

LODORE LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the year ended
5th April 2004

COMPANY REGISTRATION NUMBER: 166329



LODORE LIMITED

Report of the Directors for the year ended 5th April 2004

The directors submit their annual report and the audited accounts for the year ended 5th April 2004.

Loss, business review and dividend

The loss for the year before taxation amounts to £10,373 (2003 loss £124,444). The loss includes a net deficit arising on the sale of investments amounting to £120,418 (2003 investments £177,031) and a property gain of £77,961.

There is no corporation tax liability for the year and therefore the loss after taxation also amounts to £10,373 (2003 loss £126,758).

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 increased from the previous year. Acquisition of investments during the year amounted to £565,878, with proceeds from disposals amounting to £184,901. Part of the investment portfolio was sold and reinvested during the year, realising losses which will be available for offset against capital gains generated in the future.

The market value of investments as stated in note 7 amounts to £1,448,582 (2003 £907,189).

During the year the company's remaining commercial property investment at 3 Middlegate, Penrith was sold. Income from commercial property has fallen in for the year due to the sale of the property. Net rentals from other properties has fallen, principally due to higher management and significant repair expenditure. A deficit arose from Woodlands, the income from which being derived solely from grant assistance.

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:

	2004	2003
Interim dividend - paid	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 2004

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	
	2004	2003	2004	2003
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.D. Walker retires by rotation and, being eligible, offers himself for re-election.

Mr. W.D. Walker and Mr. H.M. Walker and a former 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 2004

LODORE LIMITED

Statement of Directors' Responsibilities for the year ended 5th April 2004

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 2004 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 2004 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

2nd September 2004

LODORE LIMITED

Profit and Loss Account for the year ended 5th April 2004

	Notes	2004	2003
Income from investments	2	44,114	31,685
Commercial property rentals		13,355	26,708
Estate accounts:			
Rented farm property		(896)	17,409
Woodlands		(496)	-
Bank interest received		2,202	1,743
Other interest received		-	12
Building society interest received		1,110	410
Deficit on disposal of investments		(120,418)	(177,031)
Surplus on disposal of tangible fixed assets		<u>77,961</u>	<u>-</u>
		16,932	(99,064)
Directors' remuneration	3	12,500	12,500
Other operating expenses		<u>14,805</u>	<u>12,880</u>
		<u>27,305</u>	<u>25,380</u>
Loss on ordinary activities before taxation	3	(10,373)	(124,444)
Taxation	4	<u>-</u>	<u>2,314</u>
Loss on ordinary activities After taxation		(10,373)	(126,758)
Dividends	5	<u>63,225</u>	<u>63,225</u>
Loss for the year		(73,598)	(189,983)
Retained profit brought forward		<u>1,456,556</u>	<u>1,646,539</u>
Retained profit carried forward		<u>£1,382,958</u>	<u>£1,456,556</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.

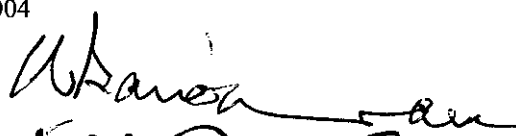
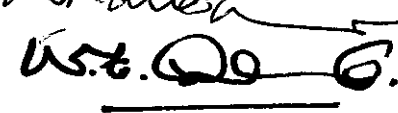
The notes on pages 8 to 11 form part of these accounts.

LODORE LIMITED

Balance Sheet 5th April 2004

	Notes	2004	2003
Fixed assets			
Tangible assets	6	229,988	542,725
Investments	7	<u>1,348,218</u>	<u>1,087,659</u>
		1,578,206	1,630,384
Current assets			
Debtors	9	29,431	59,264
Bank account		63,465	85,117
Building society account		<u>61,646</u>	<u>37,938</u>
		154,542	182,319
Creditors			
Amounts falling due within one year	10	<u>59,289</u>	<u>65,646</u>
Net current assets		<u>95,253</u>	<u>116,673</u>
Total shareholders' funds		<u>£1,673,459</u>	<u>£1,747,057</u>
Capital and reserves			
Called up share capital	12	140,501	140,501
Capital reserve		150,000	150,000
Profit and loss account		<u>1,382,958</u>	<u>1,456,556</u>
Total shareholders' funds	13	<u>£1,673,459</u>	<u>£1,747,057</u>

Approved by the Board of Directors
on 2nd September 2004

 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	
	2004	2003	2004	2003
Equities	38,448	27,787	-	-
Foreign dividends	281	257	-	-
Property enterprise trusts	-	-	5,385	3,641
	£38,729	£28,044	£ 5,385	£ 3,641

LODORE LIMITED

Notes to the Accounts

3. Results for the year

The loss for the year on ordinary activities is stated after charging:	2004	2003
	£	£
Directors' remuneration	12,500	12,500
Audit fee	2,000	2,000
Other than the three directors, there are no staff employed.		

4. Taxation

	2004	2003
Analysis of charge for the year		
Current tax:		
U.K. corporation tax at 19% (2003 19%) on taxable profit for the period	-	4,357
Over provision in previous year	-	(2,043)
Total current tax	-	£2,314

5. Dividends

The dividends paid and proposed are:	2004	2003
Interim - 31st March 2004 - 10% (2003 10%)	14,050	14,050
Final proposed - 24th September 2004 - 35% (2003 35%)	<u>49,175</u>	<u>49,175</u>
	<u>£63,225</u>	<u>£63,225</u>

6. Tangible fixed assets

			2004	2003
Freehold investment property			£229,988	£542,725
Represented by:				
	Commercial properties	Tenanted farms	Managed woodlands	Total
At valuation - 29th September 1967	-	34,575	25,000	59,575
Subsequent additions - at cost	312,737	170,273	140	483,150
Disposals in year	(312,737)	-	-	(312,737)
	£ -	£204,848	£ 25,140	£229,988

LODORE LIMITED

Notes to the Accounts

7. Investments

	Book value		Market value	
	2004	2003	2004	2003
Quoted	1,298,218	1,037,659	1,399,582	858,189
Property enterprise trusts	<u>50,000</u>	<u>50,000</u>	<u>49,000</u>	<u>49,000</u>
	<u>£1,348,218</u>	<u>£1,087,659</u>	<u>£1,448,582</u>	<u>£ 907,189</u>

The change in the book value of quoted investments is represented by acquisitions of £565,878 and disposals, expressed in terms of cost, of £305,319.

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 (2003 £Nil).

9. Debtors

	2004	2003
Funds held by property managers	6,733	22,311
Other debtors	22,476	33,788
Other taxes	<u>222</u>	<u>3,165</u>
	<u>£29,431</u>	<u>£59,264</u>

Included within other debtors is an amount of £5,000 (2003 £10,000) which is payable over a period longer than one year.

10. Creditors - amounts falling due within one year

	2004	2003
Corporation tax	-	4,275
Accrued charges	10,114	12,196
Proposed dividend	<u>49,175</u>	<u>49,175</u>
	<u>£59,289</u>	<u>£65,646</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 (2003 £9,500).

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

	2004	2003
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 (2003 £150,000).

13. Reconciliation of movements in shareholders' funds

	2004	2003
Loss for financial year	(10,373)	(126,758)
Dividends	<u>63,225</u>	<u>63,225</u>
Net deduction from shareholders' funds	(73,598)	(189,983)
Opening shareholders' funds	<u>1,747,057</u>	<u>1,937,040</u>
Closing shareholders' funds	<u>£1,673,459</u>	<u>£1,747,057</u>