

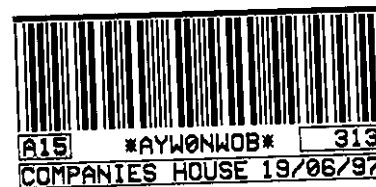
480214

CASTLE HOWARD ESTATE LIMITED

FINANCIAL STATEMENTS

31 January 1997

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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.,
17 Park Place,
Leeds.

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 1997.

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 £207,285 before net expenditure on property of £179,751, leaving profits of £27,534 to be deducted from accumulated losses brought forward. Accumulated losses carried forward at 31st January 1997 are £604,563.

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:

AT 31ST JANUARY 1996 AND 31ST JANUARY 1997

	ORDINARY SHARES OF £1 EACH	7.5% NON-CUMULATIVE PREFERENCE SHARES OF £1 EACH
As Trustees -		
The Hon. N.P.G. Howard)		
The Hon. S.B.G. Howard)	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
The Hon. S.B.G. Howard		30,000
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



14th April 1997

**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 1997 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.

14th April 1997

CASTLE HOWARD ESTATE LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31st January 1997**

	Note	1997	1996
TURNOVER	2	4,013,281	3,579,258
Cost of sales		3,644,569	3,115,336
		<hr/>	<hr/>
GROSS PROFIT		368,712	463,922
Administrative expenses		340,617	304,465
		<hr/>	<hr/>
		28,095	159,457
Other operating income	3	254,575	196,876
		<hr/>	<hr/>
OPERATING PROFIT		282,670	356,333
Interest payable	5	75,385	117,443
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		207,285	238,890
Tax on profit on ordinary activities	6	-	(59,100)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		207,285	297,990
Net (expenditure)proceeds on freehold property	7	(179,751)	141,249
		<hr/>	<hr/>
PROFIT(LOSS) FOR THE YEAR	15	£ 27,534	£ 439,239
		<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.

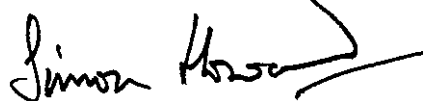
CASTLE HOWARD ESTATE LIMITED**BALANCE SHEET****31st January 1997**

	Note	1997	1996
FIXED ASSETS			
Tangible assets	8		
Land and buildings		1	1
Plant and machinery		146,692	162,480
Exhibits		455,875	455,875
Cattle herd		58,535	50,885
Plant acquired under finance leases		95,961	62,717
		<u>757,064</u>	<u>731,958</u>
Investments	9	2,183	2,183
		<u>759,247</u>	<u>734,141</u>
CURRENT ASSETS			
Stock	10	601,019	507,841
Debtors	11	404,224	572,326
Cash at bank and in hand		960,368	620,239
		<u>1,965,611</u>	<u>1,700,406</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	1,046,562	1,077,012
NET CURRENT ASSETS		<u>919,049</u>	<u>623,394</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,678,296</u>	<u>1,357,535</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Loans	13	1,744,759	1,451,532
		<u>£ (66,463)</u>	<u>£ (93,997)</u>
CAPITAL AND RESERVES			
Called up share capital	14	90,000	90,000
Share Premium account		448,100	448,100
Profit and loss account	15	(604,563)	(632,097)
		<u>£ (66,463)</u>	<u>£ (93,997)</u>
SHAREHOLDERS' FUNDS	16	<u>£ (66,463)</u>	<u>£ (93,997)</u>

The financial statements were approved by the Board of Directors on 14th April 1997 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 1997

	Note	1997	1996
Net cash inflow from operating activities	21a	462,031	497,419
Returns on investments and servicing of finance			
FII	251	-	-
Interest received	35,542	10,546	-
Interest paid	(118,616)	(164,540)	-
Net cash (outflow) from returns on investments and servicing of finance		(82,823)	(153,994)
Taxation			
U.K. corporation tax paid	-	(51)	-
U.K. corporation tax refunded	59,100	-	-
Income tax refunded	1,026	-	-
		60,126	(51)
Investing activities			
Receipts from sales of tangible fixed assets	14,172	522,999	-
Payments to acquire tangible fixed assets	(246,468)	(173,157)	-
Sale (purchase) of trade investments	-	-	-
Net cash inflow (outflow) from investing activities		(232,296)	349,842
Net cash inflow (outflow) before financing		207,038	693,216
Financing			
Loan advanced	500,000	-	-
Loan repayments	(9,534)	(8,740)	-
Short term loans repaid	(209,163)	(58,845)	-
Capital element of HP and finance lease payments	(62,802)	(68,465)	-
Net cash inflow(outflow) from financing		218,501	(136,050)
Increase(decrease)in cash and cash equivalents	21d	£ 425,539	£ 557,166

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:

	1997	1996	1997 PRE-TAX PROFIT	1996 PRE-TAX PROFIT
	TURNOVER		(LOSS)	
Castle opening including filming and facility fees	1,820,871	1,644,280	(144,719)	103,978
Farm	1,567,725	1,374,720	406,826	261,145
Caravan site	123,170	121,834	72,745	75,821
Woodlands	123,560	91,356	(2,065)	(8,464)
Plant centre	377,955	347,068	35,925	31,442
	<hr/>	<hr/>	<hr/>	<hr/>
	£4,013,281	3,579,258	368,712	463,922
	<hr/>	<hr/>	<hr/>	<hr/>
		1997		1996

3. OTHER OPERATING INCOME

Rental income less outgoings	£254,575	£196,876
	<hr/>	<hr/>

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	1997	1996
4. OPERATING PROFIT		
a. This is stated after charging		
Directors remuneration	28,752	25,429
Auditors' remuneration	25,955	27,615
Depreciation of tangible fixed assets	71,726	88,655
Depreciation of assets held under finance leases	43,545	28,948
(Profit) on sale of fixed assets	(8,639)	(7,922)
(Profit) on sale of exhibits	(3,354)	(237,762)
(Profit) on sale of fixed assets held under finance leases	(3,646)	-
	<hr/>	<hr/>
b. Staff costs during the year amounted to		
Wages and salaries	907,118	879,300
Social Security costs	63,796	64,519
Other pension costs	39,234	38,724
	<hr/>	<hr/>
	£1,010,148	£982,543
	<hr/>	<hr/>

The average weekly number of employees, excluding Directors, retained by the Company throughout the year was 165 (1996:141), including 113 (1996:89) part-time employees.

	1997	1996
5. INTEREST PAYABLE		
FII	(251)	-
Interest received	(37,780)	(10,491)
Bank overdraft	1,274	1,426
Other loans wholly repayable within five years	42,915	53,501
Other loans not wholly repayable within five years	62,365	67,656
Finance charges in respect of finance leases	6,837	5,351
On VAT adjustment	25	-
	<hr/>	<hr/>
	£75,385	£117,443
	<hr/>	<hr/>
6. TAXATION		
Based on the result for the year:		
Corporation tax loss refundable	-	£(59,100)
	<hr/>	<hr/>

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7. PROFITS ON REALISATION OF FREEHOLD PROPERTY

Net proceeds on sales	500	259,075	
LESS: Capital gains tax	-	-	
	<u>500</u>	<u>259,075</u>	
Property improvements	(180,251)		(117,826)
	<u>£(179,751)</u>		<u>£141,249</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 LEASES		PLANT AND MACHINERY	EXHIBITS	CATTLE HERD
TANGIBLE FIXED ASSETS					
b. COST OR VALUATION					
At 31st January 1996	252,928	912,976	455,875	50,885	
Additions	81,693	58,567	-	7,650	
Disposals	(21,339)	(34,502)	-	-	
	<u>313,282</u>	<u>937,041</u>	<u>455,875</u>	<u>58,535</u>	
At 31st January 1997	313,282	937,041	455,875	58,535	
DEPRECIATION					
At 31st January 1996	190,211	750,496			
Provided during the year	43,545	71,726			
Disposals	(16,435)	(31,873)			
	<u>217,321</u>	<u>790,349</u>	<u>455,875</u>	<u>58,535</u>	
At 31st January 1997	217,321	790,349	455,875	58,535	
NET BOOK VALUE					
AT 31ST JANUARY 1997	95,961	146,692	455,875	58,535	
NET BOOK VALUE					
AT 31ST JANUARY 1996	62,717	162,480	455,875	50,885	

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9.	INVESTMENTS	1997	1996
	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	15,560	20,180
	Goods for resale	205,588	201,560
	Farm livestock, produce, stores and workings in land	379,871	286,101
		<hr/>	<hr/>
		£601,019	£507,841
		<hr/>	<hr/>
11.	DEBTORS		
	Trade debtors	123,257	164,706
	Other debtors	186,954	137,759
	Prepayments and accrued income	94,013	105,801
	Directors loan accounts	-	104,960
	Corporation tax recoverable	-	59,100
		<hr/>	<hr/>
		£404,224	£572,326
		<hr/>	<hr/>
12.	CREDITORS: amounts falling due within one year		
	Bank overdraft	-	85,410
	Current instalments on loans	18,146	23,867
	Current obligations under finance leases	38,607	25,919
	Corporation tax	-	-
	Other taxes and social security	-	27,733
	Other creditors	674,038	541,211
	Accruals	315,771	372,872
		<hr/>	<hr/>
		£1,046,562	£1,077,012
		<hr/>	<hr/>

The bank overdraft is unsecured.

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

13	LOANS	1997	1996
a.	Loans repayable		
	Within 1 - 2 years	480,702	182,608
	Within 2 - 5 years	522,206	516,725
	5 years or more	741,851	752,199
		<hr/>	<hr/>
		£1,744,759	£1,451,532
		<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	124,329	131,066
	Loan @ 9.5% repayable		
	by 12th August 2012	96,285	99,107
	Loan at variable rate		
	repayable by 12th August 2032	396,237	397,026
		<hr/>	<hr/>
		616,851	627,199
	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/>	<hr/>
		125,000	125,000
		<hr/>	<hr/>
		£741,851	£752,199
		<hr/>	<hr/>
		1997	1996
		1997	1996
14.	SHARE CAPITAL	1997	1996
		No.	Allotted and Fully paid
	Ordinary shares of £1 each	10,000	10,000
	7.5% non-cumulative preference		
	shares of £1 each	80,000	80,000
		<hr/>	<hr/>
		90,000	90,000
		<hr/>	<hr/>

CASTLE HOWARD ESTATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

	1997	1996
15. PROFIT AND LOSS ACCOUNT		
At 1st February 1996	(632,097)	(1,071,336)
Retained profit(loss) for the year	27,534	439,239
	<hr/>	<hr/>
At 31st January 1997	£(604,563)	£ (632,097)
	<hr/>	<hr/>
16. SHAREHOLDERS' FUNDS		
Reconciliation of movement in shareholders' funds		
Opening shareholders' funds	(93,997)	(533,236)
Increase(decrease) in shareholders' funds - retained profit(loss)	27,534	439,239
	<hr/>	<hr/>
Closing shareholders' funds	£(66,463)	£(93,997)
	<hr/>	<hr/>
17. PENSION COMMITMENTS		
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.		
18. CAPITAL COMMITMENTS	1997	1996
Contracted	£40,000	£ -
	<hr/>	<hr/>
Not contracted	£60,000	£240,000
	<hr/>	<hr/>
19. SUBSIDIARY		
Grange Farm (Bulmer) Limited has not been consolidated as it would not be material in giving a true and fair view.		
20. RELATED PARTY DISCLOSURE		
Mr. C. P. Nichol, 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 £80,678 for services, including those of Mr. Nichol.		

CASTLE HOWARD ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

21. CASH FLOW STATEMENT

- a. Reconciliation of operating profit to net cash inflow from operating activities

Operating profit	282,670	356,333
Depreciation	115,271	117,603
Profit on sale of tangible fixed assets	(15,639)	(245,684)
Stocks	(93,178)	(14,412)
Debtors	119,714	(107,270)
Creditors	53,193	390,849
Net cash inflow from operating activities	<u>£462,031</u>	<u>£497,419</u>

- b. Analysis of changes in cash and cash equivalents during the year
Balance at 1st February 1996
Net cash inflow(outflow)

Balance at 1st February 1996	534,829	(22,337)
Net cash inflow(outflow)	425,539	557,166
Balance at 31st January 1997	<u>£960,368</u>	<u>£534,829</u>

- c. Analysis of the balances of cash and cash equivalents as shown in the Balance Sheet

	1997	1996	Change in year	1996	1995	Change in period
Cash at bank	955,381	615,931	339,450	615,931	455,309	160,622
Cash in hand	4,987	4,308	679	4,308	5,765	(1,457)
Bank overdraft	-	(85,410)	85,410	(85,410)	(483,411)	398,001
	<u>960,368</u>	<u>534,829</u>	<u>425,539</u>	<u>534,829</u>	<u>(22,337)</u>	<u>557,166</u>

CASTLE HOWARD ESTATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS**d. Analysis of changes in financing
during the year

	1997	1996
	Loans and finance lease obligations	Loans and finance lease obligations
Balance at 1st February 1996	1,501,318	1,592,800
Cash inflow(outflows) for financing	218,501	(136,050)
Inception of H.P. agreements and finance lease contracts	81,693	44,568
	<hr/>	<hr/>
Balance at 31st January 1997	£1,801,512	£1,501,318
	<hr/>	<hr/>