Thanington Holdings Limited

FINANCIAL STATEMENTS

for the year ended

31 March 2001

Company Registration No. 1061021



Thanington Holdings Limited
DIRECTORS AND OFFICERS

DIRECTORS

R Newman	Chairman
B C Reed	*Managing Director*
L Reed	
M H Fisher	

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

The directors submit their report and the financial statements of Thanington Holdings Limited for the year ended 31 March 2001.

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. In addition it has a trading activity which is a retailer of fine prints and original paintings known as the Churchill Gallery.

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.

POST BALANCE SHEET EVENT

On 6 June 2001, the company purchased 10,000 ordinary £1.00p shares of Ramac Engineering Limited, a company registered in England and Wales and a tenant of Thanington Holdings Limited. The purchase price was £1.00 per share and represents 16.7% of the equity.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £200,892 (2000: £573,454).

A dividend of £100,000 £0.287 per share was paid (2000: £50,000 - £0.143).

DIRECTORS

The following directors have held office since 1 April 2000:-

R Newman	L Reed
B C 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
18 June 2001



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 18.

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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly

BAKER TILLY

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

18 June 2001

Thanington Holdings Limited

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2001

	Notes	2001 £	2000 £
TURNOVER	1	869,376	780,093
Cost of Sales		30,926	17,436
GROSS PROFIT		838,450	762,657
Administrative expenses		553,327	535,738
OPERATING PROFIT		285,123	226,919
Investment income		25,782	124,811
Interest receivable		18,611	7,976
Interest payable	2	(226,282)	(232,242)
PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS		103,234	127,464
Exceptional items	4	126,618	456,821
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	229,852	584,285
Taxation	6	28,960	10,831
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		200,892	573,454
Dividend	7	100,000	50,000
RETAINED PROFIT FOR THE YEAR	17	100,892	523,454

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 2001

	2001 £	2000 £
Profit for the financial year	100,892	523,454
Unrealised surplus on revaluation of properties	502,584	747,705
Recognised on disposal of previously revalued property	-	(479,497)
Total recognised gains and losses relating to the year	603,476	791,662

Note of historical cost profits and losses	2001 £	2000 £
Reported profit on ordinary activities before taxation	229,852	584,285
Realisation of property revaluation gains of previous years	(55,000)	-
Historical cost profit on ordinary activities before taxation	174,852	584,285
Historical cost profit for the year retained after taxation, exceptional items and dividends	45,892	523,454

Thanington Holdings Limited

BALANCE SHEET

31 March 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Investment properties	8	8,394,550	7,560,000
Tangible assets	9	85,034	108,919
Investments	10	141,058	141,058
		8,620,642	7,809,977
CURRENT ASSETS			
Investment	11	27,000	15,000
Stocks	12	11,123	9,128
Debtors	13	95,559	94,075
Cash at bank and in hand		563,762	279,724
		697,444	397,927
CREDITORS: Amounts falling due within one year	14	1,311,711	1,464,242
NET CURRENT LIABILITIES		(614,267)	(1,066,315)
TOTAL ASSETS LESS CURRENT LIABILITIES		8,006,375	6,743,662
CREDITORS: Amounts falling due after more than one year	15	2,556,614	1,897,377
		5,449,761	4,846,285
CAPITAL AND RESERVES			
Called up share capital	17	348,700	348,700
Revaluation reserve	18	1,474,114	916,530
Profit and loss account	19	3,626,947	3,581,055
		5,449,761	4,846,285

Approved by the board on 18 June 2001.

M H FISHER Director

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

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.

1 TURNOVER

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

2 INTEREST PAYABLE	2001 £	2000 £
On bank loans and overdrafts	223,283	227,540
Hire purchase contracts	2,999	4,702
	226,282	232,242

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2001 £	2000 £
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	13,074	15,314
Leased assets	17,328	23,104
Auditors remuneration	8,750	7,550
Loss/(profit) on disposal of fixed assets	-	6,339

4 EXCEPTIONAL ITEM	2001 £	2000 £
Profit on sale of Investment Properties	126,618	456,821

5 EMPLOYEES	2001 No	2000 No
The average weekly number of persons (including directors) employed by the company during the year was:		
Directors	4	4
Administration	2	3
	6	7

	2001 £	2000 £
Staff costs for the above persons:		
Wages and salaries	215,727	225,552
Social security costs	24,416	27,999
Other pension costs	12,000	12,000
	252,143	265,551

DIRECTORS' REMUNERATION	2001 £	2000 £
Directors' emoluments (including pension contributions and benefits in kind)	223,779	235,509

The directors' fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:

	2001 £	2000 £
The Chairman	15,054	14,718
The highest paid director	100,294	106,363

6 TAXATION	2001 £	2000 £
UK corporation tax	29,040	2,619
(Over)/Underprovision in previous year	(80)	8,212
	28,960	10,831

7 DIVIDEND	2001 £	2000 £
Ordinary:		
Final Paid £0.287p – (2000 - £0.143p)	100,000	50,000

8 INVESTMENT PROPERTIES

		Leasehold		
	Freehold £	*Long Term* £	*Short Term* £	*TOTAL* £
Valuation:				
1 April 2000	7,260,000	200,000	100,000	7,560,000
Additions	761,232	25,844	-	787,076
Disposals	(410,000)	-	-	(410,000)
Revaluation	503,318	24,156	(24,890)	502,584
Write Down	-	-	(45,110)	(45,110)
31 March 2001	8,114,550	250,000	30,000	8,394,550

The historical cost of investment properties is £6,920,436.

The investment properties were valued by the directors at open market value on 31 March 2001.

No depreciation is provided in respect of freehold or long term leasehold investment properties. The short term leasehold has been written down to its estimated residual value.

9 TANGIBLE FIXED ASSETS

	Motor Vehicles £	*Fixtures, fittings and equipment* £	*Total* £
Cost			
1 April 2000	112,767	113,364	226,131
Additions	-	6,517	6,517
Disposals	-	-	-
31 March 2001	112,767	119,881	232,648
Depreciation			
1 April 2000	28,192	89,020	117,212
Charged in the year	21,144	9,258	30,402
Disposals	-	-	-
31 March 2001	49,336	98,278	147,614
Net book value			
31 March 2001	63,431	21,603	85,034
31 March 2000	84,575	24,344	108,919

The net book value of motor vehicles includes £51,984 (2000: £69,311) in respect of assets held under finance leases.

10 FIXED ASSET INVESTMENTS

	Shares in associated undertaking £	*Other investments* £	*Total* £
Cost			
1 April 2000 and 31 March 2001	98,558	89,891	188,449
Amounts written off:			
1 April 2000 and 31 March 2001	-	47,391	47,391
Net book value:			
31 March 2001	98,558	42,500	141,058
31 March 2000	98,558	42,500	141,058

FIXED ASSET INVESTMENTS

Holdings in associated undertakings:

Name of Company	*Class of shares held*	*Proportion of class held*	*Nature of business*	*Capital & reserves* £	*Profit in year* £
Moorgate Estates Limited	Ordinary	50%	Investment in property	2,368,330	103,210

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 subsidiary Thanington Fine Arts Ltd was dissolved.

		2001	2000
11	CURRENT ASSET INVESTMENTS	£	£
	Investments listed on recognised stock exchange.	27,000	15,000
	Market value at 31 March 2001 - £27,000		

		2001	2000
12	STOCKS	£	£
	Finished goods	11,123	9,128

		2001	2000
13	DEBTORS	£	£
	Due within one year:	49,718	36,075
	Trade debtors	45,841	58,000
	Other debtors		
		95,559	94,075

		2001	2000
14	CREDITORS: Amounts falling due within one year	£	£
	Bank loans and overdrafts	924,215	1,049,514
	Obligations under hire purchase contracts	19,577	19,577
	Amount owed to parent company	40	40
	Corporation tax	29,040	3,588
	Other taxation and social security costs	44,593	32,616
	Other creditors	63,457	152,259
	Accruals and deferred income	230,789	206,648
		1,311,711	1,464,242

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

15 CREDITORS: Amounts falling due in more than one year	2001 £	2000 £
Bank loans	2,552,947	1,874,133
Obligations under hire purchase contracts	3,667	23,244
	2,556,614	1,897,377
Repayable:		
Bank loans		
between 1 and 2 years	283,987	193,315
between 2 and 5 years	958,959	637,065
more than 5 years	1,310,001	1,043,753
Obligations under hire purchase contracts		
between 1 and 2 years	3,667	19,577
between 2 and 5 years	-	3,667
	2,556,614	1,897,377

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 £30,000 (2000: £nil).

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

17 SHARE CAPITAL	2001 £	2000 £
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	2001 £	2000 £
	1 April 2000	916,530	648,322
	Surplus/(deficit) in year	502,584	747,705
	Transfer to Profit and Loss	55,000	(479,497)
	31 March 2001	1,474,114	916,530

19	PROFIT AND LOSS ACCOUNT	2001 £	2000 £
	1 April 2000	3,581,055	3,057,601
	Profit for the financial year	100,892	523,454
	Transfer from revaluation reserve	(55,000)	-
	31 March 2001	3,626,947	3,581,055

20	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2001 £	2000 £
	Profit for the financial year	200,892	573,454
	Dividends	(100,000)	(50,000)
		100,892	523,454
	Revaluation surplus in year	502,584	747,705
	Revaluation realised on disposal of investment property	-	(479,497)
	Net addition to shareholders' funds	603,476	791,662
	Opening equity shareholders' funds	4,846,285	4,054,623
	Closing equity shareholders' funds	5,449,761	4,846,285

21 RELATED PARTY TRANSACTIONS

At the year end net balances of £36,362 were owed to the directors of Thanington Holdings Limited.

22 PARENT COMPANY

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

23 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.

24 POST BALANCE SHEET EVENT

On 6 June 2001, the company purchased 10,000 ordinary £1.00 shares of Ramac Engineering Limited, a company registered in England and Wales and a tenant of Thanington Holdings Limited. The purchase price was £1.00 per share and represents 16.7% of the equity.