

Thanington Holdings Limited

FINANCIAL STATEMENTS

for the year ended

31 March 2000



Company Registration No. 1061021

Thanington Holdings Limited

DIRECTORS AND OFFICERS

DIRECTORS

R Newman
B C Reed
L Reed
M H Fisher

Chairman
Managing Director

SECRETARY

B C Reed

COMPANY NUMBER

1061021 (England and Wales)

REGISTERED OFFICE

Churchill Gallery
15a High Street
Westerham
Kent
TN16 1RA

AUDITORS

Baker Tilly
Chartered Accountants
12 Gleneagles Court
Brighton Road
Crawley
West Sussex
RH10 6AD

Thanington Holdings Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Thanington Holdings Limited for the year ended 31 March 2000.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was to act as a holding company and for the development of investment property. During the year the activity of Thanington Fine Arts Limited, that of a retailer of fine prints and original paintings trading as the Churchill Gallery, was transferred into the Company.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors consider that the company's state of affairs are satisfactory, and anticipate that future results will be of a similar nature.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £573,454 (1999: £923,822).

A dividend of £50,000 - £0.143p per share was paid (1999: Nil).

POST BALANCE SHEET EVENTS

On 17 April 2000 the company sold an investment property at its valuation of £210,000.

DIRECTORS

The following directors have held office since 1 April 1999:-

R Newman
B C Reed

L Reed
M H Fisher

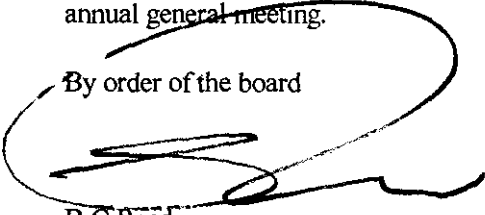
DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors have no interests in the shares of the company. The directors' interests in the shares of the holding company, Thanington Securities Limited, are disclosed in the accounts of that company.

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



B C Reed
Secretary
16 June 2000

Thanington Holdings Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires 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, directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of 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' REPORT TO THE MEMBERS OF THANINGTON HOLDINGS LIMITED

We have audited the financial statements on pages 5 to 17.

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.

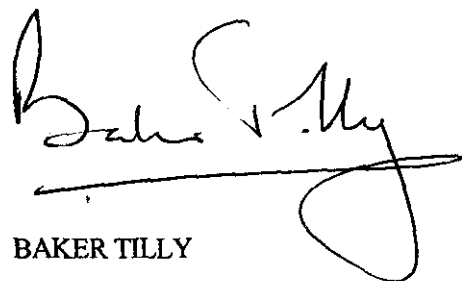
Basis of opinion

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, 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Registered Auditor
Chartered Accountants
12 Gleneagles Court
Brighton Road
Crawley
West Sussex
RH10 6AD

16 June 2000

Thanington Holdings Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2000

	<i>Notes</i>	2000 £	1999 £
TURNOVER	1	780,093	902,813
Cost of Sales		17,436	-
GROSS PROFIT		<u>762,657</u>	<u>902,813</u>
Administrative expenses		535,738	495,073
OPERATING PROFIT		<u>226,919</u>	<u>407,740</u>
Investment income from associated undertakings		124,811	67,800
Interest receivable		7,976	2,000
Interest payable	2	(232,242)	(326,040)
PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS		<u>127,464</u>	<u>151,500</u>
Exceptional items	4	456,821	793,232
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>584,285</u>	<u>944,732</u>
Taxation	6	10,831	20,910
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>573,454</u>	<u>923,822</u>
Dividend	7	50,000	-
RETAINED PROFIT FOR THE YEAR	17	<u><u>523,454</u></u>	<u><u>923,822</u></u>

The operating profit for the year arises from the company's continuing operations.

Thanington Holdings Limited
STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES
for the year ended 31 March 2000

	2000 £	1999 £
Profit for the financial year	523,454	923,822
Unrealised surplus/(deficit) on revaluation of properties	747,705	(135,000)
Recognised on disposal of previously revalued property	(479,497)	(798,940)
Total recognised gains and losses relating to the year	<u>791,662</u>	<u>(10,118)</u>

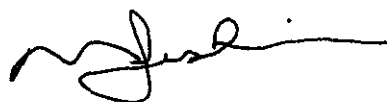
Thanington Holdings Limited

BALANCE SHEET

31 March 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Investment properties	8	7,560,000	7,145,000
Tangible assets	9	108,919	103,245
Investments	10	141,058	141,178
		<u>7,809,977</u>	<u>7,389,423</u>
CURRENT ASSETS			
Investment	11	15,000	-
Stocks	12	9,128	-
Debtors	13	94,075	74,808
Cash at bank and in hand		279,724	16,191
		<u>397,927</u>	<u>90,999</u>
CREDITORS: Amounts falling due within one year	14	<u>1,464,242</u>	<u>1,619,739</u>
NET CURRENT LIABILITIES		(1,066,315)	(1,528,740)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,743,662</u>	<u>5,860,683</u>
CREDITORS: Amounts falling due after more than one year	15	1,897,377	1,806,060
		<u>4,846,285</u>	<u>4,054,623</u>
CAPITAL AND RESERVES			
Called up share capital	17	348,700	348,700
Revaluation reserve	18	916,530	648,322
Profit and loss account	19	3,581,055	3,057,601
		<u>4,846,285</u>	<u>4,054,623</u>

Approved by the board on 16 June 2000.



M H FISHER

Director

Thanington Holdings Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention modified to include the revaluation of investment properties, in accordance with applicable accounting standards, and drawn up on a going concern basis which the directors consider to be appropriate.

Following discussions with the company's bankers and reviewing the projected cash flow to 30 June 2001, the directors consider that the company will continue to operate within the facility currently agreed and meet its obligations as they fall due.

TURNOVER

Turnover represents rents receivable and retail sales net of Value Added Tax.

INVESTMENT PROPERTIES

Investment properties are stated at their open market value.

Surpluses or deficits on individual properties are transferred to the investment revaluation reserve. Where deficits are in excess of the total balance of the revaluation reserve they are charged to the profit and loss account.

Investment properties are accounted for in accordance with SSAP19, "Accounting for Investment Properties", which provides that these should not be subject to periodic depreciation charges (unless held on lease), but should be shown at open market value. This is contrary to the Companies Act 1985 which states that, subject to any provision for depreciation or diminution in value, fixed assets are normally to be stated at purchase price or production cost. Current cost accounting or revaluation of specific assets to market value, as determined at the date of their last valuation, is also permitted.

The treatment of investment properties under the Companies Act 1985 does not give a true and fair view as these assets are not held for consumption in the business but as investments, the disposal of which would not materially affect any manufacturing or trading operations of the enterprises. In such a case it is the current value of these investments, and changes in that current value, which are of prime importance. Consequently, for the proper appreciation of the financial position, the accounting treatment required by SSAP19 is considered appropriate for investment properties.

Details of the current value and historical cost information for investment properties are given in Note 8.

DEPRECIATION

Fixed assets are stated at historical cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimate residual value over its expected useful life, as follows:

Fixtures, fittings and equipment	- 30% reducing balance
Motor vehicles	- 25% reducing balance

Thanington Holdings Limited

ACCOUNTING POLICIES

INVESTMENTS

Long term investments are described as participating interests and are classified as fixed assets.

Participating interests are stated at cost. Other investments are valued at the lower of cost or market value at the balance sheet date.

Provision is made for any permanent diminution in the value of fixed asset investments.

Short term investments are classified as current assets. Those listed on a recognised stock exchange are valued at the lower of cost and mid-market valuation at the balance sheet date.

STOCK AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value. Provision is made for obsolete and slow moving items.

DEFERRED TAXATION

No provision is made for the taxation liability which might arise on the gain that would be realised if the revalued freehold and leasehold properties were disposed of at the amounts shown in the balance sheet. In view of the company's policy of continued ownership of its assets, it is not probable that a liability will arise in the foreseeable future.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

PENSION CONTRIBUTIONS

The charge in the profit and loss account represents pension contributions payable for the year.

Thanington Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2000

1 TURNOVER

The company's turnover was derived from its principal activity, undertaken in the United Kingdom.

	2000	1999
	£	£
2 INTEREST PAYABLE		
On bank loans and overdrafts	227,540	323,961
Hire purchase contracts	4,702	2,079
	<u>232,242</u>	<u>326,040</u>

	2000	1999
	£	£
3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit on ordinary activities before taxation is stated after charging/crediting:		
Depreciation and amounts written off tangible fixed assets:		
Charge for the year:		
Owned assets	15,314	26,147
Leased assets	23,104	11,192
Auditors remuneration	7,550	6,900
Loss/(profit) on disposal of fixed assets	6,339	(4,618)
	<u>46,307</u>	<u>43,631</u>

	2000	1999
	£	£
4 EXCEPTIONAL ITEM		
Profit on sale of Investment Property	456,821	793,232
	<u>456,821</u>	<u>793,232</u>

Thanington Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2000

5	EMPLOYEES	2000 No	1999 No
	The average weekly number of persons (including directors) employed by the company during the year was:		
	Directors	4	4
	Administration	2	3
		<u>6</u>	<u>7</u>
		2000 £	1999 £
	Staff costs for the above persons:		
	Wages and salaries	225,552	230,803
	Social security costs	27,999	27,689
	Other pension costs	12,000	13,200
		<u>265,551</u>	<u>271,692</u>
	DIRECTORS' REMUNERATION	2000 £	1999 £
	Directors' emoluments (including pension contributions and benefits in kind)	<u>235,509</u>	<u>228,383</u>
	The directors' fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:		
		2000 £	1999 £
	The Chairman	<u>14,718</u>	<u>25,397</u>
	The highest paid director	<u>106,363</u>	<u>92,117</u>

Thanington Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2000

6	TAXATION	2000 £	1999 £		
	UK corporation tax	2,619	20,910		
	Underprovision in previous year	8,212	-		
		<u>10,831</u>	<u>20,910</u>		
7	DIVIDEND	2000 £	1999 £		
	Ordinary:				
	Final Paid - £0.143p (1999 – nil)	<u>50,000</u>	<u>50,000</u>		
8	INVESTMENT PROPERTIES	<i>Leasehold</i>			
		<i>Freehold</i> £	<i>Long Term</i> £	<i>Short Term</i> £	<i>TOTAL</i> £
	Valuation:				
	1 April 1999	6,820,000	200,000	125,000	7,145,000
	Additions	214,900	2,395	-	217,295
	Disposals	(550,000)	-	-	(550,000)
	Revaluation	775,100	(2,395)	(25,000)	747,705
	31 March 2000	<u>7,260,000</u>	<u>200,000</u>	<u>100,000</u>	<u>7,560,000</u>

The historical cost of investment properties is £6,643,470.

The investment properties were valued by the directors at open market value on 31 March 2000.

No depreciation is provided in respect of investment properties.

Thanington Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2000

9 TANGIBLE FIXED ASSETS

	<i>Motor Vehicles</i>	<i>Fixtures, fittings and equipment</i>	<i>Total</i>
	£	£	£
Cost			
1 April 1999	119,913	99,801	219,714
Transfer Thanington Fine Arts Ltd	-	10,662	10,662
Additions	112,767	2,901	115,668
Disposals	(119,913)	-	(119,913)
31 March 2000	112,767	113,364	226,131
Depreciation			
1 April 1999	47,374	69,095	116,469
Transfer Thanington Fine Arts Ltd	-	9,699	9,699
Charged in the year	28,192	10,226	38,418
Disposals	(47,374)	-	(47,374)
31 March 2000	28,192	89,020	117,212
Net book value			
31 March 2000	84,575	24,344	108,919
31 March 1999	72,539	30,706	103,245

The net book value of motor vehicles includes £69,311 (1999: £33,576) in respect of assets held under finance leases.

Thanington Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2000

10	FIXED ASSET INVESTMENTS	<i>Shares in associated undertaking</i> £	<i>Other investments</i> £	<i>Total</i> £
	Cost			
	1 April 1999	98,678	89,891	188,569
	Disposal	(120)	-	(120)
	31 March 2000	<u>98,558</u>	<u>89,891</u>	<u>188,449</u>
	Amounts written off:			
	1 April 1999 and 31 March 2000	-	47,391	47,391
	Net book value:			
	31 March 2000	<u>98,558</u>	<u>42,500</u>	<u>141,058</u>
	31 March 1999	<u>98,678</u>	<u>42,500</u>	<u>141,178</u>

FIXED ASSET INVESTMENTS

Holdings in associated undertakings:

<i>Name of Company</i>	<i>Class of shares held</i>	<i>Proportion of class held</i>	<i>Nature of business</i>	<i>Capital & reserves</i> £	<i>Loss in year</i> £
Moorgate Estates Limited	Ordinary	50%	Investment in property	1,904,560	(3,784)

The above company is registered in England and Wales.

Moorgate Estates Limited, a company in which Thanington Holdings Limited has a 50% interest, is not treated as a subsidiary undertaking as the company is unable to exercise dominant influence. During the year the business of Thanington Fine Arts Ltd was transferred into Thanington Holdings Ltd and the Company is now in the process of being dissolved.

Thanington Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2000

	2000	1999
	£	£
11 CURRENT ASSET INVESTMENTS		
Investments listed on recognised stock exchange.	15,000	-
Market value at 31 March 2000 - £15,982	<u>15,000</u>	<u>-</u>
	2000	1999
	£	£
12 STOCKS		
Finished goods	9,128	-
	<u>9,128</u>	<u>-</u>
	2000	1999
	£	£
13 DEBTORS		
Due within one year:		
Trade debtors	36,075	72,008
Other debtors	58,000	2,800
	<u>94,075</u>	<u>74,808</u>
	2000	1999
	£	£
14 CREDITORS: Amounts falling due within one year		
Bank loans and overdrafts	1,049,514	1,122,756
Obligations under hire purchase contracts	19,577	9,897
Amounts owed to associated undertakings	-	11,743
Amount owed to parent company	40	-
Corporation tax	3,588	20,910
Other taxation and social security costs	32,616	37,120
Other creditors	152,259	174,418
Accruals and deferred income	206,648	242,895
	<u>1,464,242</u>	<u>1,619,739</u>

The bank loan and overdrafts are secured by charges on certain properties of the company.

Thanington Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2000

15	CREDITORS: Amounts falling due in more than one year	2000	1999
		£	£
	Bank loans	1,874,133	1,804,410
	Obligations under hire purchase contracts	23,244	1,650
		<u>1,897,377</u>	<u>1,806,060</u>
	Repayable:		
	Bank loans		
	between 2 and 5 years	830,380	715,418
	more than 5 years	1,043,753	1,088,992
	Obligations under hire purchase contracts		
	between 2 and 5 years	23,244	1,650
		<u>1,897,377</u>	<u>1,806,060</u>

The bank loans are secured by charges on certain properties of the company.

The loans are repayable by instalments and bear interest at a fixed rate percentage.

16 PROVISIONS FOR LIABILITIES AND CHARGES

If the company's interest in the investment properties was disposed of at its balance sheet amount it is estimated that the tax liability would be £nil (1999: £15,000).

No other provision for deferred tax is necessary as the rates of depreciation used are equal to, or exceed the allowances available for taxation purposes.

17	SHARE CAPITAL	2000	1999
		£	£
	Authorised:		
	350,000 ordinary shares of £1 each	350,000	350,000
	Allotted, issued and fully paid:		
	348,700 ordinary shares of £1 each	348,700	348,700
18	REVALUATION RESERVE	2000	1999
		£	£
	1 April 1999	648,322	1,582,262
	Surplus/(deficit) in year	747,705	(135,000)
	Released on disposal of investment	(479,497)	(798,940)
	31 March 2000	<u>916,530</u>	<u>648,322</u>

Thanington Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2000

	2000	1999
	£	£
19 PROFIT AND LOSS ACCOUNT		
1 April 1999	3,057,601	2,133,779
Profit for the financial year	523,454	923,822
31 March 2000	<u>3,581,055</u>	<u>3,057,601</u>

	2000	1999
	£	£
20 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
Profit for the financial year	523,454	923,822
Revaluation surplus/(deficit) in year	747,705	(135,000)
Revaluation realised on disposal of investment property	(479,497)	(798,940)
Net addition to shareholders' funds	<u>791,662</u>	<u>(10,118)</u>
Opening equity shareholders' funds	4,054,623	4,064,741
Closing equity shareholders' funds	<u>4,846,285</u>	<u>4,054,623</u>

21 RELATED PARTY TRANSACTIONS

At the year end net balances of £65,639 were owed to the directors of Thanington Holdings Limited.

During the year a motor vehicle with a net book value of £13,694 was sold to M Fisher a Director for £5,000 which gave rise to a loss of £8,694.

22 POST BALANCE SHEET EVENT

On 17 April 2000 the company sold an investment property at its valuation of £210,000.

23 PARENT COMPANY

The directors consider Thanington Securities Limited, a company registered in England to be the parent company.

24 PENSIONS

The company made contributions into the Personal Pension Schemes on behalf of one Director which amounted to £4,200 and contribution of £7,800 into a deferred benefit scheme on behalf of one director. No amounts were owed at the year end.