WINDERMERE IRON STEAMBOAT COMPANY LIMITED

FINANCIAL STATEMENTS

- for the year ended -

31 JANUARY 1997

GARBUTT & ELLIOTT
Chartered Accountants
Monkgate House
44 Monkgate
YORK
YO3 7HF

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COMPANIES HOUSE 30/07/97

WINDERMERE IRON STEAMBOAT COMPANY LIMITED

DIRECTORS

R Dennison
W J Bewley
A Brockbank
T R Cowherd
E G Fallowfield
J W Fleming
P R Hardman
B Howson
L Micklethwaite
E Rothwell
J R Thompson
B Twaddle

SECRETARY

J W Fleming

COMPANY NUMBER

1892921

REGISTERED OFFICE

The Promenade
BOWNESS-ON-WINDERMERE
LA23 3HQ

AUDITORS

Garbutt & Elliott
Chartered Accountants
Monkgate House
44 Monkgate
YORK
YO3 7HF

SOLICITORS

Hayton Winkley
Stramongate House
53 Stramongate
KENDAL
LA9 4BH

WINDERMERE IRON STEAMBOAT COMPANY LIMITED

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WINDERMERE IRON STEAMBOAT COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31 January 1997.

PRINCIPAL ACTIVITIES

The principal activities of the company are to operate a fleet of passenger carrying steamers on Lake Windermere and the provision of associated services.

As from midnight on 31 January 1996 the company's trade was taken over by its parent company Windermere Lake Cruises Limited, and hence the company has not traded during the year.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their interests in the company were as stated below.

R Dennison	
W J Bewley	
J W Fleming	
P R Hardman	
L Micklethwaite	
E Rothwell	
A Brockbank	
T R Cowherd	
B Dixon	(Died 28 April 1997)
E G Fallowfield	
B Howson	
J A Sproat	(Died 1 April 1996)
J R Thompson	
B Twaddle	

All the directors apart from L Micklethwaite are directors of Bowness Bay Boating Co. Limited, the company's parent company, and their interests are not required to be recorded in this company's register of directors interests. L Micklethwaite has no interests in the shares of the company. There are no other directors interests which require disclosure in these financial statements.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Garbutt & Elliott be reappointed as auditors of the company will be put to the Annual General Meeting.

REPORT OF THE DIRECTORS (continued)

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year 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 that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board

J M Fleming
Secretary
3 July 1997

AUDITORS' REPORT
TO THE SHAREHOLDERS OF WINDERMERE IRON STEAMBOAT COMPANY LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 January 1997 and of its result for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Garbutt & Elliott

GARBUTT & ELLIOTT
Chartered Accountants
Registered Auditors

YORK

3 July 1997

WINDERMERE IRON STEAMBOAT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 1997

	Notes	1997 Discontinued £	1996 £
TURNOVER		-	1,665,694
COST OF SALES		-	(885,633)
GROSS PROFIT		-	780,061
ADMINISTRATIVE EXPENSES		-	(409,342)
OPERATING PROFIT	2	-	370,719
Other interest receivable and similar income	3	-	19,076
Interest payable and similar charges	4	-	(523)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	389,272
Tax on profit on ordinary activities	5	-	(112,442)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		-	276,830
Dividends	6	-	(3,303,843)
LOSS FOR THE FINANCIAL YEAR	11	£ -	£(3,027,013)

There are no recognised gains and losses other than those passing through the Profit and Loss account.

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

WINDERMERE IRON STEAMBOAT COMPANY LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES

FOR THE YEAR ENDED 31 JANUARY 1997

	1997 £	1996 £
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	-	389,272
Difference between a historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	-	11,844
Realisation of revaluation reserve	-	1,400,307
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	£ -	£ 1,801,423
HISTORICAL COST LOSS FOR THE YEAR AFTER TAXATION AND DIVIDENDS	£ -	£(3,015,169)

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

WINDERMERE IRON STEAMBOAT COMPANY LIMITED

BALANCE SHEET
AS AT 31 JANUARY 1997

	Notes	1997 £	1996 £
CURRENT ASSETS			
Debtors	7	**100**	100
CAPITAL AND RESERVES			
Called up share capital	9	**100**	100
Revaluation reserve	10	**-**	-
Profit and loss account	11	**-**	-
SHAREHOLDERS' FUNDS	12	**£ 100**	£ 100

In preparing these financial statements:
(a) Advantage has been taken of the special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985, and
(b) In the directors' opinion the company is entitled to these exemptions as a small company.

The financial statements were approved by the Board on 3 July 1997 and signed on its behalf by

J W Fleming
Director

L Micklethwaite
Director

The notes on pages 7 and 8 to 11 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 1997

1. ACCOUNTING POLICIES

1.1 ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report.

Following the transfer of this company's trade to its parent company on 31 January 1996 the company is no longer a going concern and is now dormant.

1.2 COMPLIANCE WITH ACCOUNTING STANDARDS

As the company falls within the definition of a 'small company' it is not required to produce a cash flow statement under Financial Reporting Standard Number One.

1.3 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Motor vehicles and equipment	-	20% Reducing balance

No depreciation is charged on freehold buildings and ships as the directors are of the opinion that, with the company's high standard of maintenance, the residual value of these assets will exceed book value. All expenses relating to the maintenance and refurbishment of these freehold buildings and ships are charged to the profit and loss account.

1.4 LEASING

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated in accordance with the policy stated above. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 STOCK

Stock is valued at the lower of cost and net realisable value.

1. ACCOUNTING POLICIES (continued)

1.6 PENSIONS

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

1.7 DEFERRED TAXATION

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

2. OPERATING PROFIT

	1997 £	1996 £
Operating profit is stated after charging:		
Depreciation of tangible assets	-	25,839
Operating lease rentals		
- Land and buildings	-	31,750
Auditor's remuneration	-	2,500
and after crediting:		
Rents receivable	-	42,260

3. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	1997 £	1996 £
Bank interest receivable	-	19,076

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £	1996 £
Hire purchase interest	-	352
On overdue tax	-	171
	£ -	£ 523

5. TAXATION

	£	£
U.K. Current year taxation		
U.K. Corporation tax at 33% (1996 - 31%)	-	111,580
Prior years		
U.K. Corporation tax	-	862
	£ -	£ 112,442

6. DIVIDENDS

	1997 £	1996 £
Ordinary final paid 31 January 1996	-	3,303,843

7. DEBTORS

	1997 £	1996 £
Amounts owed by parent undertaking	100	100
	£ 100	£ 100

The parent undertaking is Windermere Lake Cruises Limited.

8. PENSION COSTS

The company operates pension arrangements for the benefit of certain employees which are in the nature of a defined contribution scheme, and another scheme which is in the nature of a defined benefit scheme.

The assets of the defined contribution scheme are held seperately from those of the company, being invested with an insurance company.

No details of the actuarial position of the defined benefit scheme are included in these accounts as these contributions are not considered to be material in the context of these accounts.

The charge to the profit and loss account in the year was:

	1997 £	1996 £
Defined benefit scheme	-	1,712
Defined contribution scheme	-	12,146
	£ -	£13,858

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 1997

9. SHARE CAPITAL

	1997 £	1996 £
Authorised		
100 Ordinary shares of £1 each	**100**	100
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	**100**	100

10. REVALUATION RESERVE

	1997 £	1996 £
Balance brought forward at 1 February 1996		- 1,412,151
Realised during the year		-(1,400,307)
Depreciation written back		- (11,844)
Balance carried forward at 31 January 1997	**£** -	-£ -

11. PROFIT AND LOSS ACCOUNT

	1997 £	1996 £
Retained profits at 1 February 1996		- 3,015,169
Loss for the financial year		-(3,027,013)
Transfer from reserves		- 11,844
Retained profits at 31 January 1997	**£** -	-£ -

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year		- 276,830
Dividends		-(3,303,843)
Net addition to shareholders' funds		-(3,027,013)
Opening shareholders' funds	**100**	3,027,113
Closing shareholders' funds	**£ 100**	£ 100

13. ULTIMATE PARENT COMPANY

The ultimate parent company is Bowness Bay Boating Co. Limited, a company registered in England and Wales.