

Company Registration No. 2939493

Bonhams & Brooks Limited

Report and Financial Statements

31 December 2008

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Bonhams & Brooks Limited

Report and financial statements 2008

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Bonhams & Brooks Limited

Report and financial statements 2008

Officers and professional advisers

Directors

R Brooks
M Schalken

Secretary

C Watson

Registered office

Montpelier Galleries
Montpelier Street
Knightsbridge
London SW7 1HH

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bonhams & Brooks Limited

Directors' report

The directors of Bonhams & Brooks Limited ("the Company") present their annual report and the audited financial statements for the financial year ended 31 December 2008.

Principal activity, business review and future developments

The principal activity of the company is that of an investment holding company.

Results and dividends

The company's financial result for the year was £nil (2007: £nil). The directors do not recommend the payment of a dividend (2007: £nil).

These financial statements have been prepared under "International Financial Reporting Standards".

Directors

The directors who served throughout the year were as follows:

R Brooks
M Schalken

Financial risk management

The company's approach to financial risk management is discussed in note 11.

Auditors

In the case of each of the persons who are directors at the time when this report was approved:

- So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- Each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

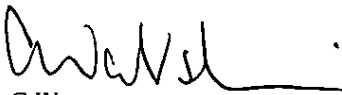
Bonhams & Brooks Limited

Directors' report

Other matters

The company has no employees, and as such has no specific policies in this regard. In addition, the company made no charitable or political donations during the current or preceding financial year.

Approved by the Board of Directors and signed by order of the Board.

A handwritten signature in black ink, appearing to read 'C Watson', followed by a horizontal line.

C Watson
Secretary

Bonhams & Brooks Limited

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 1985.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

Independent auditors' report to the members of Bonhams & Brooks Limited

We have audited the financial statements of Bonhams & Brooks Limited for the year ended 31 December 2008, which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 11. These financial statements have been prepared under 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 Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2008;
- 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.



Ernst & Young LLP
Registered Auditors
London, United Kingdom

16 JUN 2009

Bonhams & Brooks Limited

Income statement

Year ended 31 December 2008

	Note	2008 £	2007 £
Investment revenues	4	-	212,228
Finance cost	5	-	(212,228)
		<hr/>	<hr/>
Profit before tax		-	-
		<hr/>	<hr/>
Income tax		-	-
		<hr/>	<hr/>
Profit after tax		-	-
		<hr/>	<hr/>

All transactions are derived from continuing activities.

Bonhams & Brooks Limited

Statement of changes in equity Year ended 31 December 2008

	Share capital £	Capital redemption reserve £	Retained earnings £	Total £
At 1 January 2007	227,068	3,527	43,655	274,250
Profit for the year	-	-	-	-
At 1 January 2008	227,068	3,527	43,655	274,250
Profit for the year	-	-	-	-
At 31 December 2008	<u>227,068</u>	<u>3,527</u>	<u>43,655</u>	<u>274,250</u>

Bonhams & Brooks Limited

Balance sheet 31 December 2008

	Note	2008 £	2007 £
Non-current assets			
Trade and other receivables	6	2,500,000	2,500,000
Total non-current assets		<u>2,500,000</u>	<u>2,500,000</u>
Non-current liabilities			
Trade and other payables	7	(2,225,750)	(2,225,750)
Total liabilities		<u>(2,225,750)</u>	<u>(2,225,750)</u>
Net assets		<u>274,250</u>	<u>274,250</u>
 Equity			
Share capital	8	227,068	227,068
Capital redemption reserve		3,527	3,527
Retained reserves		43,655	43,655
Total equity		<u>274,250</u>	<u>274,250</u>

These financial statements were approved by the Board of Directors on

16 JUN 2009

Signed on behalf of the Board of Directors



R Brooks
Director

Bonhams & Brooks Limited

Cash flow statement Year ended 31 December 2008

	2008 £	2007 £
Operating profit	-	-
Interest paid	-	(680,751)
Net cash used in operating activities	-	(680,751)
Investing activities		
Interest received	-	680,751
Net cash generated from investing activities	-	680,751
Financing activities		
Loans repaid	-	(3,412,441)
Inter-company loans raised	-	3,412,441
Net cash from financing activities	-	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	-	-

Bonhams & Brooks Limited

Notes to the financial statements Year ended 31 December 2008

1. Significant accounting policies

Bonhams & Brooks Limited is a company incorporated in the United Kingdom under the Companies Act 1985.

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. That is those International Accounting Standards, International Financial Reporting Standards and related interpretation (SIC-IFRIC interpretations), subsequent amendments to those standards and related interpretations, future standards and related interpretations issued or adopted by the International Accounting Standards Board ("IASB") that have been endorsed by the European Union.

Standards and interpretations issued but not yet effective

The company has chosen not to adopt early the following standards and interpretations that were issued but not yet effective for accounting periods beginning on 1 January 2009:

- IAS 1 Revised Presentation of Financial Statements (effective 1 January 2009)
- IAS 23 Borrowing Costs (Revised) (effective 1 January 2009)
- IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (effective 1 January 2009)
- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective 1 January 2009)
- IFRS 2 Share-based Payment (Revised) (effective 1 January 2009)
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements (effective 1 January 2009)
- IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements (effective 1 July 2009)
- IFRS 8 Operating Segments (effective 1 January 2009)

The application of those standards is not expected to have a material impact on the company's financial statements in the period of initial application.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense.

Current tax expense is based on taxable profit for the year. Taxable profit may differ from net profit as reported in the income statement because it may exclude items of income or expense that are taxable or deductible in other years and it further may exclude items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for accounting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which these items can be utilised.

Bonhams & Brooks Limited

Notes to the financial statements Year ended 31 December 2008

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Related parties

For the purpose of these financial statements, shareholders, key management personnel and Board members, in each case together with their families and companies controlled by, or affiliated with them, associated companies and other companies within the Bonhams group are considered and referred to as related parties. Transactions with related parties are priced predominantly at market rates.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2. Critical accounting estimates and assumptions

The entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

None (2007: none).

3. Operating result

During the current and preceding year no directors of the company received any remuneration for their services to the company. The company had no employees in either the current or preceding year. There were no staff employed by the company during the year (2007: none) and accordingly no costs were attributed to the company (2007: £nil).

Auditors' remuneration of £1,500 (2007: £1,500) was paid by a fellow subsidiary undertaking in the current and previous year.

4. Investment revenues

	2008 £	2007 £
Interest on loans made to group undertakings	-	212,228

Bonhams & Brooks Limited

Notes to the financial statements Year ended 31 December 2008

5. Finance costs

	2008	2007
	£	£
Interest on loans from group undertakings	<u>-</u>	<u>(212,228)</u>

6. Trade and other receivables

	2008	2007
	£	£
Non-current assets		
Amounts owed by fellow group companies	<u>2,500,000</u>	<u>2,500,000</u>

7. Trade and other payables

	2008	2007
	£	£
Non-current liabilities		
Amounts owed to fellow group companies	<u>2,225,750</u>	<u>2,225,750</u>
	<u>2,225,750</u>	<u>2,225,750</u>

The directors consider that the carrying amount of financial liabilities approximates to their fair value.

Bonhams & Brooks Limited

Notes to the financial statements Year ended 31 December 2008

8. Share capital

	2008 £	2007 £
Authorised		
1,200,000 "A" ordinary shares of 5 pence each	60,000	60,000
3,600,000 "B" ordinary shares of 5 pence each	180,000	180,000
	<u>240,000</u>	<u>240,000</u>
Allotted, called up and fully paid		
941,373 "A" ordinary shares of 5 pence each	47,068	47,068
3,600,000 "B" ordinary shares of 5 pence each	180,000	180,000
	<u>227,068</u>	<u>227,068</u>

Rights attaching to shares

The "A" ordinary shares entitle the holders to receive notice of, attend and vote at any general meeting. The participation of the "A" ordinary shares in the profits of the company is not limited. On a winding up, the "A" ordinary shares shall rank pari passu with all other classes of ordinary shares for participation in the company's assets available for contributories, and for receiving notice of and for attending and voting at meetings of contributories. According to the Articles of Association, the company is required to buy back "A" ordinary shares from shareholders wishing to dispose of such shares, should the pre-emption procedures be insufficient to enable the disposal of these shares to be completed.

The "B" ordinary shares do not entitle the holders to receive notice of or attend or vote at any general meeting. The participation of the "B" ordinary shares in the profits for the company is limited to 1% of the aggregate amount of dividend declared in respect of all other classes of ordinary shares. On a winding up, the "B" ordinary shares shall rank pari passu with all other classes of ordinary shares for participation in the company's assets available for contributories and for receiving notice of and for attending and voting at meetings of contributories.

The ultimate beneficial owners of the company's 100% parent are:

	Number of ordinary shares 2008	Number of ordinary shares 2007
R Brooks	218,596,900	25,500
Clamator Beheer BV	300,015,000	15,000
R&H Trust Company (Jersey) Limited	81,438,100	9,500
Pasquale Investments Limited	20,000	20,000

Bonhams & Brooks Limited

Notes to the financial statements Year ended 31 December 2008

9. Ultimate parent company

The ultimate parent company and controlling party is Bonhams Brooks PS&N Limited, a company incorporated in Great Britain and registered in England and Wales.

Group financial statements are prepared for Bonhams Brooks PS&N Limited which is the smallest and largest group for which consolidated financial statements are prepared of which the company is a member.

Copies of the Bonhams Brooks PS&N Limited financial statements are available by writing to Montpelier Galleries, Montpelier Street, London SW7 1HH.

10. Related parties

There have been no transactions with group undertakings during the year. For the details of balances with group undertakings please refer to note 6 and 7.

Amounts owed by and to related parties at the end of the year are as follows:

	Amounts owed by related parties		Amounts owed to related parties	
	2008 £	2007 £	2008 £	2007 £
Balances with sister companies:				
- Bonhams Brooks PS&N Limited	2,500,000	2,500,000	-	-
- Bonhams 1793 Ltd	-	-	2,225,750	2,225,750
	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,225,750</u>	<u>2,225,750</u>

11. Financial Risk Management

The Directors note that the financial risks relating to the operations of the Company are limited, but managed through regular analysis of exposures by degree and magnitude of risk. These risks identified include currency risk, interest rate risk, credit risk and capital management risk.

Foreign currency risk management

The Company may undertake certain transactions denominated in different currencies which may lead to exposure to exchange rate fluctuations. However, the effect of those transactions is considered to be insignificant by the Directors.

Interest rate risk management

Intragroup receivable/payable balances do not bear interest.

Liquidity risk management

The Directors consider the Company's receivable and payable position to mitigate any exposure to this risk.

Credit risk management

The company's credit risk is solely attributable to its amounts owed by fellow group companies. The amounts presented in the balance sheet are net of allowances for doubtful receivables. None of these amounts were past due at either balance sheet date.

Bonhams & Brooks Limited

Notes to the financial statements Year ended 31 December 2008

11. Financial Risk Management (continued)

Capital management risk

Capital is the equity attributable to the equity holders of the parent less the net unrealised gains reserve.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company might adjust the dividend payment to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years end 31 December 2008 and 31 December 2007.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between sensible levels. The Company includes within net debt, trade and other payables. Capital includes equity attributable to the equity holders of the parent.

	2008 £	2007 £
Trade and other payables (note 7)	2,225,750	2,225,750
Net debt	2,225,750	2,225,750
Equity	274,250	274,250
Total capital	274,250	274,250
Capital and net debt	2,500,000	2,500,000
Gearing ratio	89%	89%