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The Chatsworth Estates Company

Directors' Report and Accounts

31 March 1999



The directors submit their report together with the audited accounts for the year ended 31 March 1999.

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 loss 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 loss for the year of £318 (1998: £82 profit) has been transferred from 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 as shown:

	<i>Interest in company's shares</i>	
	<i>31 March 1999</i>	<i>31 March 1998</i>
The Duke of Devonshire	-	-
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

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

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 judgements 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.

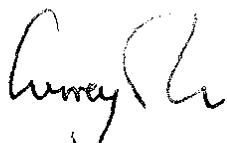
Year 2000

The directors recognise the reliance of the business on its own computer systems as well as those of its customers and suppliers, and the commercial risks of computer failure due to the impact of Year 2000. The directors and members of senior management are working to identify such issues and the means to address them, and believe that the costs expected to be incurred in this respect are unlikely to be material to the company.

Auditors

The auditors, PricewaterhouseCoopers, 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

15 December 1999

Registered number: 00217071U

**Auditors' Report to the Members of
The Chatsworth Estates Company**

Page 3

We have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 1 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

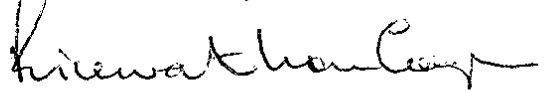
Basis of audit opinion

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 at 31 March 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Nottingham
15 December 1999

Profit and Loss Account for the year ended 31 March 1999

Page 4

	1999	1998
Turnover		
Investment income - unquoted	2,000	2,000
Interest receivable	276	285
	2,276	2,285
Administrative expenses		
Directors' emoluments (note 3)	1,000	1,000
Auditors' remuneration	588	570
Secretarial fees	561	544
Sundry expenses	67	67
	2,216	2,181
Loss/(profit) on ordinary activities before taxation	60	104
Taxation (note 4)	(378)	(22)
Profit on ordinary activities after taxation	(318)	82
Profit and loss account brought forward	1,767	1,685
Profit and loss account carried forward	£1,449	£1,767

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

Balance Sheet - 31 March 1999*Page 5*

	1999	1998
<i>Fixed assets</i>		
Unquoted investment (note 5)	1,000	1,000
<i>Current assets</i>		
Income tax recoverable	400	400
Cash at bank	9,886	10,176
	10,286	10,576
<i>Creditors - Amounts falling due within one year</i>		
Accruals	(2,181)	(2,131)
Taxation	-	(22)
<i>Net current assets</i>	8,105	8,423
<i>Net Assets</i>	£9,105	£9,423
<i>Capital and reserves</i>		
Called up share capital (note 6)	100	100
Capital reserve	-	7,556
Profit and loss account	9,005	1,767
<i>Shareholders' funds (note 7)</i>	£9,105	£9,423

Approved by the Board of Directors on
15 December 1999



P A Bostock

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 (1998: £1,000) in respect of their services. There were no other employees during the year (1998: Nil).

4 Taxation

	1999	1998
UK corporation tax at 20% - current year	-	22
Prior year over provision	(22)	-
Irrecoverable tax credits on investment income	400	-
	378	22

5 Unquoted Investment

At 31 March 1999 and 31 March 1998 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

	1999	1998
<i>Authorised:</i>		
400,000 ordinary shares of £10 each	4,000,000	4,000,000
100,000 5% non cumulative preference shares of £10 each	1,000,000	1,000,000
	£5,000,000	£5,000,000

Allotted and fully paid:

7 Reconciliation of Movement in Shareholders' Funds

	1999	1998
Profit for the financial year	82	82
Opening shareholders' funds	9,423	9,341
Closing shareholders' funds	9,505	£9,423

8 Reserves

	Capital Reserve	Profit & Loss Account
Brought forward	7,556	1,767
Loss for the year	-	(318)
Transfer to Profit and Loss Account	(7,556)	7,556
Carried forward	-	9,005

9 Related Party Disclosures

The holding company and ultimate controlling party is Chatsworth House Trust, a company limited by guarantee and registered in England and Wales. During the year the Company incurred secretarial fees of £561 (1998: £529) to Currey & Co, in which P A Bostock and N W Smith, who are Directors of the Company, are partners. The amount of £561 (1998: £529) was outstanding at the year end.