

REGISTRAR

LODORE LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the year ended
5th April 2006

COMPANY REGISTRATION NUMBER: 166329



LODORE LIMITED

Report of the Directors for the year ended 5th April 2006

The directors submit their annual report and the audited accounts for the year ended 5th April 2006.

Profit, business review and dividend

The profit for the year before taxation amounts to £96,044 (2005 £471,524). The profit includes a net surplus arising on the sale of investments amounting to £24,567 (2005 £4,617). There were no disposals of property in the year (2005 gain £479,148).

The taxation provision has been eliminated by the availability of tax losses brought forward and indexation allowances.

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

The directors continue to actively manage the portfolio of quoted investments, with overall investment income again increased from the previous year. Acquisition of investments during the year amounted to £187,124, with proceeds from disposals amounting to £62,130.

The market value of investments as stated in note 7 amounts to £1,566,493 (2005 £1,166,272).

The rented farm property account generated a surplus, with consistent rents but much lower repair and maintenance expenditure. A small surplus arose from Woodlands, the income from which being derived solely from grant assistance. Interest received was higher as a result of increased cash deposits prior to the special dividend.

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

	2006	2005
Special dividend - paid	300%	-
Interim dividend - paid	10%	10%
Final dividend - proposed	<u>35%</u>	<u>35%</u>
	45%	45%

The special dividend of £3 per share paid on 1st March 2006 is regarded as non-recurring, being that it represents the distribution to shareholders of the substantial gains realised during the year ended 5th April 2005.

Financial risk management objectives and policies

As an investment company, the directors utilise the resources of professional firms of investment and estate advisors. The directors receive regular reports on the investment and property portfolio in order to manage the company's requirements.

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 2006

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	
	2006	2005	2006	2005
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 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

7th September 2006

LODORE LIMITED

Statement of Directors' Responsibilities for the year ended 5th April 2006

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.

In so far as the directors are aware:

- ♦ there is no relevant audit information of which the company's auditors are unaware; and
- ♦ the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Mitchell Charlesworth

Chartered Accountants

5 Temple Square · Temple Street · Liverpool · L2 5RH

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LODORE LIMITED

We have audited the accounts of Lodore Limited for the year ended 5th April 2006 which are set out on pages 6 to 11. These accounts 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 auditors' 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 accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts 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 accounts, 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 International Standards on Auditing (UK and Ireland) 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 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.

Mitchell Charlesworth

Chartered Accountants

5 Temple Square · Temple Street · Liverpool · L2 5RH

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS 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 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 in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 5th April 2006 and of its profit for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts for the year ended 5th April 2006.



MITCHELL CHARLESWORTH
Registered Auditor

7th September 2006

LODORE LIMITED

Profit and Loss Account for the year ended 5th April 2006

	Notes	2006	2005
Income from investments	2	50,476	47,383
Estate accounts:			
Rented farm property		21,018	(52,532)
Woodlands		712	2,219
Bank interest received		32,924	18,293
Building society interest received		-	754
Surplus on disposal of investments		24,567	4,617
Surplus on disposal of tangible fixed assets		<u>-</u>	<u>479,148</u>
		129,697	499,882
Directors' remuneration	3	19,000	13,250
Other operating expenses		<u>14,653</u>	<u>15,108</u>
		<u>33,653</u>	<u>28,358</u>
Profit on ordinary activities before taxation	3	96,044	471,524
Taxation	4	<u>-</u>	<u>15,000</u>
Profit on ordinary activities after taxation		<u>£ 96,044</u>	<u>£ 456,524</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.

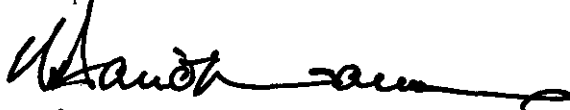
The notes on pages 8 to 11 form part of these accounts.

LODORE LIMITED

Balance Sheet 5th April 2006

	Notes	2006	2005 As Restated
Fixed assets			
Tangible assets	6	246,575	246,575
Investments	7	<u>1,106,344</u>	<u>956,798</u>
		1,352,919	1,203,373
Current assets			
Debtors	9	36,131	39,031
Bank accounts		<u>361,005</u>	<u>903,809</u>
		397,136	942,840
Creditors			
Amounts falling due within one year	10	<u>22,806</u>	<u>30,280</u>
Net current assets		<u>374,330</u>	<u>915,260</u>
Total shareholders' funds		<u>£1,727,249</u>	<u>£2,115,933</u>
Capital and reserves			
Called up share capital	12	140,501	140,501
Capital reserve		150,000	150,000
Profit and loss account		<u>1,436,748</u>	<u>1,825,432</u>
Total shareholders' funds	13	<u>£1,727,249</u>	<u>£2,115,933</u>

Approved by the Board of Directors
on 7th September 2006


W.D. Walker

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

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 accounts 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.

Changes in accounting policies

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. The aggregate amount of equity dividend proposed before approval of the accounts which has not been shown as liabilities at the balance sheet date, are disclosed in the notes to the accounts. Previously proposed equity dividends were recorded as liabilities at the balance sheet date.

This change in accounting policy has resulted in a prior year adjustment for the company. For the year ended 5th April 2005 the change in accounting policy has resulted in a net increase in retained profit for the year of £49,175. The balance sheet at 5th April 2005 has been restated to reflect the de-recognition of a liability for proposed equity dividend of £49,175.

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 rented farms and woodlands is shown net of directly attributable costs.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement as financial assets, financial liabilities, or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

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.

LODORE LIMITED

Notes to the Accounts

2. Investment income	Quoted		Unquoted	
	2006	2005	2006	2005
Equities	45,633	41,182	-	-
Property enterprise trusts	-	-	4,843	6,201
	<u>£45,633</u>	<u>£41,182</u>	<u>£ 4,843</u>	<u>£ 6,201</u>

3. Results for the year

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

	2006	2005
	£	£
Directors' remuneration	19,000	13,250
Audit fee	2,250	2,100

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

4. Taxation

a. Analysis of charge for the year

Current tax:

U.K. corporation tax on profits for the year	£ Nil	£15,000
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b. Factors affecting tax charge for the year

Tax arising on the profit on ordinary activities at the standard rate of corporation tax of 19% (2005 19%)

Income not taxable (quoted investments, woodlands and indexation allowances)

Utilisation of tax losses

	2006	2005
	18,248	89,590
	(9,186)	(19,777)
	<u>(9,062)</u>	<u>(54,813)</u>
	£ Nil	£15,000

5. Dividends

The dividends paid and proposed are:

	2006	2005
Special - 1st March 2006 - 300% (2005 Nil)	421,503	-
Interim - 31st March 2006 - 10% (2005 10%)	14,050	14,050
Final proposed - 29th September 2006 - 35% (2005 35%)	<u>49,175</u>	<u>49,175</u>
	<u>£484,728</u>	<u>£ 63,225</u>

LODORE LIMITED

Notes to the Accounts

6. Tangible fixed assets

	2006	2005
Freehold investment property	£246,575	£246,575
Represented by:		
	Tenanted farms	Managed woodlands
At valuation - 29th September 1967	34,575	25,000
Subsequent additions - at cost	<u>186,860</u>	<u>140</u>
	£221,435	£ 25,140
	<u>£246,575</u>	<u>£246,575</u>

7. Investments

	Book value		Market value	
	2006	2005	2006	2005
Quoted	1,032,344	882,798	1,492,493	1,093,272
Unquoted	24,000	24,000	24,000	24,000
Property enterprise trusts	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>49,000</u>
	£1,106,344	£ 956,798	£1,566,493	£1,166,272
	<u>£1,106,344</u>	<u>£ 956,798</u>	<u>£1,566,493</u>	<u>£1,166,272</u>

The change in the book value of quoted investments is represented by acquisitions of £187,109 and disposals, expressed in terms of cost, of £37,563.

The unquoted investment represents a subscription for new shares in the previous year. The market value is considered by the directors to be the same as cost.

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 (2005 £Nil).

9. Debtors

	2006	2005
Funds held by property managers	21,098	18,174
Other debtors	13,854	20,857
Other taxes	<u>1,179</u>	<u>-</u>
	£36,131	£39,031
	<u>£36,131</u>	<u>£39,031</u>

LODORE LIMITED

Notes to the Accounts

10. Creditors - amounts falling due within one year

	2006	2005
Corporation tax	15,000	14,849
Accrued charges	<u>7,806</u>	<u>15,431</u>
	<u>£22,806</u>	<u>£30,280</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 (2005 £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.

12. Share capital

	2006	2005
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 (2004 £150,000).

13. Reconciliation of movements in shareholders' funds

	2006	2005 As Restated
Profit for the financial year	96,044	456,524
Equity dividends paid	<u>484,728</u>	<u>63,225</u>
Net addition to shareholders' funds	(388,684)	393,299
Opening shareholders' funds - as restated	<u>2,115,933</u>	<u>1,722,634</u>
Closing shareholders' funds	<u>£1,727,249</u>	<u>£2,115,933</u>

14. Profit and loss account

	2006	2005 As Restated
At 5th April 2005	1,825,432	1,432,133
Profit for the year	96,044	456,524
Equity dividends paid	<u>(484,728)</u>	<u>(63,225)</u>
	<u>£1,436,748</u>	<u>£1,825,432</u>