

**PATTINSONS (WINDERMERE) LIMITED**  
**(Company No. 130783)**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER 1997**

**MYRUS SMITH**  
**Chartered Accountants**

Times House,  
Throwley Way,  
Sutton, Surrey  
SM1 4AF



## PATTINSONS (WINDERMERE) LIMITED

(Company No. 130783)

### REPORT OF THE DIRECTORS

The Directors present their report and the Financial Statements of the Company for the year ended 31st December 1997.

#### Principal Activities and Business Review

The principal activity of the Company during the year was that of a property investment company. The results for the year and the financial position at the year end were considered satisfactory by the Directors.

#### Results and Dividends

The results of the Company for the year are set out on page 4.

The Directors recommend payment of a final dividend of £67.60 per share (1996 - £27.50).

#### Fixed Assets

Movements in fixed assets are shown in the Notes to the Financial Statements.

#### Market Value of Land and Buildings

The Company's interests in land and buildings were valued by independent valuers in 1995. The total valuation of £9,063,700, after adjusting for subsequent disposals, exceeds the historic cost by £7,195,997.

#### Directors and Their Interests

The Directors who served the Company during the year together with their interests (including family interests) in the shares of the Company at the beginning and end of the year were as follows:-

		<u>Ordinary Shares of £10 each</u>	
		<u>At 31st December</u>	<u>At 31st December</u>
		<u>1997</u>	<u>1996</u>
G. H. Pattinson	Died 16/9/97	-	9
Mrs R.A. Nicholson		4	4
Miss J.E. Pattinson	Died 27/3/98	416	416
D.B. Matthews		-	-
Mrs R.M. Appleby		207	207
Mrs D.R. Matthews		277	277
G.A. Jackson		277	277
Mrs J.R. Pearson		277	277
A. Nicholson		-	-
C.J. Nicholson		166	166
E.H. Nicholson		207	207

In addition Mrs J.R. Pearson, Mrs D.R. Matthews, Mrs S.M. Jackson and C.J. Nicholson had non-beneficial interests in 244 shares as trustees of family settlements.

In accordance with the Articles of Association, Mrs D.R. Matthews, G.A. Jackson and Mrs J.R. Pearson retire by rotation and being eligible offer themselves for re-election.

**PATTINSONS (WINDERMERE) LIMITED**

(Company No. 130783)

**REPORT OF THE DIRECTORS**

/contd ....

**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;
- follow applicable accounting standards, 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**

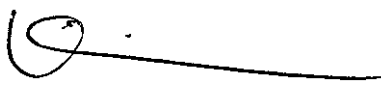
A resolution to re-appoint as Auditors Messrs. Myrus Smith, will be put to the members at the Annual General Meeting.

Approved and signed on behalf of the Board.

Beresford Road,  
Windermere,  
Cumbria LA23 2JG.

Director

Registered Office of the Company

  
24 OCTOBER 1998

Auditors' Report to the Shareholders of:

**PATTINSONS (WINDERMERE) LIMITED**

We have audited the Financial Statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 2 the Company's Directors are responsible for the preparation of the Financial Statements. It is our responsibility to form an independent opinion, based on our audit, on those Financial 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, 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.

**QUALIFIED OPINION ARISING FROM DISAGREEMENT ABOUT ACCOUNTING TREATMENT**

As explained in Note 9, investment properties have not been included at market value as required by Statement of Standard Accounting Practice No.19. Except for the failure to account for investment properties as required by SSAP19, in our opinion the Financial Statements give a true and fair view of the state of the Company's affairs as at 31st December 1997 and of its surplus for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

In our opinion the Company is entitled to the exemption conferred by Section 248 of the Companies Act 1985 from the requirement to prepare Group Financial Statements for the financial year ended 31st December 1997.



MYRUS SMITH  
Chartered Accountants and  
Registered Auditor

Times House,  
Throwley Way,  
Sutton, Surrey  
SM1 4AF

26 OCTOBER 1998

**PATTINSONS (WINDERMERE) LIMITED**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31ST DECEMBER 1997**

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
INCOME	2	524,273	513,675
Management expenses		<u>306,636</u>	<u>315,583</u>
OPERATING SURPLUS	3	217,637	198,092
Exceptional Item	4	34,972	-
Interest receivable and other income	5	<u>16,676</u>	<u>8,086</u>
		269,285	206,178
Interest payable	6	<u>3</u>	<u>103</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		269,282	206,075
Taxation	8	<u>66,918</u>	<u>66,330</u>
SURPLUS FOR THE FINANCIAL YEAR		202,364	139,745
Proposed Dividend on Equity Shares - £67.60 per share		<u>169,000</u>	<u>68,750</u>
RETAINED SURPLUS FOR THE YEAR	14	33,364	70,995
REVENUE RESERVE at 1st January 1997		<u>1,290,016</u>	<u>1,219,021</u>
REVENUE RESERVE AT 31st December 1997		<u>£1,323,380</u>	<u>£1,290,016</u>

**CONTINUING OPERATIONS**

None of the Company's activities were acquired or discontinued during the above financial year.

**TOTAL RECOGNISED GAINS AND LOSSES**

The Company has no recognised gains or losses other than the profit for the above financial year.

The notes on pages 6 to 10 form part of these Financial Statements

**PATTINSONS (WINDERMERE) LIMITED**

**BALANCE SHEET**

**AT 31ST DECEMBER 1997**

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£	£
<b>FIXED ASSETS</b>			
Tangible Assets	9	1,867,703	1,849,608
Investments	10	<u>6,000</u>	<u>6,000</u>
		1,873,703	1,855,608
<b>CURRENT ASSETS</b>			
Debtors	11	305,076	95,158
Cash at bank and in hand		<u>88,818</u>	<u>201,228</u>
		393,894	296,386
CREDITORS: Amounts falling due within one year	12	<u>903,360</u>	<u>821,121</u>
NET CURRENT LIABILITIES		<u>509,466</u>	<u>524,735</u>
NET ASSETS		<u>£1,364,237</u>	<u>£1,330,873</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	25,000	25,000
Capital reserve		15,857	15,857
Revenue reserve		<u>1,323,380</u>	<u>1,290,016</u>
Equity Shareholders' Funds	14	<u>£1,364,237</u>	<u>£1,330,873</u>

Approved by the Board on: 24 OCTOBER 1998

Harish Nishan

DIRECTOR

Signed on behalf of the Board

The notes on pages 6 to 10 form part of these Financial Statements

**PATTINSONS (WINDERMERE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER 1997**

**1. ACCOUNTING POLICIES**

a) Basis of Accounting

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

b) Freehold Investment Properties

These have been included in the Balance Sheet at their historic cost. This is a departure from SSAP 19 relating to accounting for investment properties whereby properties should be included in the Balance Sheet at their open market value. Based on the 1995 independent valuation, the effect of this departure is to understate the value of investment properties by £7,195,997.

c) Deferred Taxation

No provision has been made for deferred taxation as the Directors are able to foresee that no liability is likely to arise as a result of reversal of timing differences.

d) Consolidation

The Company and its subsidiary undertakings comprise a medium-sized Group. The Company has therefore taken advantage of the exemption provided by S.248 of the Companies Act 1985 not to prepare group accounts.

	<u>1997</u> £	<u>1996</u> £
<b>2. INCOME</b>		
Rent from properties	£524,273	£513,675
	<u>£524,273</u>	<u>£513,675</u>
<b>3. OPERATING SURPLUS</b>		
This is stated after charging:		
Auditors' remuneration		
Audit Work	£ 6,462	£ 5,875
Non-audit Work	£ 2,439	£ 3,020
Prior Year Work	£ 3,930	£ -
Directors' remuneration	£35,242	£15,208
	<u>£48,073</u>	<u>£24,103</u>
<b>4. EXCEPTIONAL ITEM</b>		
Profit on sale of freehold property	41,373	-
Less: Corporation Tax at marginal rates	<u>6,401</u>	<u>-</u>
	<u>£34,972</u>	<u>-</u>
<b>5. INTEREST RECEIVABLE AND OTHER INCOME</b>		
Bank deposit interest	5,101	2,738
Sundry income	1,898	5,348
Income supplement	681	-
Liquidity fund gain	<u>8,996</u>	<u>-</u>
	<u>£16,676</u>	<u>£8,086</u>

**PATTINSONS (WINDERMERE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 1997**

/contd ....

	<u>1997</u> £	<u>1996</u> £
6. INTEREST PAYABLE		
Bank Loans and Overdrafts and other loans repayable within 5 years	<u>£3</u>	<u>£103</u>
7. DIRECTORS		
Remuneration in respect of directors was as follows:		
Management remuneration	<u>35,242</u>	<u>15,208</u>
In addition £2,708 was payable to the widow of a deceased director.		
8. TAXATION		
Based on the surplus for the year:		
Corporation Tax at marginal rates	70,279	66,330
Overprovision in prior year	<u>(3,361)</u>	<u>-</u>
	<u>£66,918</u>	<u>£66,330</u>
9. TANGIBLE ASSETS		
	Freehold Land and Buildings £	
Cost:		
At 1st January 1997	1,849,608	
Additions	<u>21,741</u>	
	1,871,349	
Disposals at cost	<u>3,646</u>	
At 31st December 1997	<u>£1,867,703</u>	

The Directors do not consider it appropriate to include investment properties at market values as required by Statement of Standard Accounting Practice No. 19.



**PATTINSONS (WINDERMERE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 1997**

/contd ....

10. INVESTMENTS

	<u>Subsidiary Undertaking</u>	
Cost:	£	
At 1st January 1997 and 31st December 1997	<u>£6,000</u>	
These comprise:	<u>1997</u>	<u>1996</u>
	£	£
<u>Pullwoods Estates Company</u>		
600 Shares of £10 each fully paid (wholly owned)	<u>£6,000</u>	<u>£6,000</u>

The subsidiary Undertaking is an unlimited company incorporated in Great Britain and registered in England and Wales.

The principal activity of the subsidiary undertaking is also that of a property investment company. At 31st December 1997 the aggregate of the share capital and reserves of Pullwoods Estates Company amounted to £663,041 and the profit for the year to that date was £51,224.

	<u>1997</u>	<u>1996</u>
	£	£
11. DEBTORS		
Rents	24,690	14,300
Advance Corporation Tax	59,438	17,187
Other debtors	<u>220,948</u>	<u>63,671</u>
	<u>£305,076</u>	<u>£95,158</u>

12. CREDITORS: Amounts falling due within one year

Proposed Dividend	169,000	68,750
Rents	1,832	1,906
Other interest free loans	182,071	182,071
Corporation Tax	76,680	66,330
Advance Corporation Tax	42,250	17,187
Other creditors	109,230	162,579
Amount owed to Group Undertakings	<u>322,297</u>	<u>322,297</u>
	<u>£903,360</u>	<u>£821,120</u>

13. SHARE CAPITAL

Equity Interests

Authorised:

3,000 Ordinary shares of £10 each	<u>£30,000</u>	<u>£30,000</u>
-----------------------------------	----------------	----------------

Allotted, issued and fully paid:

2,500 Ordinary shares of £10 each	<u>£25,000</u>	<u>£25,000</u>
-----------------------------------	----------------	----------------

**PATTINSONS (WINDERMERE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 1997**

/contd ...

14.	RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS	<u>1997</u> £	<u>1996</u> £
	Surplus for the financial year	202,364	139,745
	<u>Less: Dividends</u>	<u>169,000</u>	<u>68,750</u>
		33,364	70,995
	Opening shareholders' funds - 1st January 1997	<u>1,330,873</u>	<u>1,259,878</u>
	Closing shareholders' funds 31st December 1997	<u>£1,364,237</u>	<u>£1,330,873</u>

15. CONTINGENT LIABILITIES

The Company has a composite guarantee in respect of the bank overdrafts of its Group and other related Undertakings. No loss is anticipated under this guarantee.

A claim has been made by two Directors of the Company for remuneration and fees in respect of past services to this and other family companies. The Directors have not quantified their claim. There is uncertainty over the amount of any final settlement and no provision has been made in these Accounts.

**PATTINSONS (WINDERMERE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER 1997**

/contd ...

**16. RELATED PARTY TRANSACTIONS**

<u>Name of Party</u>	<u>Relationship</u>	<u>Nature of Transaction</u>	<u>Amount</u>	<u>1997 Balance</u>	<u>Amount</u>	<u>1996 Balance</u>
G.H.Pattinson Ltd.	Management agreement	Management charges	61,600	31,407	60,386	60,386
G.H.Pattinson Ltd.	Management agreement	Building and maintenance costs	190,459	(172,116)	185,654	(18,887)
G.H.Pattinson Ltd.	Management agreement	Loan	Nil	(40,000)	Nil	(40,000)
Pullwoods Estates Company	Group undertaking	Loan	Nil	173,139	Nil	173,139
A.P.(Kendal) Ltd.	Group undertaking	Loan	Nil	149,159	Nil	149,159
A.P.(Kendal) Ltd.	Group undertaking	Service charge	12,509	3,131	12,523	17,831
Kendal Warehouse Co.Ltd.	Group undertaking	None	Nil	Nil	Nil	Nil
Pattinson Estates Ltd.	Common control	Loan	Nil	107,688	Nil	107,688
Langdale Green Slate Co.Ltd.	Common control	Loan	Nil	74,383	Nil	74,383
Mrs R.A.Nicholson	Director	Loan repayment	Nil	Nil	4,269	Nil
Miss J.E.Pattinson	Director	Loan repayment	Nil	Nil	5,614	Nil
Mrs R.M.Appleby	Director	Loan repayment	Nil	Nil	2,306	Nil
Mrs D.R.Matthews	Director	Loan repayment	Nil	Nil	6,061	Nil
Mrs S.M.Jackson	Director's close family	Loan repayment	Nil	Nil	6,061	Nil
Mrs J.R.Pearson	Director	Loan repayment	Nil	Nil	6,061	Nil
C.J.Nicholson	Director	Loan repayment	Nil	Nil	2,306	Nil
E.H.Nicholson	Director	Loan repayment	Nil	Nil	2,306	Nil
Miss F.C.Nicholson	Director's close family	Loan repayment	Nil	Nil	2,306	Nil
Miss E.K.Nicholson	Director's close family	Loan repayment	Nil	Nil	2,306	Nil

A ( ) sign indicates a debit balance