

Company Registration No. 2939493

Bonhams & Brooks Limited

Report and Financial Statements

31 December 2010

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Bonhams & Brooks Limited

Report and financial statements 2010

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Bonhams & Brooks Limited

Report and financial statements 2010

Officers and professional advisers

Directors

R Brooks
M Schalken

Secretary

C Watson

Registered office

Montpelier Galleries
Montpelier Street
Knightsbridge
London SW7 1HH

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 2010

Principal activity, business review and future developments

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

The company did not trade during the year and the directors do not envisage the company recommencing trade in the near future. The company has been dormant as defined in section 1169 of the Companies Act 2006 throughout the current and preceding financial period. It is anticipated that the company will remain dormant for the foreseeable future.

Results and dividends

The Company's financial result for the year was £nil (2009: £nil). The directors do not recommend the payment of a dividend (2009: £nil).

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

Going concern

After making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors

The directors who served throughout the year were as follows:

R Brooks
M Schalken

None of the directors held any interests in the shares of this company or any other group company during the year with the exception of R Brooks.

R Brooks holds an interest in the shares of the ultimate parent company, Bonhams Brooks PS&N Limited, which is disclosed in the financial statements of that company.

Financial risk management

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

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



C Watson
Secretary

24 May 2011

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 such 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 and Article 4 of the IAS Regulation. Under company law the directors must not approve the accounts unless they are satisfied that they 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

- 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 are sufficient to show and explain the company's transactions and 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 2006. 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.

Bonhams & Brooks Limited

Income statement and Statement of Comprehensive Income Year ended 31 December 2010

	Notes	2010 £	2009 £
Investment revenues	4	-	-
Finance cost	5	-	-
Profit before tax		-	-
Income tax		-	-
Profit after tax		-	-

All transactions are derived from continuing activities

Bonhams & Brooks Limited

Statement of changes in equity Year ended 31 December 2010

	Share capital £	Capital redemption reserve £	Retained earnings £	Total £
At 1 January 2009	227,068	3,527	43,655	274,250
Profit for the year	-	-	-	-
At 1 January 2010	227,068	3,527	43,655	274,250
Profit for the year	-	-	-	-
At 31 December 2010	<u>227,068</u>	<u>3,527</u>	<u>43,655</u>	<u>274,250</u>

Bonhams & Brooks Limited

Balance sheet 31 December 2010

	Notes	2010 £	2009 £
Non-current assets			
Trade and other receivables	6	274,250	2,500,000
Total non-current assets		<u>274,250</u>	<u>2,500,000</u>
Non-current liabilities			
Trade and other payables	7	-	(2,225,750)
Total liabilities		<u>-</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>

The company did not trade in the current or proceeding period, and therefore made neither a profit or a loss

Members have not required the company to obtain an audit in accordance with section 480 of the Companies Act 2006

The directors acknowledge their responsibility for

- i Ensuring the company keeps accounting records which comply with section 476, and
- ii Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company

These financial statements of Bonhams and Brooks Limited (company number 2939493) were approved by the Board of Directors and authorised for issue on 24 May 2011.

They were signed on its behalf by R Brooks (Director)



Bonhams & Brooks Limited

Cash flow statement Year ended 31 December 2010

	2010	2009
	£	£
Operating profit	-	-
Interest paid	-	-
	<u>-</u>	<u>-</u>
Net cash used in operating activities	<u>-</u>	<u>-</u>
Investing activities		
Interest received	-	-
	<u>-</u>	<u>-</u>
Net cash generated from investing activities	<u>-</u>	<u>-</u>
Financing activities		
Loans repaid	(2,225,750)	-
Inter-company loans received	2,225,750	-
	<u>-</u>	<u>-</u>
Net cash from financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	<u>-</u>	<u>-</u>

Bonhams & Brooks Limited

Notes to the financial statements Year ended 31 December 2010

1. Significant accounting policies

Bonhams & Brooks Limited is a company incorporated in the United Kingdom under the Companies Act 2006

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.

The financial statements have been prepared on the historical cost basis except the investment property which has been valued at fair value.

The financial statements have been prepared on a going concern basis as outlined in the Directors' Report.

Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU)

- IAS 12 (amended) - Deferred Tax Recovery of Underlying Assets
- IAS 24 (amended) - Related Party Disclosures
- IFRS 9 - Financial Instruments

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods.

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 2010

Significant accounting policies (continued)

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 (2009: 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 (2009: none) and accordingly no costs were attributed to the Company (2009: £nil).

Auditors' remuneration of £1,500 (2009: £1,500) was paid by a fellow subsidiary undertaking in the current and previous year.

4. Investment revenues

	2010 £	2009 £
Interest on loans made to group undertakings	-	-

Bonhams & Brooks Limited

Notes to the financial statements Year ended 31 December 2010

5. Finance costs

	2010	2009
	£	£
Interest on loans from group undertakings	-	-

6. Trade and other receivables

	2010	2009
	£	£
Non-current assets		
Amounts owed by fellow group companies	274,250	2,500,000

7. Trade and other payables

	2010	2009
	£	£
Non-current liabilities		
Amounts owed to fellow group companies	-	2,225,750
	-	2,225,750

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 2010

8. Share capital

	2010 £	2009 £
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 2010	Number of ordinary shares 2009
R Brooks	218,596,900	218,596,900
Clamator Beheer BV	128,595,001	128,595,001
R&H Trust Company (Jersey) Limited	81,438,100	81,438,100
Pasquale Investments II Limited	171,439,999	171,439,999

On 23 September 2009 Clamator Beheer BV transferred 171,419,999 ordinary shares to Pasquale Investments Limited.

On 29 December 2009 Pasquale Investments Limited transferred 171,439,999 ordinary shares in the company to Pasquale Investments II Limited.

Bonhams & Brooks Limited

Notes to the financial statements Year ended 31 December 2010

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	
	2010	2009	2010	2009
	£	£	£	£
Balances with sister companies				
- Bonhams Brooks PS&N Limited	274,250	2,500,000	-	-
- Bonhams 1793 Ltd	-	-	-	2,225,750

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 2010

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 2010 and 31 December 2009

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

	2010 £	2009 £
Trade and other payables (note 7)	-	2,225,750
Net debt	-	2,225,750
Equity	274,250	274,250
Total capital	274,250	274,250
Capital and net debt	274,250	2,500,000
Gearing ratio	0%	89%