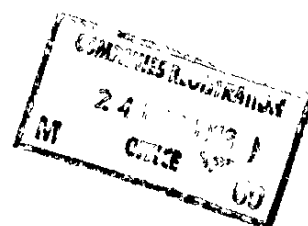


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CASTLE HOWARD ESTATE LIMITED
REPORT AND ACCOUNTS
5TH APRIL, 1987



Directors

The Hon. S.B.G. Howard (Chairman)

The Hon. N.P.G. Howard

The Hon. A.M.G. Howard

Secretary

T.C. Adams

Auditors

Barron & Barron
Chartered Accountants
Bathurst House
86 Micklegate
York

Bankers

Coutts & Co.
440 Strand
London

Solicitors

Bischoff & Co.
London.

Denison Till
York

Registered Office

The Estate Office
Castle Howard
York

CASTLE HOWARD ESTATE LIMITED
DIRECTORS' REPORT

The Directors submit their report and accounts for the year ended 5th April 1987.

Results and Dividends

The loss on activities for the year amounted to £210,237 before profits on property realisations of £25,553 leaving losses of £184,684 to be added to accumulated losses brought forward. Accumulated losses carried forward at 5th April 1987 are £1,467,405. The directors do not recommend the payment of a dividend.

Review of the Business

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

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 changes in fixed assets during the year are summarised in the notes to the accounts.

Directors and their interests

The Directors who served during the year were:-

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

CASTLE HOWARD ESTATE LIMITED
DIRECTORS' REPORT

Directors and their interests cont'd

Directors' interests in shares of the company:-

At 5th April 1986 and 5th April 1987

	<u>Ordinary Shares of £1 each</u>	<u>10% Non-cumulative Preference Shares of £1 each</u>
As Trustees -		
The Hon. N.P.G. Howard	10,000	
The Hon. S.B.G. Howard	10,000	
The Hon. A.M.G. Howard	10,000	
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		22,000

Auditors

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

Approval of Accounts

A resolution to approve the accounts was passed at a meeting of the Directors held on 27th August 1987.

By Order of the Board

T.C. ADAMS

Secretary

6th October 1987

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

We have audited the financial statements on pages 5 to 13 inclusive in accordance with approved Auditing Standards.

In common with many businesses of similar size and organisation, the company's system of control is dependent on the close involvement of the directors. Where independent confirmation of the completeness of the accounting records was therefore not available, we have accepted assurances from the Directors that all the company's transactions have been reflected in the records.

As stated in note 8a the cost or valuation of Land and Buildings has not been shown in the balance sheet in accordance with Schedule 9(5) Companies Act 1985. At this time it is not practical to determine with reasonable accuracy the cost or value of the properties retained.

Subject to the foregoing in our opinion the financial statements, which have been prepared under the historical cost convention, give a true view of the state of the affairs of the company as at 5th April, 1987 and of the loss and source and application of funds of the company for the year then ended and except for the valuation of Land and Buildings referred to above comply with the Companies Act 1985.

BARRON & BARRON

6th October 1987

Chartered Accountants

CASTLE HOWARD ESTATE LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 5TH APRIL 1987

	<u>Notes</u>	<u>1987</u>	<u>1986</u>
<u>Turnover</u>	2	2,722,801	2,254,295
Cost of Sales		2,718,742	2,404,744
Gross Profit (1986:Loss)		4,059	(150,449)
Administrative expenses		143,525	179,105
		(139,466)	(329,554)
Other operating income	3	40,791	44,992
<u>Operating Loss</u>		(98,675)	(284,562)
Interest payable	5	111,562	264,301
Loss on activities		(210,237)	(548,863)
Surplus on realisation of Freehold Property	6	25,553	7,588
Loss for the financial year		(184,684)	(541,275)
Taxation	7	-	-
<u>Loss for the financial year after taxation</u>		(184,684)	(541,275)
Accumulated losses brought forward		(1,302,721)	(761,446)
<u>Accumulated losses carried forward</u>		<u>£(1,487,405)</u>	<u>£(1,302,721)</u>

CASTLE HOWARD ESTATE LIMITED
BALANCE SHEET AS AT 5TH APRIL 1987

	<u>Notes</u>		<u>1987</u>		<u>1986</u>
<u>Fixed Assets</u>					
<u>Tangible Assets</u>	8				
Land and Buildings		1		1	
Plant and machinery		325,751		385,079	
Exhibits		513,546		511,654	
Cattle herds		67,415		70,520	
			906,713		967,254
<u>Investments</u>	9		1,751		1,030
			908,464		1,284
<u>Current Assets</u>					
Stocks	10	746,910		797,242	
Debtors	11	429,194		300,261	
Cash at bank		259,487		-	
Cash in hand		3,253		4,142	
		1,438,844		1,101,645	
<u>Creditors amounts falling due within one year</u>	12	512,697		1,813,743	
<u>Net Current Assets/(Liabilities)</u>			926,147		(712,098)
<u>Total Assets less Current Liabilities</u>			1,834,611		256,186
<u>Creditors amounts falling due after more than one year</u>					
Loans	13		2,783,916		1,020,807
			£(949,305)		£(764,621)
<u>Capital and Reserves</u>					
Called up share capital	14		90,000		90,000
Share Premium Account			448,100		448,100
Profit and loss account			(1,487,405)		(1,302,721)
			£(949,305)		£(764,621)

N.P.G. HOWARD)

Directors

S.B.G. HOWARD)

The notes on pages 8 to 12 form part of these accounts.

CASTLE HOWARD ESTATE LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 5TH APRIL 1987

		<u>1987</u>		<u>1986</u>
<u>SOURCE OF FUNDS</u>				
Loss on activities before taxation		(210,237)		(548,863)
Adjustment for items not involved in the Movement of Funds				
Loss (profit) on sale of tangible fixed assets		(2,505)		-
Depreciation		176,448		148,905
<u>Total Generated from Operations</u>		<u>(36,294)</u>		<u>(399,958)</u>
<u>Funds from Other Sources</u>				
Proceeds on disposal of tangible fixed assets	44,893		89,304	
Loans	<u>2,200,000</u>	<u>2,244,893</u>	<u>124,755</u>	<u>214,059</u>
		<u>2,208,599</u>		<u>(185,899)</u>
<u>APPLICATION OF FUNDS</u>				
Repayment Agricultural Mortgage Corp. Loans	397,765		-	
Purchase of tangible fixed assets	132,742		186,888	
Current instalments due on loans	39,126		21,432	
Purchase of Trade Investments	<u>721</u>	<u>570,354</u>	<u>-</u>	<u>208,320</u>
<u>Working Capital Increase(Decrease)</u>		<u>£1,638,245</u>		<u>£(394,219)</u>
<u>Components of Increase(Decrease)</u>				
Stocks		(50,332)		68,735
Debtors		128,933		(41,169)
Creditors		(116,844)		(21,322)
		<u>(38,243)</u>		<u>6,244</u>
<u>Movement in Net Liquid Funds</u>				
Cash	(889)		(108)	
Bank overdraft	<u>1,677,377</u>	<u>1,676,488</u>	<u>(400,355)</u>	<u>(400,463)</u>
		<u>£1,638,245</u>		<u>£(394,219)</u>

1. Accounting Policies

Accounting Convention

The accounts are prepared under the historical cost convention modified to include freehold property at nominal value of £1.00 and motor vehicles and plant and machinery on hand at 6th April, 1981 at the written down value at that date.

Depreciation

No depreciation has been provided on freehold property, costume gallery exhibits, castle opening exhibits or cattle herds as in the opinion of the Directors this would not be significant in comparison with their residual values. 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

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.

	1987	1986	1987	1986
	<u>Turnover</u>		<u>Pre-tax profit(loss)</u>	
Castle opening including filming and facility fees	972,697	515,490	(210,327)	(145,161)
Farm	1,478,485	1,264,768	136,610	(27,167)
Caravan site	33,145	48,431	9,041	27,473
Woodlands	121,335	28,782	55,430	(5,698)
Plant centre	117,139	97,125	13,305	104
	<u>£2,722,801</u>	<u>£1,954,596</u>	<u>£ 4,059</u>	<u>£(150,449)</u>

CASTLE HOWARD ESTATE LIMITED
NOTES TO THE ACCOUNTS AT 5TH APRIL, 1987

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3. <u>Other Operating Income</u>	<u>1987</u>	<u>1986</u>
Rental income less outgoings	£ 40,791	£ 44,992

4. Operating Profit

a. This is stated after charging		
Directors' remuneration		
(see below)	32,151	70,284
Auditors' remuneration	5,000	4,875
Depreciation	176,448	148,905
(Profit) on sale of		
fixed assets	(2,505)	-
	<u>32,151</u>	<u>70,284</u>
b. Directors remuneration		
Fees	9,958	42,987
Other emoluments (including		
pension contributions)	22,193	27,297
	<u>£ 32,151</u>	<u>£ 70,284</u>

The emoluments of the Chairman and the highest paid Director, excluding pension contributions, was £16,018 (1986:£31,799). Other Directors emoluments, excluding pension contributions fell within the following ranges:

	<u>1987</u>	<u>1986</u>
£ Nil - £ 5,000	-	-
£ 5,001 - £10,000	2	2
£10,001 - £15,000	-	-
£15,001 - £20,000	-	-
£20,001 - £25,000	-	1

c. Staff costs during the year amounted to

Wages and salaries	912,935	835,993
Social Security Costs	78,308	71,686
Other pension costs	35,041	33,136
	<u>£1,026,284</u>	<u>£940,815</u>

The average weekly number of employees, excluding Directors, retained by the company throughout the year was 221 (1986:218), including 116 (1986:117) part-time employees.

CASTLE HOWARD ESTATE LIMITED
NOTES TO THE ACCOUNTS AT 5TH APRIL, 1987

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	<u>1987</u>	<u>1986</u>
5. <u>Interest Payable</u>		
Bank overdraft	50,730	162,094
Other loans wholly repayable within five years	6,229	7,159
Other loans not wholly repayable within five years	54,603	95,048
	<u>£111,562</u>	<u>£264,301</u>

6. <u>Profits on Realisation of Freehold Property</u>	
Net proceeds on Sales including compensation	32,399
Property improvements less grants	6,846
	<u>£25,553</u>

The capital gains arising on the disposal of freehold properties are expected to be covered by losses on operations.

7. <u>Taxation</u>		
Based on the result for the year:	<u>1987</u>	<u>1986</u>
Corporation Tax	—	—

8. Tangible Fixed Assets

a. Land and Buildings

The freehold properties are stated at Nominal value £1.00 as in the opinion of the Directors, the value of freehold property is in excess of any liabilities that company has incurred. No depreciation has been provided.

Freehold Property	<u>1987</u>	<u>1986</u>
Improvements and acquisitions		
less grants	6,846	64,996
Sales	32,399	72,584

b. Cost or Valuation

At 6th April 1986	794,457	511,654	70,520
Additions	123,135	2,761	—
Disposals	(21,940)	(869)	(3,105)
At 5th April 1987	<u>£895,652</u>	<u>£513,546</u>	<u>£67,415</u>
<u>Depreciation</u>			
At 6th April 1986	409,378		
Provided during the year	176,448		
Disposals	(15,925)		
At 5th April 1987	<u>£569,901</u>		
Net Book Value at 5th April 1987	<u>£325,751</u>	<u>£513,546</u>	<u>£67,415</u>
Net Book Value at 6th April 1986	<u>£385,079</u>	<u>£511,654</u>	<u>£70,520</u>

CASTLE HOWARD ESTATE LIMITED
NOTES TO THE ACCOUNTS AT 5TH APRIL, 1987

	<u>1987</u>	<u>1986</u>
9. <u>Investments</u>		
These are unquoted investments as follows		
Northern Forestry Products Limited		
3 Ord. Shares of £10 each at cost	30	30
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	721	-
	<u>£ 1,751</u>	<u>£ 1,030</u>
10. <u>Stocks</u>		
Materials and consumables	13,226	12,559
Goods for resale	355,447	303,564
Farm livestock, produce, stores and workings in land	378,237	481,119
	<u>£746,910</u>	<u>£797,242</u>
11. <u>Debtors</u>		
Trade debtors	148,579	118,026
Other debtors (note 16)	143,155	91,399
Prepayments and accrued income	137,460	90,836
	<u>£429,194</u>	<u>£300,261</u>
12. <u>Creditors amounts falling due within one year</u>		
Bank overdraft	95,752	1,513,642
Current Corporation Tax	-	1,935
Other taxes and Social Security costs	28,136	38,052
Other creditors	281,819	220,200
Accruals	106,990	39,914
The bank overdraft is unsecured	<u>£ 512,697</u>	<u>£1,813,743</u>
13. <u>Loans</u>		
Wholly repayable within five years	2,375,826	183,410
Not wholly repayable within five years		
a. by instalments	318,798	521,350
b. otherwise	125,000	327,000
	<u>2,819,624</u>	<u>1,031,760</u>
Amounts due within one year included in current liabilities	35,708	10,953
	<u>£2,783,916</u>	<u>£1,020,807</u>
Instalments not due within five years	<u>£ 282,941</u>	<u>£ 464,682</u>
Included in the company loans wholly repayable within five years are Mortgage Loans of £31,107 (1986:£25,596).		

CASTLE HOWARD ESTATE LIMITED
NOTES TO THE ACCOUNTS AT 5TH APRIL, 1987

13. Loans Cont'd.

Details of loans not wholly repayable within five years are as follows:

	<u>1987</u>	<u>1986</u>
a. By instalments		
Agricultural Mortgage Corporation plc		
Loan @ 4.50% repayable by 12th August 1994	13,653	15,153
Loan @ 8.25% repayable by 12th August 2008	173,952	176,835
Loan @ 9.50% repayable by 12th August 2012	116,112	117,177
Loan based on variable interest repayable by 12th February 2007	-	190,317
Ryedale District Council		
28 Loans at rates of 7.25% to 15% repayable between 31.12.92 - 30.09.95 (1986:30)	15,081	20,320
Lands Improvement Company		
Loan charge 9.75% repayable by March 1991	-	1,548
	<u>£318,798</u>	<u>£521,350</u>

b. Otherwise

Mortgage Loans		
Agricultural Mortgage Corporation plc		
Loan @ 8.50% repayable by 12th February 2012	119,000	119,000
Loan @ 9.50% repayable by 12th August 2012	6,000	6,000
Loan based on variable interest repayable by 12th February 2007	-	202,000
	<u>£125,000</u>	<u>£327,000</u>

14. Share Capital

	1987	1986	1987	1986
	<u>Authorized</u>		<u>Allotted, called up and fully paid</u>	
	No.	No.		
Ordinary shares of £1 each	10,000	10,000	10,000	10,000
10% (now 7% plus tax credit) non-cumulative preference shares of £1 each	80,000	80,000	80,000	80,000
	<u>90,000</u>	<u>90,000</u>	<u>£90,000</u>	<u>£90,000</u>

15. Pension Commitments

The company has a 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.

CASTLE HOWARD ESTATE LIMITED
NOTES TO THE ACCOUNTS AT 5TH APRIL 1987

16. Transactions with, and amounts due from, directors and connected persons

The following information is given in accordance with the provisions of Section 232 of the Companies Act 1985:-

- a. As a result of transactions in previous years on behalf of Lord Howard prior to 1976, sums became due from Lord Howard. The amount due at the beginning of the year was £27,594. The amount due at the end of the year by the Executors of Lord Howard was £32,132.
- b. As a result of sundry transactions during the course of the year and in respect of previous years, Messrs. J.H. Walford and A.G.R. Ormiston, as trustees of the Will of the late Lady Cecilia Howard, were indebted to the Company at the end of the year in the sum of £22,366.

The Trustees are connected with The Hon. N.P.G. Howard, The Hon. S.D.G. Howard and The Hon. A.M.G. Howard.