

Companies House copy

BLAINS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2006



RAWLINSON & HUNTER

Chartered Accountants
Eagle House 110 Jermyn Street London SW1Y 6RH

BLAINS LIMITED

COMPANY INFORMATION

DIRECTORS

H C P Blain
C G Southern
J Chesworth (appointed 2/2/2007)
E J Dolman (appointed 2/2/2007)

SECRETARY

R H Aydon

COMPANY NUMBER

02725811

REGISTERED OFFICE

8 King Street
St James's
London
SW1Y 6QT

AUDITORS

Rawlinson & Hunter
Chartered Accountants & Registered Auditor
Eagle House
110 Jermyn Street
London
SW1Y 6RH

BLAINS LIMITED

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BLAINS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2006

The directors present their report and the financial statements for the year ended 30 September 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

So far as each of the directors is aware at the time the report is approved

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company during the year was as a dealer in fine art. The directors consider the results for the year to be in line with expectations.

The company will continue to trade for the foreseeable future and will make limited further fine art acquisitions whilst continuing to realise existing stock.

Subsequent to the year end the company's parent undertaking, Haunch of Venison Partners Limited, was acquired by Christie's Private Sales Holdings Limited, a company incorporated in England and Wales.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £251,374 (2005 - Profit £839,280).

The directors do not recommend the payment of a dividend.

BLAINS LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2006

DIRECTORS

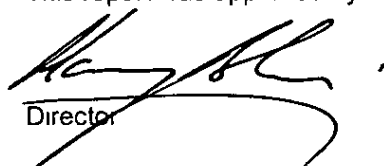
The directors who served during the year and their interests in the company's issued share capital were

	Ordinary shares of £1 each	
	30/9/06	1/10/05
H C P Blain	-	-
C G Southern	-	-
J Chesworth (appointed 2/2/2007)	-	-
E J Dolman (appointed 2/2/2007)	-	-

Directors' interests in the parent undertaking

The directors' interests in the share capital of the parent undertaking are disclosed in that company's accounts

This report was approved by the board on 26 July 2007 and signed on its behalf


Director

BLAINS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BLAINS LIMITED

We have audited the financial statements of Blains Limited for the year ended 30 September 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

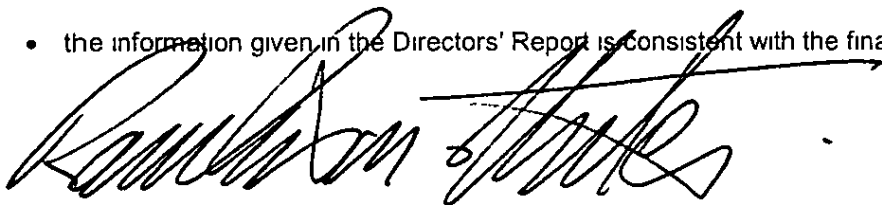
BLAINS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BLAINS LIMITED

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



Chartered Accountants
Registered Auditor

Eagle House
110 Jermyn Street
London
SW1Y 6RH

Date

26 July 2007.

BLAINS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

	Note	Year ended 30 September 2006 £	15 months ended 30 September 2005 £
TURNOVER	1,2	3,698,962	6,061,515
Cost of sales		<u>(3,613,137)</u>	<u>(4,396,425)</u>
GROSS PROFIT		85,825	1,665,090
Administrative expenses		<u>(330,364)</u>	<u>(821,474)</u>
OPERATING (LOSS)/PROFIT	3	(244,539)	843,616
Interest receivable		264	-
Interest payable	4	<u>(7,099)</u>	<u>(1,558)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(251,374)	842,058
TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	5	<u>-</u>	<u>(2,778)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	11	<u>£ (251,374)</u>	<u>£ 839,280</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2006 or 2005 other than those included in the profit and loss account

The notes on pages 7 to 13 form part of these financial statements

BLAINS LIMITED

**BALANCE SHEET
AS AT 30 SEPTEMBER 2006**

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible fixed assets	6	234,798	258,272
CURRENT ASSETS			
Stocks	7	99,010	542,874
Debtors	8	1,684,299	5,743,044
Cash at bank		11,352	6,385
		<u>1,794,661</u>	<u>6,292,303</u>
CREDITORS amounts falling due within one year	9	<u>(7,986)</u>	<u>(4,277,728)</u>
NET CURRENT ASSETS		<u>1,786,675</u>	<u>2,014,575</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>£ 2,021,473</u></u>	<u><u>£ 2,272,847</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	1,834	1,834
Share premium account		2,578,642	2,578,642
Profit and loss account	11	<u>(559,003)</u>	<u>(307,629)</u>
SHAREHOLDERS' FUNDS - All equity	12	<u><u>£ 2,021,473</u></u>	<u><u>£ 2,272,847</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


Director

26 July 2007

The notes on pages 7 to 13 form part of these financial statements

BLAINS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Cash flow

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Short leasehold property	-	straight line basis over the remaining period of the lease
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1.5 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

BLAINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

1 ACCOUNTING POLICIES (continued)

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are discounted

2 TURNOVER

The whole of the turnover is attributable to the company's principal activity

A geographical analysis of turnover is as follows

	Year ended 30 September 2006 £	15 months ended 30 September 2005 £
UK	3,131,232	1,425,456
Rest of world	567,730	4,636,059
	<u>£ 3,698,962</u>	<u>£ 6,061,515</u>

BLAINS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

3 OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging/(crediting)

	Year ended 30 September 2006 £	15 months ended 30 September 2005 £
Depreciation of tangible fixed assets		
- owned by the company	23,474	29,349
Auditors' remuneration	7,850	6,750
Operating lease rentals		
- other operating leases	485,475	699,347
Difference on foreign exchange	(263,997)	4,542
	<hr/> <hr/>	<hr/> <hr/>

During the year, no director received any emoluments (2005 - *£NIL*)

The company has no employees other than its directors (2005 - *none*)

4 INTEREST PAYABLE

	Year ended 30 September 2006 £	15 months ended 30 September 2005 £
On bank loans and overdrafts	£ 7,099	£ 1,558
	<hr/> <hr/>	<hr/> <hr/>

BLAINS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

5. TAXATION

	Year ended 30 September 2006 £	15 months ended 30 September 2005 £
Adjustments in respect of prior periods	£ -	£ 2,778

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below

	Year ended 30 September 2006 £	15 months ended 30 September 2005 £
(Loss)/profit on ordinary activities before tax	£ (251,374)	£ 842,058
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 - 30%)	(75,412)	252,617
Effects of.		
Expenses not deductible for tax purposes	-	3,387
Depreciation in excess of capital allowances	6,085	8,805
Utilisation of tax losses	-	(264,809)
Tax losses carried forward	69,327	-
Adjustments to tax charge in respect of prior periods	-	2,778
Current tax charge for the year (see note above)	£ -	£ 2,778

Factors that may affect future tax charges

The company has taxation losses available for offset against future trading profits amounting to £240,000 (2005 - £17,075)

BLAINS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2006**

6 TANGIBLE FIXED ASSETS

	Short leasehold property £
Cost	
At 1 October 2005 and 30 September 2006	453,361
Depreciation	
At 1 October 2005	195,089
Charge for the year	23,474
At 30 September 2006	218,563
Net book value	
At 30 September 2006	£ 234,798
At 30 September 2005	£ 258,272

7 STOCKS

	2006 £	2005 £
Finished goods and goods for resale	£ 99,010	£ 542,874

8 DEBTORS

	2006 £	2005 £
Trade debtors	77,196	4,397,175
Amounts owed by parent undertaking	1,509,539	1,140,191
Other debtors	9,055	91,318
Prepayments and accrued income	88,509	114,360
	£ 1,684,299	£ 5,743,044

BLAINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

9 CREDITORS

Amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	10	1,972
Trade creditors	-	774,847
Social security and other taxes	953	-
Accruals and deferred income	7,023	3,500,909
	<u>£ 7,986</u>	<u>£ 4,277,728</u>

The bank loan and overdraft are secured by a fixed and floating debenture over the assets of the company and life policies taken out in the names of the directors

10 SHARE CAPITAL

	2006 £	2005 £
Authorised		
100,100 Ordinary shares of £1 each	<u>£ 100,100</u>	<u>£ 100,100</u>
Allotted, called up and fully paid		
1,834 Ordinary shares of £1 each	<u>£ 1,834</u>	<u>£ 1,834</u>

11 RESERVES

	Profit and loss account £
At 1 October 2005	(307,629)
Loss for the year	(251,374)
At 30 September 2006	<u>£ (559,003)</u>

12 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Opening shareholders' funds	2,272,847	1,433,567
(Loss)/profit for the year	(251,374)	839,280
Closing shareholders' funds	<u>£ 2,021,473</u>	<u>£ 2,272,847</u>

BLAINS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2006

13 CONTINGENT LIABILITIES

There is a contingent liability in respect of a charge in favour of Canadian and Portland Estates plc totaling £ 101,197 in respect of rental deposits

14 OPERATING LEASE COMMITMENTS

At 30 September 2006 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2006	2005
	£	£
Expiry date		
After more than 5 years	444,500	444,500

15 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available within Financial Reporting Standard No 8 to not disclose transactions between the company and its parent undertaking

16 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The parent undertaking at the year end was Haunch of Venison Partners Limited, a company incorporated in England and Wales. The directors are of the opinion that H C P Blain was the ultimate controlling party at the year end