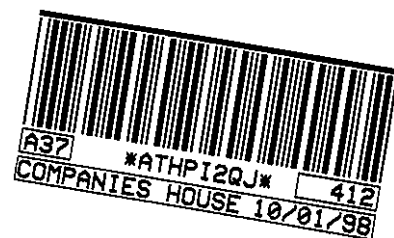


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THE CHATSWORTH ESTATES COMPANY

DIRECTORS' REPORT AND ACCOUNTS

31 MARCH 1997



THE CHATSWORTH ESTATES COMPANY

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1997

The directors submit their report together with the audited accounts for the year ended 31 March 1997.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company is an investment company and is responsible for certain property as special executor of the 9th Duke of Devonshire's Will and holds the legal estate in certain other property as a bare trustee for the Trustees of the Chatsworth Settlement, who purchased it in 1950. No significant changes in the circumstances or activities of the company are anticipated in the immediate future.

RESULTS FOR THE YEAR

The profit for the year and the financial position of the company are shown in the annexed accounts. The directors do not recommend the payment of a dividend. The profit for the year of £46 (1996: £348) has been transferred to reserves.

DIRECTORS

The directors of the company were as detailed below and their interests in the shares of the company, including those of their families, are shown against their names:

	<u>Interest in company's shares</u>	
	31 March 1997	31 March 1996
The Duke of Devonshire	-	-
The Marquess of Hartington	-	-
P A Bostock	1 share as a nominee	1 share as a nominee
N W Smith	1 share as a nominee	1 share as a nominee

The N W Smith is the director who retires by rotation and, being eligible offers himself for re-election.

THE CHATSWORTH ESTATES COMPANY

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1997 (CONTINUED)

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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 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 accounts 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.

AUDITORS

The auditors, Price Waterhouse, are willing to continue in office and a resolution will be submitted to the forthcoming Annual General Meeting that they be re-appointed.

By Order of the Board



CURREY & CO
Secretaries

9 December 1997

Registered number: 00217071U

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF THE CHATSWORTH ESTATES COMPANY

We have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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 judgments 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 misstatements, 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 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

9 December 1997

THE CHATSWORTH ESTATES COMPANY

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1997

	<u>1997</u>	<u>1996</u>
TURNOVER		
Investment income - unquoted	2,000	2,000
Interest receivable	<u>192</u>	<u>231</u>
	2,192	2,231
	<u> </u>	<u> </u>
ADMINISTRATIVE EXPENSES		
Auditors' remuneration	552	541
Secretarial fees	526	512
Sundry expenses	68	67
Directors' emoluments (Note 3)	<u>1,000</u>	<u>1,000</u>
	2,146	2,120
	<u> </u>	<u> </u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	46	111
Taxation (Note 4)	<u>-</u>	<u>237</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	46	348
Profit and loss account brought forward	<u>1,639</u>	<u>1,291</u>
PROFIT AND LOSS ACCOUNT CARRIED FORWARD	<u>£1,685</u>	<u>£1,639</u>
	<u> </u>	<u> </u>

There were no recognised gains and losses other than the profit for the year. The results arose from continuing operations.

THE CHATSWORTH ESTATES COMPANY

BALANCE SHEET - 31 MARCH 1997

	<u>1997</u>	<u>1996</u>
FIXED ASSETS		
Unquoted investment (Note 5)	1,000	1,000
CURRENT ASSETS		
Income tax recoverable	400	400
Debtor	1,600	-
Cash at bank	<u>8,451</u>	<u>9,486</u>
	10,451	9,886
CREDITORS - Amounts falling due within one year		
Accruals	<u>(2,110)</u>	<u>(1,591)</u>
NET CURRENT ASSETS	8,341	8,295
	<u>£9,341</u>	<u>£9,295</u>
CAPITAL AND RESERVES		
Called up share capital (Note 6)	100	100
Capital reserve	7,556	7,556
Profit and loss account	<u>1,685</u>	<u>1,639</u>
Shareholders' funds (Note 7)	<u>£9,341</u>	<u>£9,295</u>

APPROVED BY THE BOARD OF DIRECTORS ON
9 December 1997



P A Bostock

THE CHATSWORTH ESTATES COMPANY

NOTES TO THE ACCOUNTS - 31 MARCH 1997

1 ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Turnover represents investment income, and is recognised when declared.

2 COMPANY STATUS

The company is an unlimited investment company.

3 DIRECTORS' EMOLUMENTS

The Directors received total emoluments of £1,000 (1996: £1,000) in respect of their services.

4 TAXATION

	<u>1997</u>	<u>1996</u>
UK corporation tax at 25%	-	(£237)
	<u> </u>	<u> </u>

5 UNQUOTED INVESTMENT

At 31 March 1997 and 31 March 1996 the company owned 1,000 shares in Peacock Hotel (Baslow) Limited, a company registered in England and Wales, comprising 16% of the company's ordinary share capital. In the opinion of the directors this investment has a value of no less than the cost of £1,000.

6 CALLED UP SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
Authorised:		
400,000 ordinary shares of £10 each	4,000,000	4,000,000
100,000 5% non cumulative preference shares of £10 each	<u>1,000,000</u>	<u>1,000,000</u>
	<u>£5,000,000</u>	<u>£5,000,000</u>
Allotted and fully paid:		
10 ordinary shares of £10 each	<u>£100</u>	<u>£100</u>

THE CHATSWORTH ESTATES COMPANY

NOTES TO THE ACCOUNTS - 31 MARCH 1997

7 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1997</u>	<u>1996</u>
Profit for the financial year	46	348
Opening shareholders' funds	<u>9,295</u>	<u>8,947</u>
Closing shareholders' funds	<u>£9,341</u>	<u>£9,295</u>

8 HOLDING COMPANY

The holding company is Chatsworth House Trust, a company limited by guarantee and registered in England and Wales. During the year the Company paid secretarial fees of £511 (1996: £494) to Currey & Co, in which P A Bostock and N W Smith, who are Directors of the Company, are partners. The amount of £511 (1996: Nil) was outstanding at the year end.