

Thanington Holdings Limited

FINANCIAL STATEMENTS

for the year ended

31 March 2002



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 2002.

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 an improved nature.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £16,435 (2001: £200,892).

A dividend of £125,000 £0.358 per share was paid (2000: £100,000 - £0.287).

DIRECTORS

The following directors have held office since 1 April 2001:-

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.

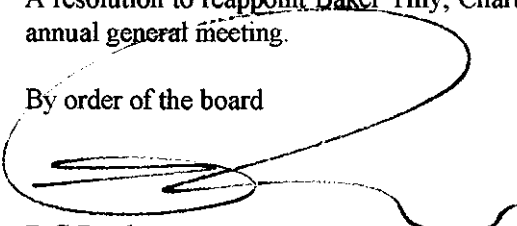
CHARITABLE DONATIONS

During the year the company made charitable donations of £1,000 (2000: Nil).

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

28 June 2002

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.

INDEPENDENT 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

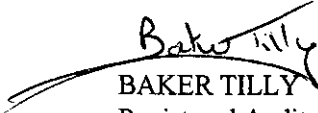
Basis of opinion

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 2002 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

28 June 2002

Thanington Holdings Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2002

	<i>Notes</i>	2002 £	2001 £
TURNOVER	1	861,034	869,376
Cost of Sales		39,389	30,926
GROSS PROFIT		<u>821,645</u>	<u>838,450</u>
Administrative expenses		554,920	553,327
OPERATING PROFIT		<u>266,725</u>	<u>285,123</u>
Investment income		573	25,782
Interest receivable		18,366	18,611
Interest payable	2	(257,662)	(226,282)
PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS		<u>28,002</u>	<u>103,234</u>
Exceptional items	4	-	126,618
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>28,002</u>	<u>229,852</u>
Taxation	6	11,567	28,960
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>16,435</u>	<u>200,892</u>
Dividend	7	125,000	100,000
RETAINED (LOSS)/PROFIT FOR THE YEAR	19	<u><u>(108,565)</u></u>	<u><u>100,892</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 2002

	2002	2001
	£	£
(Loss)/Profit for the financial year	(108,565)	100,892
Unrealised surplus on revaluation of properties	1,027,213	502,584
Total recognised gains and losses relating to the year	918,648	603,476

	2002	2001
	£	£
Note of historical cost profits and losses		
Reported profit on ordinary activities before taxation	28,002	229,852
Realisation of property revaluation gains of previous years	-	(55,000)

Historical cost profit on ordinary activities before taxation	28,002	174,852
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Historical cost (loss)/profit for the year retained after taxation, exceptional items and dividends	(108,565)	45,892
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Thanington Holdings Limited

BALANCE SHEET

31 March 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Investment properties	8	9,430,000	8,394,550
Tangible assets	9	70,649	85,034
Investments	10	151,058	141,058
		<u>9,651,707</u>	<u>8,620,642</u>
CURRENT ASSETS			
Investment	11	38,000	27,000
Stocks	12	7,108	11,123
Debtors	13	51,762	95,559
Cash at bank and in hand		333,668	563,762
		<u>430,538</u>	<u>697,444</u>
CREDITORS: Amounts falling due within one year	14	<u>1,384,949</u>	<u>1,311,711</u>
NET CURRENT LIABILITIES		<u>(954,411)</u>	<u>(614,267)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,697,296</u>	<u>8,006,375</u>
CREDITORS: Amounts falling due after more than one year	15	2,327,650	2,556,614
Provisions for liabilities and charges	16	1,237	-
		<u>6,368,409</u>	<u>5,449,761</u>
CAPITAL AND RESERVES			
Called up share capital	17	348,700	348,700
Revaluation reserve	18	2,501,327	1,474,114
Profit and loss account	19	3,518,382	3,626,947
		<u>6,368,409</u>	<u>5,449,761</u>

Approved by the board on 28 June 2002.



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.

TURNOVER

Turnover represents rents receivable, retail sales and management fees all 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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

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 2002

1 TURNOVER

The company's turnover was undertaken in the United Kingdom.

	2002 £	2001 £
Investment property management	800,459	820,449
Retailing	56,847	48,927
Management fee	3,728	-
	<u>861,034</u>	<u>869,376</u>

2 INTEREST PAYABLE

	2002 £	2001 £
On bank loans and overdrafts	253,576	223,283
Hire purchase contracts	4,086	2,999
	<u>257,662</u>	<u>226,282</u>

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	25,144	13,074
Leased assets	-	17,328
Auditors remuneration	9,250	8,750
Loss/(profit) on disposal of fixed assets	8,805	-
	<u>43,200</u>	<u>39,152</u>

4 EXCEPTIONAL ITEM

	2002 £	2001 £
Profit on sale of Investment Properties	-	126,618
	<u>-</u>	<u>126,618</u>

Thanington Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2002

5	EMPLOYEES	2002 No	2001 No
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The average weekly number of persons (including directors) employed by the company during the year was:

Directors	4	4
Administration	4	3
	<u>8</u>	<u>7</u>

	2002 £	2001 £
Staff costs for the above persons:		
Wages and salaries	276,930	215,727
Social security costs	33,873	24,416
Other pension costs	12,000	12,000
	<u>322,803</u>	<u>252,143</u>

DIRECTORS' REMUNERATION	2002 £	2001 £
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Directors' emoluments (including pension contributions and benefits in kind)	<u>278,898</u>	<u>223,779</u>
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The directors' fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:

	2002 £	2001 £
The Chairman	<u>30,112</u>	<u>15,054</u>
The highest paid director	<u>125,550</u>	<u>100,294</u>

Thanington Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2002

		2002 £	2001 £
6	TAXATION		
	Current tax:		
	UK corporation tax on profits of the period	10,342	29,040
	Adjustments in respect of previous periods	(12)	(80)
	Total current tax	<u>10,330</u>	<u>28,960</u>
	Deferred tax:		
	Origination and reversal of timing differences	1,237	-
	Tax on profit on ordinary activities	<u>11,567</u>	<u>28,960</u>
		2002 £	2001 £
	Factors affecting tax charge for the period		
	The tax assessed for the period is lower than the standard rate of corporation tax in the UK 20%. The differences are explained below.		
	Profit on ordinary activities before tax	28,002	229,852
	Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2001 – 20%).	5,600	45,970
	Effects of:		
	Expenses not deductible for tax purposes	4,363	(27,496)
	Capital allowances in excess of depreciation	379	10,566
	Adjustment to tax charge in respect of previous periods	(12)	(80)
	Current tax charge for the period	<u>10,330</u>	<u>28,960</u>
7	DIVIDEND	2002 £	2001 £
	Ordinary:		
	Final Paid £0.358 – (2001 - £0.287)	<u>125,000</u>	<u>100,000</u>

Thanington Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2002

8 INVESTMENT PROPERTIES

	<i>Leasehold</i>			
	<i>Freehold</i>	<i>Long Term</i>	<i>Short Term</i>	<i>TOTAL</i>
	£	£	£	£
Valuation:				
1 April 2001	8,114,550	250,000	30,000	8,394,550
Additions	38,237	-	-	38,237
Revaluation	1,027,213	-	-	1,027,213
Write Down	-	-	(30,000)	(30,000)
31 March 2002	<u>9,180,000</u>	<u>250,000</u>	<u>-</u>	<u>9,430,000</u>

The historical cost of investment properties is £6,928,673.

The investment properties were valued by the directors at open market value on 31 March 2002.

No depreciation is provided in respect of freehold or long term leasehold investment properties..

9 TANGIBLE FIXED ASSETS

	<i>Motor Vehicles</i>	<i>fixtures, fittings and equipment</i>	<i>Total</i>
	£	£	£
Cost			
1 April 2001	112,767	119,881	232,648
Additions	95,261	2,302	97,563
Disposals	(127,235)	-	(127,235)
31 March 2002	<u>80,793</u>	<u>122,183</u>	<u>202,976</u>
Depreciation			
1 April 2001	49,336	98,278	147,614
Charged in the year	17,972	7,172	25,144
Disposals	(40,431)	-	(40,431)
31 March 2002	<u>26,877</u>	<u>105,450</u>	<u>132,327</u>
Net book value			
31 March 2002	<u>53,916</u>	<u>16,733</u>	<u>70,649</u>
31 March 2001	<u>63,431</u>	<u>21,603</u>	<u>85,034</u>

The net book value of motor vehicles includes £Nil (2001: £51,984) in respect of assets held under finance leases.

Thanington Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2002

10	FIXED ASSET INVESTMENTS	<i>Shares in associated undertaking</i> £	<i>Other investments</i> £	<i>Total</i> £
	Cost			
	1 April 2001 and 31 March 2002	98,558	89,891	188,449
	Addition	10,000	-	10,000
	31 March 2002	108,558	89,891	198,449
	Amounts written off:			
	1 April 2001 and 31 March 2002	-	47,391	47,391
	Net book value:			
	31 March 2002	108,558	42,500	151,058
	31 March 2001	98,558	42,500	141,058

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>Profit/(Loss) in year</i> £
Moorgate Estates Limited	Ordinary	50%	Investment in property	3,377,184	225,990
RAMAC Engineering Ltd	Ordinary	17%	Manufacturing	(50,221)	(35,019)

The above companies are 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 investment in RAMAC Engineering Ltd was acquired.

Thanington Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2002

	2002	2001
	£	£
11 CURRENT ASSET INVESTMENTS		
Investments listed on recognised stock exchange.	42,000	30,000
Market value of investment	38,000	27,000
12 STOCKS	2002	2001
	£	£
Finished goods	7,108	11,123
13 DEBTORS	2002	2001
	£	£
Due within one year:	36,762	49,718
Trade debtors	15,000	45,841
Other debtors	51,762	95,559
14 CREDITORS: Amounts falling due within one year	2002	2001
	£	£
Bank loans and overdrafts	1,026,379	924,215
Obligations under hire purchase contracts	-	19,577
Amount owed to parent company	40	40
Corporation tax	10,342	29,040
Other taxation and social security costs	46,292	44,593
Other creditors	46,249	63,457
Accruals and deferred income	255,647	230,789
	1,384,949	1,311,711

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 2002

	2002	2001
	£	£
15 CREDITORS: Amounts falling due in more than one year		
Bank loans	2,327,650	2,552,947
Obligations under hire purchase contracts	-	3,667
	<u>2,327,650</u>	<u>2,556,614</u>
Repayable:		
Bank loans		
between 1 and 2 years	294,022	283,987
between 2 and 5 years	992,216	958,959
more than 5 years	1,041,412	1,310,001
Obligations under hire purchase contracts		
between 1 and 2 years	-	3,667
between 2 and 5 years	-	-
	<u>2,327,650</u>	<u>2,556,614</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

	Deferred Taxation £	
Balance at 1 April 2001	-	
Transfer from profit and loss account	1,237	
Balance at 31 March 2002	<u>1,237</u>	
	2002	2001
	£	£
Provision for deferred tax has been made as follows:		
Excess of tax allowances over depreciation	1,237	-

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 £134,000 (2001: £30,000).

Thanington Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2002

		2002 £	2001 £
17	SHARE CAPITAL		
	Authorised:		
	350,000 ordinary shares of £1 each	350,000	350,000
		<u> </u>	<u> </u>
	Allotted, issued and fully paid:		
	348,700 ordinary shares of £1 each	348,700	348,700
		<u> </u>	<u> </u>
18	REVALUATION RESERVE		
	1 April 2001	1,474,114	916,530
	Surplus in year	1,027,213	502,584
	Transfer to Profit and Loss	-	55,000
		<u> </u>	<u> </u>
	31 March 2002	2,501,327	1,474,114
		<u> </u>	<u> </u>
19	PROFIT AND LOSS ACCOUNT		
	1 April 2001	3,626,947	3,581,055
	(Loss)/Profit for the financial year	(108,565)	100,892
	Transfer from revaluation reserve	-	(55,000)
		<u> </u>	<u> </u>
	31 March 2002	3,518,382	3,626,947
		<u> </u>	<u> </u>
20	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
	Profit for the financial year	16,435	200,892
	Dividends	(125,000)	(100,000)
		<u> </u>	<u> </u>
	Revaluation surplus in year	(108,565)	100,892
		1,027,213	502,584
		<u> </u>	<u> </u>
	Net addition to shareholders' funds	918,648	603,476
	Opening equity shareholders' funds	5,449,761	4,846,285
		<u> </u>	<u> </u>
	Closing equity shareholders' funds	6,368,409	5,449,761
		<u> </u>	<u> </u>

Thanington Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2002

21 RELATED PARTY TRANSACTIONS

At the year end net balances of £13,490 were owed to the directors of Thanington Holdings Limited and £15,000 owed from RAMAC Engineering Limited on associated undertaking.

Bruce Reed and Martin Fisher each own 5,000 shares at £1 each in RAMAC Engineering 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 CAPITAL COMMITMENTS

	2002 £	2001 £
Capital expenditure contracted for but not provided in the financial statements.	15,000	-