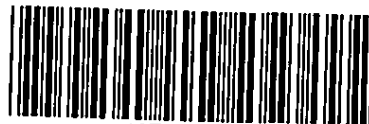


LODORE LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the year ended
5th April 2007

COMPANY REGISTRATION NUMBER: 166329

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LODORE LIMITED

Report of the Directors for the year ended 5th April 2007

The directors submit their annual report and the audited accounts for the year ended 5th April 2007

Profit, business review and dividend

The profit for the year before taxation amounts to £302,477 (2006 £96,044) The profit includes a net surplus arising on the sale of investments amounting to £224,931 (2006 £24,567) There was a part disposal of property in the year giving rise to a gain of £6,000 (2006 nil)

A taxation provision of £28,284 arises on the results for the year, after deducting tax losses brought forward and indexation allowances This amount has been reduced by £15,000 as a result of an overprovision in a previous year

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 £133,777, with proceeds from disposals amounting to £721,153 On advice from the company's investment advisors, significant realisations of profits were taken at the end of the accounting period

The funds realised have been held on Treasury Deposit in the intervening period, recognising the potential for market volatility in the second half of 2007

The market value of investments as stated in note 7 amounts to £1,096,149 (2006 £1,566,493)

The rented farm property account generated a surplus of £21,509, with rents and expenditure both increased by similar amounts The woodlands did not generate any income, the only expenditure being in respect of management expenses Interest received was lower as a result of reduced cash deposits held, prior to the realisation of investments noted above

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

	2007	2006
Special dividend - paid	-	300%
Interim dividend - paid	10%	10%
Final dividend - proposed	<u>35%</u>	<u>35%</u>
	45%	345%

The special dividend of £3 per share paid in the previous year is regarded as non-recurring, being that it represents the distribution to shareholders of a substantial gain 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 a professional valuation would be justified, having regard to the long term nature of the tenancies

LODORE LIMITED

Report of the Directors for the year ended 5th April 2007

Directors

The directors of the company throughout the year were as follows

Mr W D Walker OBE
Mr H M Walker D L
Mr W F Gough

It is with the utmost regret that the death of Mr W David Walker OBE on 12th June 2007 is reported

Mr H M Walker retires by rotation and, being eligible, offers himself for re-election

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

A handwritten signature in black ink, appearing to read 'W.F. Gough', written over a horizontal line.

W F GOUGH

Secretary

30th August 2007

LODORE LIMITED

Statement of Directors' Responsibilities for the year ended 5th April 2007

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 2007 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 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 in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 5th April 2007 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 2007.



MITCHELL CHARLESWORTH
Registered Auditor

30th August 2007

LODORE LIMITED

Profit and Loss Account for the year ended 5th April 2007

	Notes	2007	2006
Income from investments	2	56,209	50,476
Estate accounts			
Rented farm property		21,509	21,018
Woodlands		(369)	712
Bank interest received		18,898	32,924
Surplus on disposal of investments		224,931	24,567
Surplus on disposal of tangible fixed assets		<u>6,000</u>	<u>-</u>
		327,178	129,697
Directors' remuneration	3	14,000	19,000
Other operating expenses		<u>10,701</u>	<u>14,653</u>
		<u>24,701</u>	<u>33,653</u>
Profit on ordinary activities before taxation	3	302,477	96,044
Taxation	4	<u>13,284</u>	<u>-</u>
Profit on ordinary activities after taxation	13	<u>£289,193</u>	<u>£ 96,044</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

Balance Sheet

5th April 2007

Approved by the Board of Directors
on 30th August 2007

H M WALKER)
) Directors
 W F GOUGH)

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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 an annual valuation is justified, having regard to the long term nature of the tenancies. They are therefore 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 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

Dividends

Dividends to the holders of equity instruments declared after the balance sheet date, are not recognised as a liability of the company at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the accounts, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the accounts

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	
	2007	2006	2007	2006
Equities	51,119	45,633	-	-
Property enterprise trusts	<u>-</u>	<u>-</u>	<u>5,090</u>	<u>4,843</u>
	<u>£51,119</u>	<u>£45,633</u>	<u>£5,090</u>	<u>£ 4,843</u>
3. Results for the year				
The profit for the year on ordinary activities is stated after charging			2007	2006
			£	£
Directors' remuneration			14,000	19,000
Audit fee			2,400	2,250
Other than the 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			28,284	-
Overprovision for prior year			<u>(15,000)</u>	<u>-</u>
			<u>£13,284</u>	<u>£ -</u>
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% (2006 19%)			57,471	18,248
Income not taxable (quoted investments, woodlands and indexation allowances)			(20,738)	(9,186)
Utilisation of tax losses			(8,449)	(9,062)
Overprovision for prior year			<u>(15,000)</u>	<u>-</u>
			<u>£13,284</u>	<u>£ -</u>
5. Dividends				
Dividends paid			2007	2006
Special - Nil (2006 300%)			-	421,503
Final 2006 - 29th September 2006 - 35% (2006 35%)			49,175	49,175
Interim 2007 - 31st March 2007 - 10% (2006 10%)			<u>14,050</u>	<u>14,050</u>
			<u>£63,225</u>	<u>£484,728</u>
Dividend proposed				
Final 2007 - 28 September 2007 - 35% (2006 35%)			<u>£49,175</u>	<u>£49,175</u>

LODORE LIMITED

Notes to the Accounts

6. Tangible fixed assets

			Freehold Investment Property
At 5th April 2006			246,575
Additions			20,000
Disposals			(500)
At 5th April 2007			£266,075
Represented by			
	Tenanted farms	Managed woodlands	Total
At valuation - 29th September 1967	34,075	25,000	59,075
Subsequent additions - at cost	<u>206,860</u>	<u>140</u>	<u>207,000</u>
	£240,935	£ 25,140	£266,075

7. Investments

	Book value		Market value	
	2007	2006	2007	2006
Quoted	669,899	1,032,344	1,022,149	1,492,493
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>50,000</u>
	£743,899	£1,106,344	£1,096,149	£1,566,493

The change in the book value of quoted investments is represented by acquisitions of £133,777 and disposals, expressed in terms of cost, of £721,153

The value of the unquoted investment 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 (2006 £Nil)

9. Debtors

	2007	2006
Funds held by property managers	8,554	21,098
Other debtors	10,557	13,854
Other taxes	<u>1,056</u>	<u>1,179</u>
	£20,167	£36,131

LODORE LIMITED

Notes to the Accounts

10. Creditors - amounts falling due within one year

	2007	2005
Corporation tax	28,284	15,000
Accrued charges	<u>8,046</u>	<u>7,806</u>
	<u>£36,330</u>	<u>£22,806</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 (2006 £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

	2007	2006
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 (2006 £150,000)

13. Profit and loss account

	2007	2006
At 5th April 2006	1,436,748	1,825,432
Profit for the year	289,193	96,044
Equity dividends paid	<u>(63,225)</u>	<u>(484,728)</u>
At 5th April 2007	<u>£1,662,716</u>	<u>£1,436,748</u>

14. Reconciliation of movements in shareholders' funds

	2007	2006
Profit for the financial year	289,193	96,044
Equity dividends paid	<u>63,225</u>	<u>484,728</u>
Net addition to shareholders' funds	225,968	(388,684)
Opening shareholders' funds	<u>1,727,249</u>	<u>2,115,933</u>
Closing shareholders' funds	<u>£1,953,217</u>	<u>£1,727,249</u>