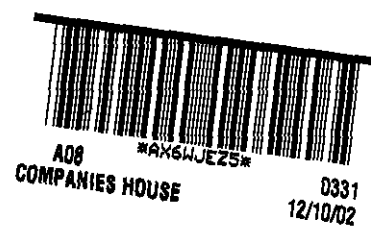


LODORE LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the year ended
5th April 2002

COMPANY REGISTRATION NUMBER: 166329



LODORE LIMITED

NOTICE IS HEREBY GIVEN that the Eighty-Second **ANNUAL GENERAL MEETING** of the company will be held on 27th September 2002 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 28th September 2001.
3. To receive and consider the report of the directors and accounts for the year ended 5th April 2002.
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

5th September 2002

LODORE LIMITED

Report of the Directors for the year ended 5th April 2002

The directors submit their annual report and the audited accounts for the year ended 5th April 2002.

Profit, business review and dividend

The profit for the year before taxation amounts to £89,842 (2001 £97,096). The profit includes a net surplus arising on the sale of investments and property, amounting to £23,358 (2001 investments £11,904).

The total profit for the year after taxation amounts to £79,076 (2001 £99,405).

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

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 £182,972, with proceeds from disposals amounting to £97,486.

The market value of investments as stated in note 7 amounts to £1,237,904.

Income from commercial property has remained constant for the year. Net rentals from other properties has continued to show an improved surplus over the prior periods with lower management expenses being incurred, particularly in respect of the repairs and maintenance of properties. A reduced surplus from woodlands is shown this year, the income from which being derived solely from grant assistance.

Proceeds from disposals of commercial property and tenanted farms during the year amounted to £42,428 and £43,929 respectively.

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

	2002	2001
Special dividend - paid	300%	-
Interim dividend - paid	10%	10%
Final dividend - proposed	<u>35%</u>	<u>35%</u>
	345%	45%

The special dividend recognises the significant surplus realised in the last few years. The directors considered it appropriate to distribute these funds to the shareholders by way of a £3 per share special interim dividend paid on 15th October 2001.

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 2002

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	
	2002	2001	2002	2001
W.D. Walker	3,514	3,514	4,050	4,050
H.M. Walker	3,013	3,013	8,237	8,237
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

5th September 2002

LODORE LIMITED

Statement of Directors' Responsibilities for the year ended 5th April 2002

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LODORE LIMITED

We have audited the financial statements of Lodore Limited for the year ended 5th April 2002 which are set out on pages 5 to 11. These financial statements 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 in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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.

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 special, interim and proposed final distributions of £421,503, £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 2002 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



5th September 2002

LODORE LIMITED

Profit and Loss Account for the year ended 5th April 2002

	Notes	2002	2001
Income from investments	2	32,746	25,487
Commercial property rentals		26,708	28,114
Estate accounts:			
Rented farm property		22,752	6,148
Woodlands		562	7,774
Bank interest received		13,665	37,103
Other interest received		46	29
Building society interest received		625	2,796
Surplus on disposal of investments		28,604	11,904
Loss on disposal of tangible fixed assets		(5,246)	-
		120,462	119,355
Directors' remuneration	3	17,500	10,500
Other operating expenses		<u>13,120</u>	<u>11,759</u>
		30,620	22,259
Profit on ordinary activities before taxation	3	89,842	97,096
Taxation	4	<u>10,766</u>	(2,309)
Profit on ordinary activities after taxation		79,076	99,405
Dividends	5	<u>484,728</u>	<u>63,225</u>
Deficit for the year		(405,652)	36,180
Retained profit brought forward		<u>2,052,191</u>	<u>2,016,011</u>
Retained profit carried forward		<u>£1,646,539</u>	<u>£2,052,191</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.

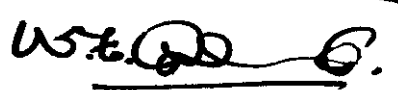
The notes on pages 7 to 11 form part of these accounts.

LODORE LIMITED

Balance Sheet 5th April 2002

	Notes	2002	2001
Fixed assets			
Tangible assets	6	542,725	634,328
Investments	7	<u>1,255,455</u>	<u>1,141,365</u>
		1,798,180	1,775,693
Current assets			
Debtors	9	73,856	30,589
Bank account		131,084	538,191
Building society account		<u>2,461</u>	<u>69,637</u>
		207,401	638,417
Creditors			
Amounts falling due within one year	10	<u>68,541</u>	<u>71,418</u>
Net current assets		<u>138,860</u>	<u>566,999</u>
Total shareholders' funds		<u>£1,937,040</u>	<u>£2,342,692</u>
Capital and reserves			
Called up share capital	12	140,501	140,501
Capital reserve		150,000	150,000
Profit and loss account		<u>1,646,539</u>	<u>2,052,191</u>
Total shareholders' funds	13	<u>£1,937,040</u>	<u>£2,342,692</u>

Approved by the Board of Directors
on 5th September 2002

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

The notes on pages 7 to 11 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 net amounts received by the company.

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

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events have occurred at that date will result in an obligation to pay more, or a right to pay less tax.

Deferred tax is measured on an undiscounted basis at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

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	
	2002	2001	2002	2001
Equities	29,397	22,555	-	-
Foreign dividends	246	201	-	-
Property enterprise trusts	-	-	3,103	2,731
	£29,643	£22,756	£3,103	£2,731

LODORE LIMITED

Notes to the Accounts

3. Results for the year

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

	2002 £	2001 £
Directors' remuneration	17,500	10,500
Audit fee	2,000	2,000

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

4. Taxation

	2002	2001
Analysis of charge for the year		
Current tax:		
U.K. corporation tax at 20% (2001 20%) on profit for the period:		
On net income	7,803	10,372
On chargeable gains	1,697	1,993
Under/(over) provision in previous year	<u>1,266</u>	<u>(14,674)</u>
	£10,766	£(2,309)

5. Dividends

	2002	2001
The dividends paid and proposed are:		
Special - 15th October 2001 - 300% (2001 Nil)	421,503	-
Interim - 31st March 2002 - 10% (2001 10%)	14,050	14,050
Final proposed - 27th September 2002- 35% (2001 35%)	<u>49,175</u>	<u>49,175</u>
	£484,728	£63,225

LODORE LIMITED

Notes to the Accounts

6. Tangible fixed assets	Freehold investment property	Office equipment	Total
Cost or valuation			
At 5th April 2001	634,328	699	635,027
Disposals	(91,603)	-	(91,603)
At 5th April 2002	542,725	699	543,424
Depreciation			
At 5th April 2001 and 2002	-	699	699
Net book values			
At 5th April 2002	£542,725	£ -	£542,725
At 5th April 2001	£634,328	£ -	£634,328

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	403,975	170,638	140	574,753
Disposals - at cost	(91,238)	(365)	-	(91,603)
	£312,737	£204,848	£25,140	£542,725

7. Investments	Book value		Market value	
	2002	2001	2002	2001
Quoted	1,205,455	1,091,365	1,187,904	1,206,518
Property enterprise trusts	50,000	50,000	50,000	50,000
	£1,255,455	£1,141,365	£1,237,904	£1,256,518

The change in the book value of quoted investments is represented by acquisitions of £182,972 and disposals, expressed in terms of cost, of £68,882.

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.

LODORE LIMITED

Notes to the Accounts

8. Capital commitments

There are no commitments at the year end for capital expenditure (2001 £Nil).

9. Debtors

	2002	2001
Funds held by property managers	33,193	13,537
Other debtors	39,924	17,052
Other taxes	<u>739</u>	<u>-</u>
	<u>£73,856</u>	<u>£30,589</u>

Included within other debtors is an amount of £15,000 (2001 £Nil) which is payable over a period longer than one year.

10. Creditors - amounts falling due within one year

	2002	2001
Corporation tax	9,375	11,806
Other taxes	-	105
Accrued charges	9,991	10,332
Proposed dividend	<u>49,175</u>	<u>49,175</u>
	<u>£68,541</u>	<u>£71,418</u>

11. Deferred taxation

The full potential liability arising from timing differences generated from industrial buildings allowance on property enterprise trusts, amounts to £10,000 (2001 £10,000).

The trustees have undertaken not to dispose of the freehold interest in the underlying properties within 25 years of original acquisition. After that period the allowances previously given cannot be reversed. The directors therefore consider the timing differences to be permanent and consequently, have not made any provision within these accounts.

12. Share capital

	2002	2001
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 (2001 £150,000).

LODORE LIMITED

Notes to the Accounts

13. Reconciliation of movements in shareholders' funds

	2002	2001
Profit for financial year	79,076	99,405
Dividends	<u>484,728</u>	<u>63,225</u>
Net deduction from shareholders' funds	(405,652)	36,180
Opening shareholders' funds	<u>2,342,692</u>	<u>2,306,512</u>
Closing shareholders' funds	<u>£1,937,040</u>	<u>£2,342,692</u>