

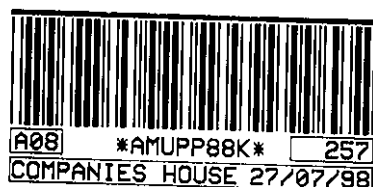
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**CASTLE HOWARD ESTATE LIMITED**

**FINANCIAL STATEMENTS**

**31 January 1998**

<b>CONTENTS</b>	<b>PAGE</b>
Company Information	1
Directors' Report	2-3
Auditors' Report	4
Profit and Loss Account	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Financial Statements	8-15



**CASTLE HOWARD ESTATE LIMITED****COMPANY INFORMATION****DIRECTORS**

The Hon. S.B.G. Howard (Chairman)  
The Hon. N.P.G. Howard  
The Hon. A.M.G. Howard (resigned 5.2.97)

**SECRETARY**

T.C. Adams

**AUDITORS**

Barron & Barron,  
Chartered Accountants  
and Registered Auditor,  
Bathurst House,  
86 Micklegate,  
York.

**BANKERS**

Coutts & Co.,  
8 Park Square East,  
Leeds.  
LS1 2LH

**SOLICITORS**

Frere Cholmeley Bischoff,  
London.

Denison Till,  
York.

**REGISTERED OFFICE**

The Estate Office,  
Castle Howard,  
York.

**COMPANY NUMBER**

480214

# CASTLE HOWARD ESTATE LIMITED

## DIRECTORS' REPORT

The Directors present their Annual Report and the audited financial statements of the company for the year ended 31st January 1998.

### PRINCIPAL ACTIVITIES

The activities of the company are those of an Estate Company carrying on activities related to land ownership.

### RESULTS AND DIVIDENDS

The profit on ordinary activities for the year amounted to £49,123 before net proceeds on property of £91,379, leaving profits of £140,502 to be deducted from accumulated losses brought forward. Accumulated losses carried forward at 31st January 1998 are £464,061.

The Directors do not recommend the payment of a dividend.

### MARKET VALUE OF LAND AND BUILDINGS

In the opinion of the Directors, the value of the freehold property is in excess of any liabilities that the Company has incurred. However, in the absence of a professional valuation an accurate figure cannot be expressed.

### FIXED ASSETS

The movement in tangible fixed assets during the year is set out in note 8 to the financial statements.

### DIRECTORS AND THEIR INTERESTS

The Directors in office throughout the year and their beneficial and trustee interest in the shares of the company were as follows:

	ORDINARY SHARES OF £1 EACH		7.5% NON-CUMULATIVE PREFERENCE SHARES OF £1 EACH	
	As at 31st January		As at 31st January	
	1997	1998	1997	1998
As Trustees -				
The Hon. N.P.G. Howard )				
The Hon. S.B.G. Howard )	10,000	10,000		
The Hon. A.M.G. Howard )				
(resigned 5.2.97)				
As Beneficiaries under a Settlement -				
The Hon. N.P.G. Howard			22,000	37,000
The Hon. S.B.G. Howard			30,000	37,000
The Hon. A.M.G. Howard				
(resigned 5.2.97)			22,000	-

**CASTLE HOWARD ESTATE LIMITED****DIRECTORS' REPORT****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 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 financial statements;
- 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.

**AUDITORS**

A resolution to re-appoint Barron & Barron, as Auditors will be put to the members at the Annual General Meeting.

By Order of the Board

**T. C. ADAMS**

Secretary



26th June 1998

**AUDITORS' REPORT  
TO THE MEMBERS OF CASTLE HOWARD ESTATE LIMITED**

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 3 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. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Qualified opinion from disagreement about accounting treatment**

The company owns various freehold land and buildings which have been included at a nominal value of £1 with sales and purchases included in the Profit and Loss Account. The company also owns various exhibits and costumes which are included at cost. Both the above do not comply with the requirements of the Companies Act 1985 and SSAP12 in relation to the reflection of fixed assets at a fair value. In our opinion these assets are worth substantially more than the accounts value but without a professional valuation it is not possible to quantify the exact values. It should also be noted that no depreciation has been provided on the above assets in accordance with SSAP12. The financial statements do not include an explanation for this departure from applicable accounting standards as required by the Companies Act 1985.

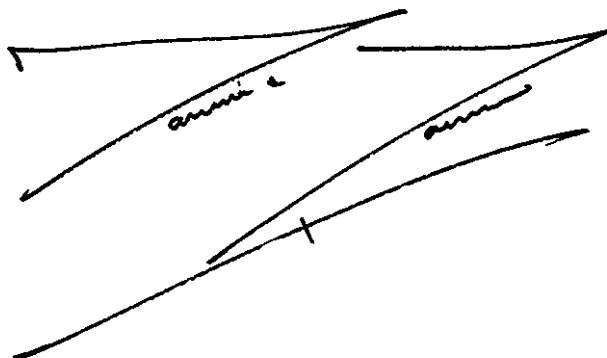
Except for the failure to account for the fair value of fixed assets and related depreciation in accordance with SSAP12, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st January 1998 and of its profit and cash flow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**BARRON & BARRON**

Chartered Accountants  
and Registered Auditor

Bathurst House,  
86 Micklegate,  
York.

26th June 1998



**CASTLE HOWARD ESTATE LIMITED****PROFIT AND LOSS ACCOUNT****For the year ended 31st January 1998**

	<b>Note</b>	<b>1998</b>	<b>1997</b>
<b>TURNOVER</b>	2	3,864,938	4,013,281
Cost of sales		3,639,895	3,644,569
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		225,043	368,712
Administrative expenses		360,184	340,617
		<hr/>	<hr/>
		(135,141)	28,095
Other operating income	3	264,238	254,575
		<hr/>	<hr/>
<b>OPERATING PROFIT</b>		129,097	282,670
Interest payable	5	79,974	75,385
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		49,123	207,285
Tax on profit on ordinary activities	6	-	-
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		49,123	207,285
Net proceeds (expenditure) on freehold property	7	91,379	(179,751)
		<hr/>	<hr/>
<b>PROFIT FOR THE YEAR</b>	15	£ 140,502	£ 27,534
		<hr/> <hr/>	<hr/> <hr/>

There were no recognised gains or losses either in the current or preceding year other than those recorded in the profit and loss account.

All of the activities undertaken by the company during the year are continuing activities.

## CASTLE HOWARD ESTATE LIMITED

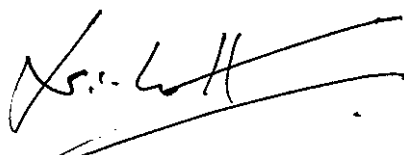
## BALANCE SHEET

31st January 1998

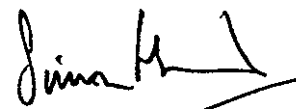
	Note	1998	1997
<b>FIXED ASSETS</b>			
Tangible assets	8		
Land and buildings		1	1
Plant and machinery		229,533	146,692
Exhibits		455,875	455,875
Cattle herd		57,035	58,535
Plant acquired under finance leases		78,927	95,961
		<u>821,371</u>	<u>757,064</u>
Investments	9	2,183	2,183
		<u>823,554</u>	<u>759,247</u>
<b>CURRENT ASSETS</b>			
Stock	10	723,343	601,019
Debtors	11	329,442	404,224
Cash at bank and in hand		730,271	960,368
		<u>1,783,056</u>	<u>1,965,611</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	12	952,782	1,046,562
<b>NET CURRENT ASSETS</b>		<u>830,274</u>	<u>919,049</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,653,828</u>	<u>1,678,296</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
Loans	13	1,579,789	1,744,759
		<u>£ 74,039</u>	<u>£ (66,463)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	90,000	90,000
Share Premium account		448,100	448,100
Profit and loss account	15	(464,061)	(604,563)
<b>SHAREHOLDERS' FUNDS</b>	16	<u>£ 74,039</u>	<u>£ (66,463)</u>

The financial statements were approved by the Board of Directors on 26th June 1998 and are signed on its behalf by:

N.P.G. HOWARD  
Director



S.B.G. HOWARD  
Director



## CASTLE HOWARD ESTATE LIMITED

## CASH FLOW STATEMENT

For the year ended 31st January 1998

	Note	1998	1997
<b>Reconciliation of operating profit to net cash inflow (outflow) from operating activities</b>			
Operating profit		129,097	282,670
Depreciation		114,291	115,271
Profit on sale of tangible fixed assets		(19,268)	(15,639)
Stocks		(122,324)	(93,178)
Debtors		64,331	119,714
Creditors		(178,551)	53,193
Net cash (outflow) inflow from operating activities		(12,424)	462,031
<b>CASH FLOW STATEMENT</b>			
Net cash (outflow) inflow from operating activities		(12,424)	462,031
Returns on investments and servicing of finance	21	(70,417)	(82,823)
Taxation	21	2	60,126
Capital expenditure	21	45,283	(232,296)
		(37,556)	207,038
Management of liquid resources	21	300,000	(500,000)
Financing	21	(249,398)	218,501
Increase (decrease) in cash		£ 13,046	£ (74,461)
<b>Reconciliation of net cash flow to movement in net debt</b>			
	22		
Increase (decrease) in cash		13,046	(74,461)
Cash paid(received) to (decrease) increase liquid resources		(300,000)	500,000
Cash repayin(increased) debt		146,164	(300,194)
Change in net debt		(140,790)	125,345
Net debt at 1st February 1997		(841,144)	(966,489)
Net debt at 31st January 1998		£(981,934)	£(841,144)



# CASTLE HOWARD ESTATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### ACCOUNTING CONVENTION

The financial statements have been prepared in accordance with the historical cost convention as modified to include freehold property at a nominal value of £1.00.

#### DEPRECIATION

No depreciation has been provided on freehold property, costume gallery exhibits, castle opening exhibits or cattle herd.

All other tangible fixed assets are depreciated to write off the cost or valuation evenly over their expected useful lives as follows:-

Motor vehicles	4 years
Plant and machinery	5 years
Other assets	20 years
Leased assets	over the term of primary lease

#### GOVERNMENT GRANTS

Government grants on capital expenditure have been deducted from the cost of the relevant asset.

Grants of a revenue nature are credited to income in the period to which they relate.

#### STOCKS

All stocks are stated at the lower of cost or net realisable value.

### 2. TURNOVER

Turnover represents the amount of fees received and goods and produce sold (stated net of value added tax). The turnover and pre-tax profit is attributable to the following activities:

	1998	1997	1998	1997
	TURNOVER		PRE-TAX PROFIT (LOSS)	
Castle opening including filming and facility fees	1,847,096	1,820,871	(218,200)	(144,719)
Farm	1,383,968	1,567,725	309,388	406,826
Caravan site	127,597	123,170	74,785	72,745
Woodlands	112,165	123,560	(2,743)	(2,065)
Plant centre	394,112	377,955	61,813	35,925
	<hr/>	<hr/>	<hr/>	<hr/>
	3,864,938	4,013,281	225,043	368,712
	<hr/>	<hr/>	<hr/>	<hr/>
		1998		1997

### 3. OTHER OPERATING INCOME

Rental income less outgoings	£264,238	£254,575
	<hr/>	<hr/>

## CASTLE HOWARD ESTATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	1998	1997
<b>4. OPERATING PROFIT</b>		
a. This is stated after charging		
Directors remuneration	21,570	28,752
Auditors' remuneration	26,320	25,955
Depreciation of tangible fixed assets	65,747	71,726
Depreciation of assets held under finance leases	48,544	43,545
(Profit) on sale of fixed assets	(12,368)	(8,639)
(Profit) on sale of exhibits	-	(3,354)
(Profit) on sale of fixed assets held under finance leases	(6,900)	(3,646)
	<hr/>	<hr/>
b. Staff costs during the year amounted to		
Wages and salaries	955,377	907,118
Social Security costs	68,994	63,796
Other pension costs	41,030	39,234
	<hr/>	<hr/>
	£1,065,401	£1,010,148
	<hr/>	<hr/>

The average weekly number of employees, excluding Directors, retained by the Company throughout the year was 181 (1997:165), including 103 (1997:113) part-time employees.

	1998	1997
<b>5. INTEREST PAYABLE</b>		
FII	(858)	(251)
Interest received	(38,796)	(37,780)
Bank overdraft	893	1,274
Other loans wholly repayable within five years	46,775	42,915
Other loans not wholly repayable within five years	64,190	62,365
Finance charges in respect of finance leases	7,770	6,837
On VAT adjustment	-	25
	<hr/>	<hr/>
	£79,974	£75,385
	<hr/>	<hr/>
<b>6. TAXATION</b>		
Based on the result for the year:		
Corporation tax	-	-
	<hr/>	<hr/>

## CASTLE HOWARD ESTATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 7. PROFITS ON REALISATION OF FREEHOLD PROPERTY

Net proceeds on sales	149,780	500
LESS: Capital gains tax	-	-
	<u>149,780</u>	<u>500</u>
Property improvements	(58,401)	(180,251)
	<u>£ 91,379</u>	<u>£(179,751)</u>

## 8. TANGIBLE FIXED ASSETS

## a. LAND AND BUILDINGS

The freehold properties are stated at a nominal value £1.00.  
No depreciation has been provided.

	PLANT ACQUIRED UNDER FINANCE PLANT AND LEASESMACHINERY	EXHIBITS	CATTLE HERD
<b>TANGIBLE FIXED ASSETS</b>			
<b>b. COST OR VALUATION</b>			
At 31st January 1997	313,282	937,041	455,875
Additions	31,510	149,620	-
Disposals	(29,539)	(56,512)	-
	<u>315,253</u>	<u>1,030,149</u>	<u>455,875</u>
At 31st January 1998	315,253	1,030,149	455,875
	<u>315,253</u>	<u>1,030,149</u>	<u>455,875</u>
<b>DEPRECIATION</b>			
At 31st January 1997	217,321	790,349	-
Provided during the year	48,544	65,747	-
Disposals	(29,539)	(55,480)	-
	<u>236,326</u>	<u>800,616</u>	<u>-</u>
At 31st January 1998	236,326	800,616	-
	<u>236,326</u>	<u>800,616</u>	<u>-</u>
<b>NET BOOK VALUE</b>			
AT 31ST JANUARY 1998	78,927	229,533	455,875
	<u>78,927</u>	<u>229,533</u>	<u>455,875</u>
<b>NET BOOK VALUE</b>			
AT 31ST JANUARY 1997	95,961	146,692	455,875
	<u>95,961</u>	<u>146,692</u>	<u>455,875</u>

## CASTLE HOWARD ESTATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

9.	INVESTMENTS	1998	1997
	These are unquoted investments as follows		
	Grange Farm (Bulmer) Limited		
	1000 'A' Ord. voting shares of £1 each at cost	1,000	1,000
	The Company owns 100% of the issued 'A' Ord. voting shares		
	Trade investments	1,183	1,183
		<hr/>	<hr/>
		£ 2,183	£ 2,183
		<hr/>	<hr/>
10.	STOCKS		
	Materials and consumables	17,905	15,560
	Goods for resale	293,594	205,588
	Farm livestock, produce, stores and workings in land	411,844	379,871
		<hr/>	<hr/>
		£723,343	£601,019
		<hr/>	<hr/>
11.	DEBTORS		
	Trade debtors	183,717	123,257
	Other debtors	41,807	186,954
	Prepayments and accrued income	103,918	94,013
		<hr/>	<hr/>
		£329,442	£404,224
		<hr/>	<hr/>
12.	CREDITORS: amounts falling due within one year		
	Bank overdraft	56,857	-
	Current instalments on loans	31,614	18,146
	Current obligations under finance leases	43,945	38,607
	Corporation tax	-	-
	Other taxes and social security	-	-
	Other creditors	167,307	674,038
	Accruals	653,059	315,771
		<hr/>	<hr/>
		£ 952,782	£1,046,562
		<hr/>	<hr/>

The bank overdraft is unsecured.

## NOTES TO THE FINANCIAL STATEMENTS

13	<b>LOANS</b>		<b>1998</b>	<b>1997</b>
a.	Loans repayable			
	Within 1 - 2 years		321,644	480,702
	Within 2 - 5 years		528,391	522,206
	5 years or more		729,754	741,851
			<hr/>	<hr/>
			£1,579,789	£1,744,759
			<hr/>	<hr/>
b.	Details of loans repayable five years or more are as follows:			
	By instalments			
	Agricultural Mortgage Corp. plc.			
	Loan @ 8.25% repayable			
	by 12th August 2008		116,603	124,329
	Loan @ 9.5% repayable			
	by 12th August 2012		92,907	96,285
	Loan at variable rate			
	repayable by 12th August 2032		395,244	396,237
			<hr/>	<hr/>
			604,754	616,851
	Otherwise			
	Mortgage Loans			
	Agricultural Mortgage Corp.			
	Loan @ 8.5% repayable by			
	12th February 2012	119,000		119,000
	Loan @ 9.5% repayable by			
	12th August 2012	6,000		6,000
		<hr/>	125,000	<hr/>
			<hr/>	<hr/>
			£729,754	£741,851
			<hr/>	<hr/>
		<b>1998</b>	<b>1997</b>	<b>1998</b>
				<b>1997</b>
				<b>Allotted and</b>
				<b>Fully paid</b>
		<b>No.</b>	<b>No.</b>	
	Ordinary shares of £1 each	10,000	10,000	10,000
	7.5% non-cumulative preference			
	shares of £1 each	80,000	80,000	80,000
		<hr/>	<hr/>	<hr/>
		90,000	90,000	90,000
14.	<b>SHARE CAPITAL</b>			

## CASTLE HOWARD ESTATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	1998	1997
<b>15. PROFIT AND LOSS ACCOUNT</b>		
At 1st February 1997	(604,563)	(632,097)
Retained profit(loss) for the year	140,502	27,534
	<hr/>	<hr/>
At 31st January 1998	£(464,061)	£(604,563)
	<hr/>	<hr/>
<b>16. SHAREHOLDERS' FUNDS</b>		
Reconciliation of movement in shareholders' funds		
Opening shareholders' funds	(66,463)	(93,997)
Increase(decrease) in shareholders' funds - retained profit(loss)	140,502	27,534
	<hr/>	<hr/>
Closing shareholders' funds	£ 74,039	£(66,463)
	<hr/>	<hr/>
<b>17. PENSION COMMITMENTS</b>		
The Company operates a defined contributions pension scheme for the benefit of the employees. The cost of the scheme is borne by the Company and the employees are not required to make any contributions.		
<b>18. CAPITAL COMMITMENTS</b>	<b>1998</b>	<b>1997</b>
Contracted	£ -	£40,000
	<hr/>	<hr/>
Not contracted	£223,500	£60,000
	<hr/>	<hr/>
<b>19. SUBSIDIARY</b>		
Grange Farm (Bulmer) Limited has not been consolidated as it would not be material in giving a true and fair view.		
<b>20. RELATED PARTY DISCLOSURE</b>		
Mr. C. P. Nicoll, the estate manager, is a director of Clegg Kennedy Drew Ltd. and the estate, in addition to providing accommodation and a car, also paid Clegg Kennedy Drew Ltd. fees of £79,797 for services, including those of Mr. Nicoll.		

## CASTLE HOWARD ESTATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

21. GROSS CASH FLOWS	1998	1997
Returns on investment and servicing of finance		
FII	858	251
Interest received	39,245	35,542
Interest paid	(110,520)	(118,616)
	<hr/>	<hr/>
	£(70,417)	£(82,823)
	<hr/>	<hr/>
Taxation		
UK corporation tax refunded	-	59,100
Income tax refunded	2	1,026
	<hr/>	<hr/>
	2	60,126
	<hr/>	<hr/>
Capital expenditure		
Receipts from sales of tangible fixed assets	181,580	14,172
Payments to acquire tangible fixed assets	(136,297)	(246,468)
	<hr/>	<hr/>
	45,283	(232,296)
	<hr/>	<hr/>
Management of liquid resources		
Investment in money market	-	(500,000)
Investment taken off money market	300,000	-
	<hr/>	<hr/>
	£300,000	£(500,000)
	<hr/>	<hr/>
Financing		
Loan advanced	-	500,000
Loan repayments	(11,263)	(9,534)
Short term loans repaid	(158,455)	(209,163)
Capital element of HP and finance lease payments	(79,680)	(62,802)
	<hr/>	<hr/>
	£(249,398)	£218,501
	<hr/>	<hr/>

## CASTLE HOWARD ESTATE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## 22. ANALYSIS OF CHANGES IN NET DEBT

	At 1.2.97	Cash Flows	At 31.1.98
Cash at bank and in hand	460,368	69,903	530,271
Overdraft	-	(56,857)	(56,857)
		<hr/>	
		13,046	
		<hr/>	
Debt due within 1 year	(56,753)	(18,806)	(75,559)
Debt due after 1 year	(1,744,759)	164,970	(1,579,789)
Current asset investment	500,000	(300,000)	200,000
	<hr/>	<hr/>	<hr/>
	(841,144)	(140,790)	(981,934)
	<hr/>	<hr/>	<hr/>