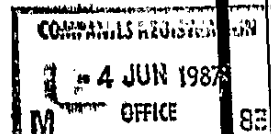


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CASTLE HOWARD ESTATE LIMITED
REPORT AND ACCOUNTS
5TH APRIL, 1986

BARRON & BARRON
CHARTERED ACCOUNTANTS
YORK



CASTLE HOWARD ESTATE LIMITED
REPORT AND ACCOUNTS
5TH APRIL, 1986

Directors

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

Secretary

R. Saunders

Auditors

Barron & Barron
Chartered Accountants
Bathurst House
86 Micklegate
York

Bankers

Coutts & Co.
440 Strand
London

Solicitors

Bischoff & Co.
London.

Pearson and Ward
Malton.

Registered Office

The Estate Office
Castle Howard
York

CASTLE HOWARD ESTATE LIMITEDDIRECTORS' REPORT

The Directors submit their report and accounts for the year ended 5th April 1986.

Results and Dividends

The loss on activities for the year amounted to £548,863 before profits on property realisations of £7,588 leaving losses of £541,275 to be added to accumulated losses brought forward. Accumulated losses carried forward at 5th April 1986 are £1,302,721. 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
I.M. Duncan

I.M. Duncan resigned and ceased as a director on 31st March 1986.

CASTLE HOWARD ESTATE LIMITED
DIRECTORS' REPORT

Directors and their interests cont'd

Directors' interests in shares of the company:-

At 5th April 1985 and 5th April 1986

	<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.

By Order of the Board

RUTH SAUNDERS

Secretary

6th October 1986

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

We have audited the financial statements on pages 5 to 12 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, 1986 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 1986

Chartered Accountants

CASTLE HOWARD ESTATE LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 5TH APRIL 1986

	<u>Notes</u>	<u>1986</u>	<u>1985</u>
<u>Turnover</u>	2	2,254,295	2,260,192
Cost of Sales		2,404,744	2,195,996
Gross Loss (1985: Profit)		(150,449)	64,196
Administrative expenses		179,105	143,822
		(329,554)	(79,626)
Other operating income	3	44,992	4,441
<u>Operating Loss</u>		(284,562)	(75,185)
Interest payable	5	264,301	(204,680)
Loss on activities		(548,863)	(279,865)
Profits on realisation of Freehold Property	6	7,588	183,537
Loss for the financial year		(541,275)	(96,328)
Taxation	7	-	-
<u>Loss for the financial year after taxation</u>		(541,275)	(96,328)
Accumulated losses brought forward		(761,446)	(665,118)
Accumulated losses carried forward		<u>£(1,302,721)</u>	<u>£(761,446)</u>

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CASTLE HOWARD ESTATE LIMITED
BALANCE SHEET AS AT 5TH APRIL 1986

	Notes	1986	1985
<u>Fixed Assets</u>			
Tangible Assets	8		
Land and Buildings		1	1
Plant and machinery		385,079	429,205
Exhibits		511,654	509,252
Cattle herds		70,520	72,530
		<u>967,254</u>	<u>1,010,988</u>
Investments	9	1,030	1,030
		<u>968,284</u>	<u>1,012,018</u>
<u>Current Assets</u>			
Stocks	10	797,242	728,507
Debtors	11	300,261	341,429
Cash in hand		4,142	4,250
		<u>1,101,645</u>	<u>1,074,186</u>
<u>Creditors amounts falling due within one year</u>	12	<u>1,813,743</u>	<u>1,391,376</u>
<u>Net Current Liabilities</u>		<u>712,098</u>	<u>317,190</u>
<u>Total Assets less Current Liabilities</u>		<u>256,186</u>	<u>694,828</u>
<u>Creditors amounts falling due after more than one year</u>			
Loans	13	1,020,807	918,174
		<u>E(764,621)</u>	<u>E(223,346)</u>
<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		(1,302,721)	(761,446)
		<u>E(764,621)</u>	<u>E(223,346)</u>

N.P.G. HOWARD)
S.B.G. HOWARD) Directors

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 1986

		<u>1986</u>		<u>1985</u>
<u>SOURCE OF FUNDS</u>				
Loss on activities before taxation		(548,863)		(279,865)
Adjustment for items not involved in the Movement of Funds				
Depreciation		148,905		100,970
<u>Total Generated from Operations</u>		<u>(399,958)</u>		<u>(178,895)</u>
<u>Funds from Other Sources</u>				
Proceeds on disposal of tangible fixed assets	89,304		308,363	
Loans	<u>124,755</u>		<u>-</u>	
		214,059		308,363
		<u>(185,999)</u>		<u>129,468</u>
<u>APPLICATION OF FUNDS</u>				
Purchase of tangible fixed assets	186,888		306,701	
Current instalments due on loans	<u>21,432</u>		<u>9,396</u>	
		208,320		316,097
<u>Working Capital Increase(Decrease)</u>		<u>£(394,219)</u>		<u>£(186,629)</u>
<u>Components of Increase(Decrease)</u>				
Stocks		68,735		(95,161)
Debtors		(41,169)		22,140
Creditors		<u>(21,322)</u>		<u>26,266</u>
		6,244		(46,755)
<u>Movement in Net Liquid Funds</u>				
Cash	(108)		(651)	
Bank overdraft	<u>(400,355)</u>		<u>(139,223)</u>	
		(400,463)		(139,874)
		<u>£394,219</u>		<u>£(186,629)</u>

CASTLE HOWARD ESTATE LIMITED
NOTES TO THE ACCOUNTS AT 5TH APRIL 1986

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 and 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.

	1986	1985	1986	1985
	<u>Turnover</u>		<u>Pre-tax profit(loss)</u>	
Castle opening including filming and facility fees	515,490	508,793	(145,161)	(149,379)
Farm	1,264,768	1,302,002	(27,167)	178,328
Caravan site	48,431	41,695	27,473	20,025
Woodlands	28,782	57,741	(5,698)	5,791
Plant centre	97,125	86,652	104	9,431
	<u>£1,954,596</u>	<u>£1,996,883</u>	<u>£(150,449)</u>	<u>£ 64,196</u>

CASTLE HOWARD ESTATE LIMITED
NOTES TO THE ACCOUNTS AT 5TH APRIL, 1986

<u>3. Other Operating Income</u>	<u>1986</u>	<u>1985</u>
Rental income less outgoings	£44,992	£ 4,441
<u>4. Operating Profit</u>		
a. This is stated after charging		
Directors' remuneration	70,284	53,811
(see below)	4,875	4,500
Auditors' remuneration	148,905	100,970
Depreciation	<u> </u>	<u> </u>
b. Directors remuneration		
Fees	42,987	42,307
Other emoluments (including		
pension contributions)	27,297	11,504
	<u>£ 70,284</u>	<u>£ 53,811</u>

The emoluments of the Chairman, excluding pension contributions were £31,799 (1985:£7,349) and of the highest paid Director excluding pension contributions £31,799 (1985:£20,507). Other Directors emoluments, excluding pension contributions fell within the following ranges:

	<u>1986</u>	<u>1985</u>
£ Nil - £ 5,000	-	1
£ 5,001 - £10,000	2	1
£10,001 - £15,000	-	-
£15,001 - £20,000	-	1
£20,001 - £25,000	1	-

c. Staff costs during the year amounted to

Wages and salaries	835,993	675,382
Social Security Costs	71,686	69,883
Other pension costs	33,136	36,538
	<u>£940,815</u>	<u>£781,803</u>

The average weekly number of employees, excluding Directors, retained by the company throughout the year was 218 (1985:135), including 117 (1985:27) part-time employees.

CASTLE HOWARD ESTATE LIMITED
NOTES TO THE ACCOUNTS AT 5TH APRIL, 1986

	<u>1986</u>	<u>1985</u>
5. <u>Interest Payable</u>		
Bank overdraft	162,094	111,640
Other loans wholly repayable within five years	7,159	7,219
Other loans not wholly repayable within five years	95,048	85,821
	<u>£264,301</u>	<u>£204,680</u>

6. Profits on Realisation of Freehold Property

Net proceeds on Sales including compensation	72,584
Property improvements less grants	64,996
	<u>£ 7,588</u>

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

7. <u>Taxation</u>	<u>1986</u>	<u>1985</u>
Based on the result for the year:	-	-
Corporation Tax		

8. Tangible Fixed Assets

a. Land and Buildings

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

	<u>1986</u>	<u>1985</u>
Freehold Property		
Improvements and acquisitions less grants	64,996	86,075
Sales	72,584	269,612

b. Cost or Valuation

	<u>Plant and Machinery</u>	<u>Exhibits</u>	<u>Cattle Herd</u>
At 6th April 1985	709,057	509,252	72,530
Additions	118,650	2,402	840
Disposals	(33,250)	-	(2,850)

At 5th April 1986	<u>£794,457</u>	<u>£511,654</u>	<u>£70,520</u>
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Depreciation

At 6th April 1985	279,853
Provided during the year	148,905
Disposals	(19,380)

At 5th April 1986	<u>£409,378</u>
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Net Book Value at 5th April 1986	<u>£385,079</u>	<u>£511,654</u>	<u>£70,520</u>
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Net Book Value at 6th April 1985	<u>£429,205</u>	<u>£509,252</u>	<u>£72,530</u>
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CASTLE HOWARD ESTATE LIMITED
NOTES TO THE ACCOUNTS AT 5TH APRIL, 1986

	<u>1986</u>	<u>1985</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		
	<u>£ 1,030</u>	<u>£ 1,030</u>
10. <u>Stocks</u>		
Materials and consumables	12,559	17,173
Goods for resale	303,564	227,728
Farm livestock, produce, stores and workings in land	481,119	483,606
	<u>£797,242</u>	<u>£728,507</u>
11. <u>Debtors</u>		
Trade debtors	118,026	132,380
Other debtors (note 15)	91,399	121,067
Prepayments and accrued income	90,836	87,982
	<u>£300,261</u>	<u>£341,429</u>
12. <u>Creditors</u> amounts falling due within one year		
Bank overdraft	1,513,642	1,113,287
Current Corporation Tax	1,935	2,045
Other taxes and Social Security costs	38,052	31,926
Other creditors	220,200	213,320
Accruals	39,914	30,798
The bank overdraft is unsecured	<u>£1,813,743</u>	<u>£1,391,376</u>
13. <u>Loans</u>		
Wholly repayable within five years	183,410	71,467
Not wholly repayable within five years		
a. by instalments	521,350	529,970
b. otherwise	327,000	327,000
	<u>1,031,760</u>	<u>928,437</u>
Amounts due within one year included in current liabilities	10,953	10,263
	<u>£1,020,807</u>	<u>£ 918,174</u>
Instalments not due within five years	<u>£ 464,682</u>	<u>£ 478,016</u>
Included in the company loans wholly repayable within five years are Mortgage Loans of £25,596 (1985:£29,199).		

CASTLE HOWARD ESTATE LIMITED
NOTES TO THE ACCOUNTS AT 5TH APRIL, 1986

13. Loans Cont'd.

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

	<u>1986</u>	<u>1985</u>
a. By instalments		
Agricultural Mortgage Corporation plc		
Loan @ 4.50% repayable by 12th August 1994	15,153	16,588
Loan @ 8.25% repayable by 12th August 2008	176,835	179,494
Loan @ 9.50% repayable by 12th August 2012	117,177	118,147
Loan based on variable interest repayable by 12th February 2007	190,317	192,300
Ryedale District Council		
30 Loans at rates of 7.25% to 15% repayable between 31.12.90 - 30.09.95 (1985:30)	20,320	21,663
Lands Improvement Company		
Loan charge 9.75% repayable by March 1991	1,548	1,779
	<u>£521,350</u>	<u>£529,971</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	202,000
	<u>£327,000</u>	<u>£327,000</u>

14. Share Capital

	1986	1985	1986	1985
	Authorised		Allotted, called up and fully paid	
	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 1986

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 £10,955. The amount due at the end of the year by the Executors of Lord Howard was £27,593.
- b. As a result of transactions in previous years on behalf of Ian Duncan, sums became due from Ian Duncan. The amount due at the beginning of the year was £7,000.
- c. As a result of sundry transactions in previous years Ballside Properties Limited, a company connected with The Hon. N.P.G. Howard and The Hon. S.B.G. Howard, was indebted to the Company at the beginning and end of the year in the sum of £743.
- d. 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 £22,163. The maximum sum outstanding during the course of the year was £24,934.

The Trustees are connected with The Hon. N.P.G. Howard, The Hon. S.B.G. Howard and The Hon. A.M.G. Howard.
- e. As a result of sundry transactions in the previous year on behalf of The Hon. S.B.G. Howard sums became due by The Hon. S.B.G. Howard. The amount due at the end of the year was £Nil and the maximum amount due at any time during the course of the year was £7,025.