	£626,330	£ —	£626,330
At 5th April 1999	£632,510	£ —	£632,510

LODORE LIMITED

Notes to the Accounts

6. Tangible fixed assets [continued]

Freehold investment property is represented by:

	Commercial properties	Tenanted farms	Managed woodlands	Total
At valuation - 29th September 1967	-	34,575	25,000	59,575
Subsequent additions - at cost	<u>403,975</u>	<u>162,640</u>	<u>140</u>	<u>566,755</u>
	£403,975	£197,215	£25,140	£626,330
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

7. Investments

	Book value		Market value	
	2000	1999	2000	1999
Quoted	847,906	520,851	1,161,864	764,680
Property enterprise trusts	<u>50,000</u>	<u>69,000</u>	<u>50,000</u>	<u>69,000</u>
	£897,906	£589,851	£1,211,864	£833,680
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The change in the book value of quoted investments is represented by acquisitions of £615,175 and disposals, expressed in terms of cost, of £288,120.

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.

8. Capital commitments

There are no commitments at the year end for capital expenditure (1999 £Nil).

9. Debtors

	2000	1999
Funds held by property managers	12,586	8,651
Other debtors	<u>17,558</u>	<u>25,593</u>
	£30,144	£34,244
	<u> </u>	<u> </u>

LODORE LIMITED

Notes to the Accounts

10. Creditors - amounts falling due within one year

	2000	1999
Corporation tax	72,603	39,185
Other taxes	2,051	5,133
Accrued charges	21,693	9,341
Proposed dividend	<u>49,175</u>	<u>49,175</u>
	<u>£145,522</u>	<u>£102,834</u>

11. Deferred taxation

The full potential liability at 5th April 2000, in respect of industrial buildings allowances granted on property enterprise trusts, not provided for in these accounts, amounts to £10,000 (1999 £14,000).

12. Share capital

	2000	1999
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>
	<u>£140,501</u>	<u>£140,501</u>

The authorised share capital is £150,000 (1999 £150,000).

13. Reconciliation of movements in shareholders' funds

	2000	1999
Profit for financial year	388,578	163,528
Dividends	(63,225)	(63,225)
Net addition to shareholders' funds	325,353	100,303
Opening shareholders' funds	<u>1,981,159</u>	<u>1,880,856</u>
Closing shareholders' funds	<u>£2,306,512</u>	<u>£1,981,159</u>