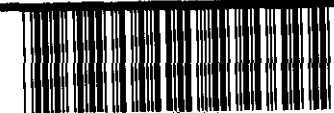


Revised

LODORE LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the year ended
5th April 2003

COMPANY REGISTRATION NUMBER: 166329



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LODORE LIMITED

Report of the Directors for the year ended 5th April 2003

The directors submit their annual report and the audited accounts for the year ended 5th April 2003.

Loss, business review and dividend

The loss for the year before taxation amounts to £124,444 (2002 profit £89,842). The loss includes a net deficit arising on the sale of investments amounting to £177,031 (2002 investments and property gain £23,358).

The total loss for the year after taxation amounts to £126,758 (2002 profit £79,076).

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 reduced from the previous year. Acquisition of investments during the year amounted to £294,151, with proceeds from disposals amounting to £284,916. The proceeds of disposal of investments were re-invested, but as the values had significantly reduced, a large deficit was incurred on realisation. The market value of the investments held at 5th April 2003 was significantly lower than the previous year, being effected by the conflict in Iraq. Whilst values have improved significantly in the subsequent period, the market is still subject to volatility.

The market value of investments as stated in note 7 amounts to £907,189.

Income from commercial property has remained constant for the year. Net rentals from other properties has fallen, principally due to higher management and repair expenditure. There was no specific income or expenditure arising in respect of the Woodlands.

Having regard to the deficit on investment disposals, the directors consider the overall results for the year from other activities to be satisfactory and propose dividends as follows:

	2003	2002
Special dividend	-	300%
Interim dividend - paid	10%	10%
Final dividend - proposed	<u>35%</u>	<u>35%</u>
	45%	345%
	—	—

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 2003

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	
	2003	2002	2003	2002
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. 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

4th September 2003

LODORE LIMITED

Statement of Directors' Responsibilities for the year ended 5th April 2003

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 2003 which are set out on pages 6 to 11. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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.

Mitchell Charlesworth

Chartered Accountants

Chavasse Court · 24 Lord Street · Liverpool · L2 1TA

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LODORE LIMITED [CONTINUED]

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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MITCHELL CHARLESWORTH
Registered Auditor

4th September 2003

LODORE LIMITED

Profit and Loss Account for the year ended 5th April 2003

	Notes	2003	2002
Income from investments	2	31,685	32,746
Commercial property rentals		26,708	26,708
Estate accounts:			
Rented farm property		17,409	22,752
Woodlands		-	562
Bank interest received		1,743	13,665
Other interest received		12	46
Building society interest received		410	625
Deficit on disposal of investments		(177,031)	28,604
Deficit on disposal of tangible fixed assets		-	(5,246)
		(99,064)	120,462
Directors' remuneration	3	12,500	17,500
Other operating expenses		<u>12,880</u>	<u>13,120</u>
Loss on ordinary activities before taxation	3	(124,444)	89,842
Taxation	4	<u>2,314</u>	<u>10,766</u>
Loss on ordinary activities after taxation		(126,758)	79,076
Dividends	5	<u>63,225</u>	<u>484,728</u>
Loss for the year		(189,983)	(405,652)
Retained profit brought forward		<u>1,646,539</u>	<u>2,052,191</u>
Retained profit carried forward		<u>£1,456,556</u>	<u>£1,646,539</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 results above, and therefore no separate statement of total recognised gains and losses has been presented.

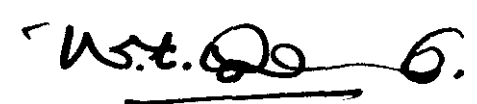
The notes on pages 8 to 11 form part of these accounts.

LODORE LIMITED

Balance Sheet 5th April 2003

	Notes	2003	2002
Fixed assets			
Tangible assets	6	542,725	542,725
Investments	7	<u>1,087,659</u>	<u>1,255,455</u>
		1,630,384	1,798,180
Current assets			
Debtors	9	59,264	73,856
Bank account		85,117	131,084
Building society account		<u>37,938</u>	<u>2,461</u>
		182,319	207,401
Creditors			
Amounts falling due within one year	10	<u>65,646</u>	<u>68,541</u>
Net current assets		<u>116,673</u>	<u>138,860</u>
Total shareholders' funds		<u>£1,747,057</u>	<u>£1,937,040</u>
Capital and reserves			
Called up share capital	12	140,501	140,501
Capital reserve		150,000	150,000
Profit and loss account		<u>1,456,556</u>	<u>1,646,539</u>
Total shareholders' funds	13	<u>£1,747,057</u>	<u>£1,937,040</u>

Approved by the Board of Directors
on 4th September 2003

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

The notes on pages 8 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.

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	
	2003	2002	2003	2002
Equities	27,787	29,397	-	-
Foreign dividends	257	246	-	-
Property enterprise trusts	-	-	3,641	3,103
	£28,044	£29,643	£3,641	£3,103

LODORE LIMITED

Notes to the Accounts

3. Results for the year

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

	2003 £	2002 £
Directors' remuneration	12,500	17,500
Audit fee	2,000	2,000

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

4. Taxation

	2003	2002
Analysis of charge for the year		
Current tax:		
U.K. corporation tax at 19% (2002 20%) on taxable profit for the period	4,357	9,500
Over provision in previous year	(2,043)	<u>1,266</u>
Total current tax	<u>£2,314</u>	<u>£10,766</u>

5. Dividends

The dividends paid and proposed are:	2003	2002
Special - Nil (2002 300%)	-	421,503
Interim - 31st March 2003 - 10% (2002 10%)	14,050	14,050
Final proposed - 26th September 2003 - 35% (2002 35%)	<u>49,175</u>	<u>49,175</u>
	<u>£63,225</u>	<u>£484,728</u>

6. Tangible fixed assets

	2003	2002
Freehold investment property	<u>£542,725</u>	<u>£542,725</u>

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>312,737</u>	<u>170,273</u>	<u>140</u>	<u>483,150</u>
	<u>£312,737</u>	<u>£204,848</u>	<u>£25,140</u>	<u>£542,725</u>

LODORE LIMITED

Notes to the Accounts

7. Investments

	Book value		Market value	
	2003	2002	2003	2002
Quoted	1,037,659	1,205,455	858,189	1,187,904
Property enterprise trusts	<u>50,000</u>	<u>50,000</u>	<u>49,000</u>	<u>49,000</u>
	<u>£1,087,659</u>	<u>£1,255,455</u>	<u>£907,189</u>	<u>£1,236,904</u>

The change in the book value of quoted investments is represented by acquisitions of £294,151 and disposals, expressed in terms of cost, of £461,947.

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 (2002 £Nil).

9. Debtors

	2003	2002
Funds held by property managers	22,311	33,193
Other debtors	33,788	39,924
Other taxes	<u>3,165</u>	<u>739</u>
	<u>£59,264</u>	<u>£73,856</u>

Included within other debtors is an amount of £10,000 (2002 £15,000) which is payable over a period longer than one year.

10. Creditors - amounts falling due within one year

	2003	2002
Corporation tax	4,275	9,375
Accrued charges	12,196	9,991
Proposed dividend	<u>49,175</u>	<u>49,175</u>
	<u>£65,646</u>	<u>£68,541</u>

11. Deferred taxation

The full potential liability arising from timing differences generated from industrial buildings allowance on property enterprise trusts, amounts to £9,500 (2002 £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.

LODORE LIMITED

Notes to the Accounts

12. Share capital

	2003	2002
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 (2002 £150,000).

13. Reconciliation of movements in shareholders' funds

	2003	2002
Loss for financial year	(126,758)	79,076
Dividends	<u>63,225</u>	<u>484,728</u>
Net deduction from shareholders' funds	(189,983)	(405,652)
Opening shareholders' funds	<u>1,937,040</u>	<u>2,342,692</u>
Closing shareholders' funds	<u>£1,747,057</u>	<u>£1,937,040</u>