



**SANTON CAPITAL PLC**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2007**  
**Company No: 3364739**

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COMPANIES HOUSE

**GERALD EDELMAN**  
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**SANTON CAPITAL PLC**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2007**

**Company No: 3364739**

**SANTON CAPITAL PLC**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007**

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# **SANTON CAPITAL PLC**

## **REPORT OF THE DIRECTORS**

The directors submit their report and the financial statements for the year ended 30 April 2007

### **Principal activity and review of the business**

The principal activities of the group continue to be those of property development and investment in property development and investment companies

A broad analysis of the group's investment property portfolio is set out in Note 9, reflecting property of approximately £6 million. During the year one investment property was sold for £1.5m, giving a net profit of £307,000. The remaining properties were re-valued.

The group's other investments, set out in Note 12 include investments in two Enterprise Zone Syndicates, a Multi-Manager Fund, Raven Mount Plc (an AIM listed company) and £1m of £1 preference shares in Santon Developments Plc, (a privately-owned plc).

During the year the group sold part of its holding in Oakley Multi-Manager, which invests approximately 38% in London stock exchange equities and 22% in global markets with the remainder in smaller percentages in more niche markets, realising a profit of £161,000.

£6,235m is invested in Raven Mount Plc which is primarily a property development company with both UK and international interests. During the year the shares were revalued by the directors. The group received £492,000 of dividend income during the year from this investment.

The group's property investment and dealing activities are financed by a range of medium and long-term borrowings, predominantly with banking institutions. A summary of loans, including a loan maturity analysis, is set out in Note 15, showing total bank borrowings repayable over one year of approximately £7million.

The group has continued with its strategy of nurturing its investment property portfolio and has benefited from continued improvements in the underlying property values.

The group's operating results for the period are set out on page 5. The primary sources of operating income are net revenue from property amounting to approximately £372,000 and management fees billed of £637,000, with overheads, principally comprising administrative expenses, of £1.8 million.

The group's results for the period are considered by the directors to be satisfactory, given the broader strategy of enhancing asset values.

### **Financial Instruments**

The group's principal financial instruments comprise investment in properties and bank loans and overdrafts. These financial instruments represent the backbone of the group's activities, which are to acquire and hold investment properties for the purpose of enhancing the group's asset values and to finance the purchase and holding of those assets by means of loans and loan arrangements that are appropriate to the group's operations.

The group's approach to managing risk arising from its financial instruments are as follows:

1. In respect of investment in properties, there is a risk associated with changes in open market values. With respect to potential investment in properties, the group manages this risk by assessing the feasibility of prospective acquisitions, the yield factors governing the potential flow of rental income and the quality of covenants associated with the tenants of those properties. In relation to properties within its existing portfolio, regular reviews are made as to the factors that may affect the commercial values of those properties, including general market conditions and tenant covenants, and maintains a fluid strategy for assessing retention or potential disposal.

**SANTON CAPITAL PLC**  
**REPORT OF THE DIRECTORS**  
**(CONTINUED)**

- 2 In respect of loans from banks and other financial institutions, the group manages its debt profile by ensuring, firstly, that the repayment and interest terms are appropriate to the circumstances and, secondly, that the group has sufficient funds to meet periodic payments of capital and interest

**Financial Instruments**

The group's principal financial instruments comprise the financial investments mentioned above, together with bank loans and overdrafts. Together with its investment in properties, these financial instruments represent the substance of the group's activities, which are to acquire and hold investment properties for the purpose of enhancing the group's asset values and to finance the purchase and holding of those assets by means of loans and loan arrangements that are appropriate to the group's operations.

The group's approach to managing risk arising from its financial instruments and related investment properties is as follows:

- 1 In respect of investment in properties, there is a risk associated with changes in open market values. With respect to potential investment in properties, the group manages this risk by assessing the feasibility of prospective acquisitions, the yield factors governing the potential flow of rental income and the quality of covenants associated with the tenants of those properties. In relation to properties within its existing portfolio, regular reviews are made as to the factors that may affect the commercial values of those properties, including general market conditions and tenant covenants, and maintains a fluid strategy for assessing retention or potential disposal.
- 2 In respect of loans from banks and other financial institutions, the group manages its debt profile by ensuring, firstly, that the repayment and interest terms are appropriate to the circumstances and, secondly, that the group has sufficient funds to meet periodic payments of capital and interest.

**Results and state of affairs**

The financial statements on pages 5 to 21 set out the consolidated results for the year ended 30 April 2007 and reflect the state of the company's and the group's affairs as at that date.

**Dividends**

No dividends have been paid on the ordinary shares of the company (2006 - £ Nil)

**Directors**

The following were directors of the company during the year:

A J G Bilton  
B S Sandhu  
S Carey

**Creditor payment policy**

The group's operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is the group's policy that payments to suppliers are made in accordance with those terms provided that suppliers also comply with all relevant terms and conditions. At the year end date the group's trade creditors represented an average of approximately 20 days (2006 - 20 days) purchases.

**SANTON CAPITAL PLC**

**REPORT OF THE DIRECTORS**  
**(CONTINUED)**

**Purchase of own shares**

During the year the company purchased 124,000 ordinary shares of 50p each (representing 33% of the called-up share capital) at £36.30 per share in order to return surplus capital to shareholders. The aggregate amount of the consideration was £4,501,200.

**Statement of directors' responsibilities**

The directors are required by United Kingdom company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the results for that year.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates have been used in the preparation of the financial statements and that applicable accounting standards have been followed. The financial statements have been prepared on the going concern basis.

The directors are also responsible for maintaining proper accounting records which 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 preventing and detecting fraud and other irregularities.

**Auditors**

A resolution will be proposed at the forthcoming annual general meeting for the reappointment of Gerald Edelman, who have expressed their willingness to continue in office as auditors for the ensuing year.

**Statement of disclosure to auditors**

- a) So far as the directors are aware, there is no relevant audit information which has not been made available to the auditors.
- b) The directors have taken all necessary steps in order to make themselves aware of relevant audit information and to establish that the auditors are aware of it.

By order of the Board

DATED 29 November 2007

  
.....

**S. CAREY  
DIRECTOR AND  
COMPANY SECRETARY**

**SANTON CAPITAL PLC**

**INDEPENDENT AUDITORS' REPORT**  
**TO THE SHAREHOLDERS OF SANTON CAPITAL PLC**

We have audited the financial statements of Santon Capital plc for the year ended 30 April 2007 set out on pages 5 to 21. 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 auditor's 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 THE DIRECTORS AND AUDITORS**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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 judgements made by the director 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's and the group's affairs as at 30 April 2007 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985,
- The information given in the directors' report is consistent with the financial statements.

25 Harley Street  
London W1G 9BR

  
**GERALD EDELMAN**  
**REGISTERED AUDITOR AND**  
**CHARTERED ACCOUNTANTS**  
Date 29 November 2007

**SANTON CAPITAL PLC**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2007**

|  | <u>Note</u> | <u>2007</u>      | <u>2006</u>      |
|--|-------------|------------------|------------------|
|  |             | £                | £                |
| <b><u>Turnover</u></b>   | <b>2</b>    |                  |                  |
| Group and share of joint ventures                                  |             | 1,009,688        | 2,457,739        |
| Cost of sales  |             | (236,143)        | (376,266)        |
| <b><u>Gross profit</u></b>   |             | <u>773,545</u>   | <u>2,081,473</u> |
| Profit on sale of fixed assets                                     |             | 469,753          | 2,818,562        |
| Administrative expenses  |             | (1,769,078)      | (3,896,384)      |
| Exceptional costs  | <b>3</b>    | -                | (944,671)        |
| Other income   |             | 542,125          | 128,117          |
| Share of operating loss of joint ventures                          |             | (3,936)          | (5,751)          |
| Net interest receivable/(payable).                                 | <b>6</b>    |                  |                  |
| Group  |             | (161,592)        | 48,018           |
| Joint ventures   |             | <u>83</u>        | <u>3,212</u>     |
|  |             | (161,509)        | 51,230           |
| <b><u>(Loss)/profit on ordinary activities before taxation</u></b> | <b>3</b>    | <u>(149,100)</u> | <u>232,576</u>   |
| Tax on loss on ordinary activities                                 | <b>7</b>    | (24,345)         | (564,447)        |
| <b><u>Loss on ordinary activities after taxation</u></b>           | <b>19</b>   | <u>(173,445)</u> | <u>(331,871)</u> |

The results for the current and previous accounting year relate to the continuing operations of the group

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

|   | <u>2007</u>    | <u>2006</u>      |
|---|----------------|------------------|
|   | £              | £                |
| <b><u>Reported loss on ordinary activities before taxation</u></b>          | (149,100)      | 232,576          |
| Realisation of property revaluation gains of previous years                 | 566,537        | 3,893,800        |
| <b><u>Historical cost profit on ordinary activities before taxation</u></b> | <u>417,437</u> | <u>4,126,376</u> |
| <b><u>Historical cost profit for the year retained after taxation</u></b>   | <u>393,092</u> | <u>3,561,929</u> |




**SANTON CAPITAL PLC**

**CONSOLIDATED BALANCE SHEET AS AT 30 APRIL 2007**

|   | <u>Note</u> | <u>2007</u>              | <u>2006</u>              |
|---|-------------|--------------------------|--------------------------|
|   |             | £                        | £                        |
| <b><u>Fixed assets</u></b>  |             |                          |                          |
| Tangible assets   | 9           | 6,069,659                | 6,056,615                |
| Investment in joint ventures  | 10          |                          |                          |
| Share of gross assets   |             | 51,745                   | 149,109                  |
| Share of gross liabilities  |             | (47,765)                 | (62,886)                 |
|   |             | 3,980                    | 86,223                   |
| Other investments   | 12          | 11,892,045               | 11,417,572               |
|   |             | <u>17,965,684</u>        | <u>17,560,410</u>        |
| <b><u>Current assets</u></b>  |             |                          |                          |
| Debtors   | 13          | 5,192,357                | 5,277,389                |
| Cash at bank and in hand  |             | 391,555                  | 276,855                  |
|   |             | <u>5,583,912</u>         | <u>5,554,244</u>         |
| <b><u>Creditors: amounts falling due within one year</u></b>          | 14          | (4,393,029)              | (5,582,801)              |
| <b><u>Net current assets/(liabilities)</u></b>                        |             | <u>1,190,883</u>         | <u>(28,557)</u>          |
| <b><u>Total assets less current liabilities</u></b>                   |             | <u>19,156,567</u>        | <u>17,531,853</u>        |
| <b><u>Creditors: amounts falling due after more than one year</u></b> | 15          | (7,031,577)              | (3,837,391)              |
| <b><u>Net assets</u></b>  |             | <u><u>12,124,990</u></u> | <u><u>13,694,462</u></u> |
| <b><u>Capital and reserves</u></b>                                    |             |                          |                          |
| Called up share capital   | 16          | 124,002                  | 186,002                  |
| Capital redemption reserve  | 17          | 92,000                   | 30,000                   |
| Capital reserve   |             | 407,683                  | 407,683                  |
| Merger reserve  |             | 195,053                  | 195,053                  |
| Revaluation reserve   | 18          | 5,242,287                | 2,681,146                |
| Profit and loss account   | 19          | 6,063,965                | 10,194,578               |
| <b><u>Equity shareholders' funds</u></b>                              |             | <u><u>12,124,990</u></u> | <u><u>13,694,462</u></u> |

The financial statements on pages 5 to 21 were approved by the board of directors on 29 November 2007

  
..... Director  
S. CAREY

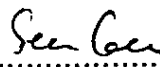
  
..... Director  
B.S. SANDHU

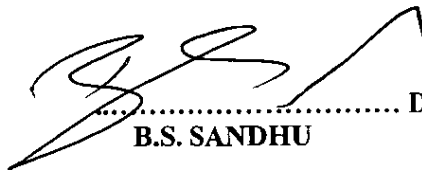
**SANTON CAPITAL PLC**

**PARENT COMPANY BALANCE SHEET AS AT 30 APRIL 2007**

|   | <u>Note</u> | <u>2007</u>       | <u>2006</u>       |
|---|-------------|-------------------|-------------------|
|   |             | £                 | £                 |
| <b><u>Fixed assets</u></b>  |             |                   |                   |
| Investment in joint ventures  | 10          | 511               | 511               |
| Investment in subsidiaries  | 11          | 366,211           | 366,213           |
| Other investments   | 12          | 7,382,535         | 5,568,197         |
|   |             | <u>7,749,257</u>  | <u>5,934,921</u>  |
| <b><u>Current assets</u></b>  |             |                   |                   |
| Debtors   | 13          | 4,152,960         | 9,974,929         |
| Cash at bank and in hand  |             | 295,136           | 173,141           |
|   |             | <u>4,448,096</u>  | <u>10,148,070</u> |
| <b><u>Creditor: amounts falling due within one year</u></b>           | 14          | (1,886,969)       | (2,444,281)       |
| <b><u>Net current assets</u></b>                                      |             | <u>2,561,127</u>  | <u>7,703,789</u>  |
| <b><u>Total assets less current liabilities</u></b>                   |             | <u>10,310,384</u> | <u>13,638,710</u> |
| <b><u>Creditors: amounts falling due after more than one year</u></b> | 15          | (21,339)          | (75,449)          |
| <b><u>Net assets</u></b>  |             | <u>10,289,045</u> | <u>13,563,261</u> |
| <b><u>Capital and reserves</u></b>                                    |             |                   |                   |
| Called up share capital   | 16          | 124,002           | 186,002           |
| Capital redemption reserve  | 17          | 92,000            | 30,000            |
| Revaluation reserve   | 18          | 1,406,250         | -                 |
| Profit and loss account   | 19          | 8,666,793         | 13,347,259        |
| <b><u>Equity shareholders' funds</u></b>                              |             | <u>10,289,045</u> | <u>13,563,261</u> |

The financial statements on pages 5 to 21 were approved by the board of directors on 29 November 2007

  
..... Director  
S. CAREY

  
..... Director  
B.S. SANDHU

**SANTON CAPITAL PLC**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007**

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

The group has no recognised gains and losses other than those included in the results shown on page 5 and therefore no separate statement of total recognised gains and losses has been presented

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

|  | <b><u>2007</u></b><br><b><u>£</u></b> | <b><u>2006</u></b><br><b><u>£</u></b> |
|--|---------------------------------------|---------------------------------------|
| Total recognised gains and losses for the year | (173,445)                             | (331,871)                             |
| Shareholders' funds at 30 April 2006           | 13,694,462                            | 14,032,520                            |
| Adjustment to opening reserves                 | 178                                   | (6,187)                               |
| Revaluation surplus                            | 3,127,500                             | -                                     |
| Purchase of own shares                         | (4,523,705)                           | -                                     |
|  | <u>                    </u>           | <u>                    </u>           |
| Shareholders' funds at 30 April 2007           | <u>12,124,990</u>                     | <u>13,694,462</u>                     |

**SANTON CAPITAL PLC**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH APRIL 2007**

|  | <u>Note</u> | <u>2007</u>        | <u>2006</u>        |
|--|-------------|--------------------|--------------------|
|  |             | £                  | £                  |
| <b><u>Net cash movement from operating activities</u></b>                            | <b>1</b>    | <b>(1,531,434)</b> | <b>(4,172,162)</b> |
| <b><u>Returns on investments and servicing of finance</u></b>                        |             |                    |                    |
| Interest receivable  | 217,763     | 401,789            |                    |
| Interest payable   | (379,272)   | (353,771)          |                    |
| <b><u>Net cash movement from returns on investments and servicing of finance</u></b> |             | <b>(161,509)</b>   | <b>48,018</b>      |
| <b><u>Taxation</u></b>   |             |                    |                    |
| Taxation paid  |             | (562,657)          | (293,897)          |
| <b><u>Capital expenditure and financial investment</u></b>                           |             |                    |                    |
| Additions to tangible fixed assets   | (7,693)     | (9,371)            |                    |
| Additions to fixed asset investments   | (25,000)    | (5,119,375)        |                    |
| Proceeds from disposal of fixed assets   | 1,500,000   | 9,768,562          |                    |
| Realisations in respect of joint ventures  | 81,087      | 635,012            |                    |
| Disposal of fixed asset investments  | 1,637,781   | -                  |                    |
| <b><u>Net cash movement from capital expenditure and financial investment</u></b>    |             | <b>3,186,175</b>   | <b>5,274,828</b>   |
| <b><u>Net cash movement before financing</u></b>                                     |             | <b>930,575</b>     | <b>856,787</b>     |
| <b><u>Financing</u></b>  |             |                    |                    |
| Purchase of own shares   | (4,523,705) |                    |                    |
| Bank and other loans – current   | 513,009     | 952,809            |                    |
| Bank and other loans – over one year   | 3,194,821   | (4,238,198)        |                    |
| <b><u>Net cash outflow from financing</u></b>  |             | <b>(815,875)</b>   | <b>(3,285,389)</b> |
| <b><u>Movement in cash in the year</u></b>   | <b>2, 3</b> | <b>114,700</b>     | <b>(2,428,602)</b> |

**SANTON CAPITAL PLC**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 APRIL 2007**

1

| <u>Reconciliation of operating results to net cash movement from operating activities</u> | <u>2007</u><br>£   | <u>2006</u><br>£   |
|---|--------------------|--------------------|
| Operating (loss)/profit   | 12,409             | (2,631,465)        |
| Profit on sale of fixed assets  | (469,753)          |                    |
| Depreciation charges  | 4,649              | 5,908              |
| Provision for impairment of fixed asset investment  | -                  | 944,671            |
| Opening balance adjustments   | -                  | (6,187)            |
| Movement in stocks  | -                  | 300,681            |
| Movement in debtors   | 83,708             | (3,251,163)        |
| Movement in creditors   | (1,162,447)        | 465,393            |
| <u>Net cash movement from operating activities</u>  | <u>(1,531,434)</u> | <u>(4,172,162)</u> |

2

| <u>Reconciliation of net cash outflow/inflow to movement in net debt</u> |                    |                    |
|--|--------------------|--------------------|
| Increase/(decrease) in cash in the year                                  | 114,700            | (2,428,602)        |
| Cash flow from debt  | (3,707,830)        | 3,285,389          |
| Change in net debt   | (3,593,130)        | 856,787            |
| Net debt at 30 April 2005  | (5,347,504)        | (6,204,291)        |
| Net debt at 30 April 2006  | <u>(8,940,634)</u> | <u>(5,347,504)</u> |

3.

|                           | <u>At</u><br><u>30.4.06</u><br>£ | <u>Cash</u><br><u>flows</u><br>£ | <u>At</u><br><u>30.4.07</u><br>£ |
|---------------------------|----------------------------------|----------------------------------|----------------------------------|
| Cash at bank and in hand  | 276,855                          | 114,700                          | 391,555                          |
| Bank loans and overdrafts |                                  |                                  |                                  |
| - within one year         | (1,375,082)                      | (118,912)                        | (1,493,994)                      |
| - after one year          | (3,761,942)                      | (1,218,544)                      | (4,980,486)                      |
| Other loans               |                                  |                                  |                                  |
| - within one year         | (411,887)                        | (394,096)                        | (805,983)                        |
| - after one year          | (75,448)                         | (1,976,278)                      | (2,051,726)                      |
|                           | <u>(5,347,504)</u>               | <u>(3,593,130)</u>               | <u>(8,940,634)</u>               |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007**

**Accounting policies**

**a) Accounting convention**

The financial statements have been prepared under the historical cost convention as modified by the inclusion of certain tangible fixed assets at valuation, and in accordance with applicable accounting standards

**b) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and those of its subsidiary undertakings and joint ventures made up to 30 April 2007

The company, as permitted by Section 230 of the Companies Act 1985, does not present its own profit and loss account

**c) Revenue recognition**

Turnover comprises property management fees and rental income. Income which is recognised in future accounting periods under the terms of a management services contract or rental agreement is carried forward as deferred income

**d) Joint ventures**

In the consolidated financial statements investments in joint ventures are accounted for under the gross equity method, pursuant to the requirements of FRS 9 Associates and Joint Ventures

In the company's financial statements investments in joint ventures are stated at cost

**e) Depreciation**

Provision for depreciation of tangible fixed assets is made on a reducing balance basis at rates calculated to write off the cost of the assets over their estimated useful lives, except leasehold improvements which are written off on a straight line basis over the unexpired term of the lease. The annual write down on net book value is -

|                                |     |
|--------------------------------|-----|
| Office furniture and equipment | 25% |
| Computer equipment             | 25% |

No depreciation is provided on freehold or leasehold investment properties, except where the unexpired term of a leasehold interest is less than twenty years. The directors consider that this accounting policy (which represents a departure from statutory accounting rules) is necessary to provide a true and fair view

Leases with an unexpired term of less than twenty years are depreciated over the length of the lease

**f) Stock**

Stock, comprising development projects and properties, is stated at the lower of cost and net realisable value. Cost comprises direct costs of purchase and development, all costs associated with the holding of the property in stock, interest payable on loans and overdrafts financing the development project and financing costs. Net realisable value is defined as estimated selling price less all further costs of development and estimated selling expenses

**SANTON CAPITAL PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007**  
**(CONTINUED)**

**1 Accounting policies - (continued)**

**g) Investment properties**

Purchases and sales of investment properties are accounted for on exchange of contract, unless the contract is conditional and the condition has not been satisfied at the date the financial statements are approved. In such circumstances the purchase or sale is accounted for on completion of contract.

Properties purchased in the year but subject to unconditional exchange of contracts at the balance sheet date are included in the financial statements at cost. Other properties held for investment purposes are included in the financial statements at their open market value. Surpluses or deficits arising on periodic revaluations of investment properties are transferred to revaluation reserve.

**h) Investments**

Investments held as fixed assets are stated at cost or revaluation less any provision for a permanent diminution in value.

**i) Deferred taxation**

Deferred tax is provided for on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date. No timing differences are recognised in respect of gains on sale of assets where those gains have been rolled over into replacement assets. Deferred tax assets are recognised to the extent that they are recoverable, that is, on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Any assets and liabilities recognised have not been discounted.

**2 Turnover**

Turnover represents income receivable from the principal activities of the group, exclusive of VAT.

| <b>3 <u>Profit on ordinary activities before taxation</u></b> | <b><u>2007</u></b><br><b>£</b> | <b><u>2006</u></b><br><b>£</b> |
|---|--------------------------------|--------------------------------|
| The profit is stated after charging/(crediting)               |                                |                                |
| Staff costs (note 4)  | 1,251,821                      | 3,378,726                      |
| Auditors' remuneration  |                                |                                |
| - audit services  | 25,000                         | 21,525                         |
| - tax compliance services                                     | 3,000                          | -                              |
| Depreciation and amounts written off fixed assets             | 4,649                          | 5,908                          |
| Exceptional cost  |                                |                                |
| provision for impairment of fixed asset investment            | -                              | 944,671                        |
|   | <u>                    </u>    | <u>                    </u>    |

**SANTON CAPITAL PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007**  
**(CONTINUED)**

|          |  |                                |                                |
|----------|--|--------------------------------|--------------------------------|
| <b>4</b> | <b><u>Staff costs</u></b>  | <b><u>2007</u></b><br><b>£</b> | <b><u>2006</u></b><br><b>£</b> |
|          | Staff costs, including directors' remuneration (note 5), were as follows - |                                |                                |
|          | Wages and salaries   | 1,074,606                      | 2,933,501                      |
|          | Ex gratia costs  | -                              | 10,800                         |
|          | Social security costs  | 153,215                        | 369,599                        |
|          | Other pension costs  | 24,000                         | 64,826                         |
|          |  | <u>1,251,821</u>               | <u>3,378,726</u>               |
|          | Average number of staff employed, including directors                      | <u>8</u>                       | <u>12</u>                      |
| <b>5</b> | <b><u>Directors' remuneration</u></b>                                      | <b><u>2007</u></b><br><b>£</b> | <b><u>2006</u></b><br><b>£</b> |
|          | Aggregate emoluments   | 1,012,685                      | 2,115,720                      |
|          | Emoluments of highest paid director  | <u>441,000</u>                 | <u>1,620,281</u>               |
|          | Aggregate contributions into defined contribution pension schemes          | <u>24,000</u>                  | <u>64,826</u>                  |
|          | Number of directors within defined contribution pension schemes            | <u>2</u>                       | <u>2</u>                       |
| <b>6</b> | <b><u>Net interest payable/(receivable)</u></b>                            | <b><u>2007</u></b><br><b>£</b> | <b><u>2006</u></b><br><b>£</b> |
|          | <b><u>Group</u></b>  |                                |                                |
|          | Bank interest payable  | 358,068                        | 229,252                        |
|          | Other interest payable   | 21,204                         | 124,519                        |
|          | Interest receivable  | (217,680)                      | (401,789)                      |
|          |  | <u>161,592</u>                 | <u>(48,018)</u>                |
|          | <b><u>Joint ventures</u></b>   |                                |                                |
|          | Interest receivable  | <u>(83)</u>                    | <u>(3,212)</u>                 |



**SANTON CAPITAL PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007**

**(CONTINUED)**

| <b>7</b> | <b><u>Tax on profit on ordinary activities</u></b>                                       | <b><u>2007</u></b> | <b><u>2006</u></b> |
|----------|--|--------------------|--------------------|
|          |  | <b>£</b>           | <b>£</b>           |
|          | UK Corporation tax on profit for the year - group  | (24,345)           | (554,382)          |
|          | Adjustment in respect of prior years - group   | -                  | (10,065)           |
|          |  | <u>(24,345)</u>    | <u>(564,447)</u>   |
|          | Current tax (charge)/credit  |                    |                    |
|          | Factors affecting the tax charge for the year  |                    |                    |
|          | (Loss)/profit on ordinary activities before taxation                                     | <u>(149,100)</u>   | <u>232,576</u>     |
|          | Profit on ordinary activities multiplied by rate of UK Corporation Tax of 30% (2005 30%) | 44,729             | (69,773)           |
|          | Effects of   |                    |                    |
|          | Adjustments to previous periods  | (63,851)           | (10,065)           |
|          | Non-taxable and other items  | (208,169)          | (285,223)          |
|          | Chargeable disposal  | (59,871)           | (1,182,967)        |
|          | Capital allowances   | 5,466              | 5,422              |
|          | Other available tax allowances   | 257,351            | 978,159            |
|          |  | <u>(24,345)</u>    | <u>(564,447)</u>   |
|          | Current tax charge   |                    |                    |

**8** **Parent company profit and loss account**

The (loss)/profit dealt with in the financial statements of the parent company was £(156,761) (2006 - £1,925,328)

**9** **Tangible fixed assets**

|   | <b><u>Freehold investment properties</u></b> | <b><u>Office furniture and equipment</u></b> | <b><u>Total</u></b> |
|---|--|--|---------------------|
| <b><u>Cost/Valuation</u></b>                  | <b>£</b>                                     | <b>£</b>                                     |                     |
| At 30 April 2006                              | 6,022,434                                    | 50,318                                       | 6,072,752           |
| Additions                                     | -  | 7,693  | 7,693               |
| Disposals                                     | (1,180,000)                                  | -  | (1,180,000)         |
| Revaluation surplus                           | 1,190,000                                    | -  | 1,190,000           |
|   | <u>6,032,434</u>                             | <u>58,011</u>                                | <u>6,090,445</u>    |
| At 30 April 2007                              |  |  |                     |
| <b><u>Depreciation</u></b>                    |  |  |                     |
| At 30 April 2006                              | -  | 16,137                                       | 16,137              |
| Charge for the year                           | -  | 4,649  | 4,649               |
| Disposals                                     | -  | -  | -                   |
|   | <u>-</u>                                     | <u>20,786</u>                                | <u>20,786</u>       |
| At 30 April 2007                              |  |  |                     |
| <b><u>Net book value at 30 April 2007</u></b> | <u>6,032,434</u>                             | <u>37,225</u>                                | <u>6,069,659</u>    |
| <b><u>Net book value at 30 April 2006</u></b> | <u>6,022,434</u>                             | <u>34,181</u>                                | <u>6,056,615</u>    |

**SANTON CAPITAL PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007**  
**(CONTINUED)**

**9 Tangible fixed assets (continued)**

The group's investment properties are included at open market value as determined by the directors as at the balance sheet date. The historical cost of the investment properties at 30 April 2007 was £2,745,211 (2006 - £3,341,288)

No provision is made for the potential liability to taxation that would arise in the event of realisation of the freehold investment property at the amount at which it is stated in the financial statements. If the freehold investment properties were sold, the taxation liability would amount to approximately £630,000 (2006 - £750,000)

| <b>10 <u>Investment in joint ventures</u></b> | <b><u>2007</u></b> | <b><u>2006</u></b> |
|---|--------------------|--------------------|
|   | <b>£</b>           | <b>£</b>           |
| <b><u>Group</u></b>                           |                    |                    |
| Share of gross assets less gross liabilities  | 5,136              | 86,223             |
| At 30 April 2007                              | <u>5,136</u>       | <u>86,223</u>      |
| <b><u>Company</u></b>                         |                    |                    |
| Investment in shares – at cost                | £                  |                    |
| At 30 April 2006 and at 30 April 2007         | <u>511</u>         |                    |

The company and the group have interests in the called up share capital of the following joint ventures, all of which are involved in property development or property investment activities

| <b><u>Company</u></b>         | <b><u>Issued share capital</u></b> | <b><u>Percentage Interest</u></b> |
|-------------------------------|------------------------------------|-----------------------------------|
| Fifty Five Management Limited | 2 Ordinary £1 shares               | 50                                |
| The Highland Club Limited*    | 4 Ordinary £1 shares               | 50                                |
| Raven Hercules Limited        | 2 Ordinary £1 shares               | 50                                |
| Audley Court Limited          | 4 Ordinary £1 shares               | 50                                |
| Raven (Burghill) Limited*     | 1,000 Ordinary £1 shares           | 24.9                              |
| Raven (St Andrews) Limited*   | 1,000 Ordinary £1 shares           | 24.9                              |
| Raven Tower Limited           | 100 Ordinary £1 shares             | 50                                |
| Raven Five Ways Limited*      | 10 Ordinary A £1 shares)           | 50                                |
|                               | 10 Ordinary B £1 shares)           |                                   |
|                               | 80 Deferred £1 shares              |                                   |

\*Owned directly by the company

# SANTON CAPITAL PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007 (CONTINUED)

### 10 Investment in joint ventures (continued)

The aggregate amount of capital and reserves and the results of the joint ventures for the last relevant period were as follows

|                               | <u>Capital<br/>and reserves</u><br>£ | <u>Profit/(loss)<br/>for the period</u><br>£ |
|-------------------------------|--------------------------------------|--|
| Fifty Five Management Limited | 4                                    | -  |
| The Highland Club Limited     | 4                                    | -  |
| Raven Hercules Limited        | (16,022)                             | -  |
| Audley Court Limited          | (3,506)                              | -  |
| Raven (Burghill) Limited      | 6,538                                | (2,855)                                      |
| Raven (St Andrews) Limited    | 2,798                                | 1,396  |
| Raven Tower Limited           | (11,170)                             | (12,165)                                     |
| Raven Five Ways Limited       | 29,315                               | (1,966)                                      |

FRS 9 Associates and Joint Ventures requires the following additional disclosures in respect of the group's joint ventures

|                                   | <u>2007</u><br>£ | <u>2006</u><br>£ |
|-----------------------------------|------------------|------------------|
| Aggregate of the group's share of |                  |                  |
| Current assets                    | 51,745           | 149,109          |
| Liabilities due within one year   | (47,765)         | (62,886)         |
| Share of net assets               | <u>3,980</u>     | <u>86,223</u>    |

### 11 Investment in subsidiaries

| <u>Company</u>                                  | £              |
|---|----------------|
| At 30 April 2006 and at 30 April 2007 – at cost | <u>366,211</u> |

The company and the group have interests in the called up share capital of the following subsidiary undertakings, all of which are wholly-owned and are variously involved in property trading, development or investment activities -

| <u>Company</u>                       | <u>Issued share capital</u>   |
|--------------------------------------|-------------------------------|
| Santon Homes Plc*                    | - 228,002 Ordinary 50p shares |
| Raven Commercial Properties Plc*     | - 204,002 Ordinary 50p shares |
| Santon Property Investments Limited* | - 100 Ordinary £1 shares      |
| Santon Close Nominees Limited*       | - 2 Ordinary £1 shares        |
| Santon Management Limited*           | - 2 Ordinary £1 shares        |
| Santon Investments Limited*          | - 100 Ordinary £1 shares      |
| Santon Pub Company Limited*          | - 2 Ordinary £1 shares        |
| Santon Property Company Limited*     | - 2 Ordinary £1 shares        |
| Santon Putney Limited*               | - 2 Ordinary £1 shares        |

\* Owned directly by the company

**SANTON CAPITAL PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007**  
**(CONTINUED)**

| 12 | <b><u>Fixed asset investments</u></b>          | <b><u>Group</u></b> |                    | <b><u>Company</u></b> |                    |
|----|--|---------------------|--------------------|-----------------------|--------------------|
|    |  | <b><u>2007</u></b>  | <b><u>2006</u></b> | <b><u>2007</u></b>    | <b><u>2006</u></b> |
|    |  | <b>£</b>            | <b>£</b>           | <b>£</b>              | <b>£</b>           |
|    | Listed investments at cost                     | 6,235,073           | 6,235,073          | 4,535,073             | 4,535,073          |
|    | Revaluation surplus                            | 1,937,500           | -                  | 1,406,250             | -                  |
|    |  | <hr/>               | <hr/>              | <hr/>                 | <hr/>              |
|    | At 30 April 2007                               | <u>8,172,573</u>    | <u>6,235,073</u>   | <u>5,941,323</u>      | <u>4,535,073</u>   |
|    | Unlisted investments                           |                     |                    |                       |                    |
|    | At 30 April 2006                               | 5,182,499           | 6,127,170          | 1,033,124             | 1,033,124          |
|    | Additions                                      | 25,000              | -                  | 408,088               | -                  |
|    | Disposal                                       | (1,488,027)         | -                  | -                     | -                  |
|    | Provision for impairment                       | -                   | (944,671)          | -                     | -                  |
|    |  | <hr/>               | <hr/>              | <hr/>                 | <hr/>              |
|    | At 30 April 2007                               | <u>3,719,472</u>    | <u>5,182,499</u>   | <u>1,441,212</u>      | <u>1,033,124</u>   |
|    | Total fixed asset investments at 30 April 2007 | <u>11,892,045</u>   | <u>11,417,572</u>  | <u>7,382,535</u>      | <u>5,568,197</u>   |

The unlisted investments include an interest in 1,000,000 preference shares of £1 each in Santon Developments Plc, a company in which Messrs A J G Bilton and B S Sandhu have a material interest. A dividend of £50,000 was received during the year.

The listed investments comprise 7,750,000 ordinary shares of 1p each in Raven Mount plc, an AIM listed company in which Messrs A J G Bilton and B S Sandhu have a material interest. The market value of the listed investment on 30 April 2007 was £12,245,000. Dividends of £492,125 (2006- £77,500) were received during the year.

| 13 | <b><u>Debtors</u></b>                   | <b><u>Group</u></b> |                    | <b><u>Company</u></b> |                    |
|----|---|---------------------|--------------------|-----------------------|--------------------|
|    |   | <b><u>2007</u></b>  | <b><u>2006</u></b> | <b><u>2007</u></b>    | <b><u>2006</u></b> |
|    |   | <b>£</b>            | <b>£</b>           | <b>£</b>              | <b>£</b>           |
|    | Trade debtors                           | 2,882               | 8,127              | -                     | -                  |
|    | Amounts owed by subsidiary undertakings | -                   | -                  | 4,017,797             | 5,581,387          |
|    | Amounts owed by joint ventures          | 14,530              | 14,530             | 14,530                | 14,530             |
|    | Other debtors                           | 5,128,663           | 5,173,147          | 83,332                | 4,379,012          |
|    | Prepayments and accrued income          | 46,282              | 81,585             | 37,301                | -                  |
|    |   | <hr/>               | <hr/>              | <hr/>                 | <hr/>              |
|    |   | <u>5,192,357</u>    | <u>5,277,389</u>   | <u>4,152,960</u>      | <u>9,974,929</u>   |

**SANTON CAPITAL PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007**  
**(CONTINUED)**

| 14 | <b><u>Creditors: amounts falling due within one year</u></b> | <b><u>Group</u></b> |                    | <b><u>Company</u></b> |                    |
|----|--|---------------------|--------------------|-----------------------|--------------------|
|    |  | <b><u>2007</u></b>  | <b><u>2006</u></b> | <b><u>2007</u></b>    | <b><u>2006</u></b> |
|    |  | <b><u>£</u></b>     | <b><u>£</u></b>    | <b><u>£</u></b>       | <b><u>£</u></b>    |
|    | Bank loans and overdrafts                                    | 1,494,629           | 1,375,081          | -                     | -                  |
|    | Other loans  | 805,983             | 411,887            | -                     | 411,887            |
|    | Trade creditors  | 27,099              | 25,312             | -                     | -                  |
|    | Amounts owed to subsidiary undertakings                      | -                   | -                  | 798,449               | 765,833            |
|    | Amounts owed to joint ventures                               | 63,466              | 208,001            | 25,649                | 31,895             |
|    | Current corporation tax                                      | -                   | 538,770            | -                     | 108,455            |
|    | Other taxes and social security                              | 26,656              | 265,719            | -                     | -                  |
|    | Other creditors  | 1,202,109           | 2,559,623          | 1,053,872             | 1,115,560          |
|    | Accruals and deferred income                                 | 773,087             | 198,408            | 8,999                 | 10,651             |
|    |  | <u>4,393,029</u>    | <u>5,582,801</u>   | <u>1,886,969</u>      | <u>2,444,281</u>   |

Bank loans and overdrafts are secured by fixed and floating charges over the group's assets and by first charges over the group's properties

| 15                            | <b><u>Creditors: amounts falling due after more than one year</u></b> | <b><u>Group</u></b> |                    | <b><u>Company</u></b> |                    |
|-------------------------------|---|---------------------|--------------------|-----------------------|--------------------|
|                               |   | <b><u>2007</u></b>  | <b><u>2006</u></b> | <b><u>2007</u></b>    | <b><u>2006</u></b> |
|                               |   | <b><u>£</u></b>     | <b><u>£</u></b>    | <b><u>£</u></b>       | <b><u>£</u></b>    |
|                               | Bank loans  | 4,979,851           | 3,761,942          | -                     | -                  |
|                               | Other loans   | 2,051,726           | 75,449             | 21,339                | 75,449             |
|                               |   | <u>7,031,577</u>    | <u>3,837,391</u>   | <u>21,339</u>         | <u>75,449</u>      |
| <b>Loan maturity analysis</b> |   |                     |                    |                       |                    |
|                               | In more than one but not more than two years                          | 21,339              | 429,613            | 21,339                | -                  |
|                               | In more than two but not more than five years                         | 4,979,851           | 1,893,843          | -                     | 75,449             |
|                               | In more than five years   | 2,030,387           | 1,513,935          | -                     | -                  |
|                               |   | <u>7,031,577</u>    | <u>3,837,391</u>   | <u>21,339</u>         | <u>75,449</u>      |

**SANTON CAPITAL PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007**  
**(CONTINUED)**

|    |   |                                |                                |
|----|---|--------------------------------|--------------------------------|
| 16 | <b><u>Called up share capital</u></b>     | <b><u>2007</u></b><br><b>£</b> | <b><u>2006</u></b><br><b>£</b> |
|    | <b><u>Authorised</u></b>                  |                                |                                |
|    | 1,000,000 Ordinary shares of 50p each     | 500,000                        | 500,000                        |
|    | <b><u>Issued and fully paid</u></b>       |                                |                                |
|    | 248,004 Ordinary shares of 50p each       | 124,002                        | 186,002                        |
| 17 | <b><u>Capital redemption reserve</u></b>  | <b><u>2007</u></b>             | <b><u>2006</u></b>             |
|    | At 30 April 2006                          | 30,000                         | 30,000                         |
|    | Shares redeemed during the year           | 62,000                         | -                              |
|    | At 30 April 2007                          | 92,000                         | 30,000                         |
| 18 | <b><u>Revaluation reserve</u></b>         | <b><u>2007</u></b><br><b>£</b> | <b><u>2006</u></b><br><b>£</b> |
|    | <b><u>Group</u></b>                       |                                |                                |
|    | At 30 April 2006                          | 2,681,146                      | 6,574,946                      |
|    | Realisation of property revaluation gains | (566,537)                      | (3,893,800)                    |
|    | Revaluation surplus                       | 3,127,500                      | -                              |
|    | Opening balance adjustments               | 178                            | -                              |
|    | At 30 April 2007                          | 5,242,287                      | 2,681,146                      |
|    | <b><u>Company</u></b>                     |                                |                                |
|    | Revaluation surplus                       | 1,406,250                      | -                              |
|    | At 30 April 2007                          | 1,406,250                      | -                              |
| 19 | <b><u>Profit and loss account</u></b>     | <b><u>2007</u></b><br><b>£</b> | <b><u>2006</u></b><br><b>£</b> |
|    | <b><u>Group</u></b>                       |                                |                                |
|    | At 30 April 2006                          | 10,194,578                     | 6,638,836                      |
|    | Opening balance adjustments               | -                              | (6,187)                        |
|    | Retained loss for the year                | (173,445)                      | (331,871)                      |
|    | Realisation of property revaluation gains | 566,537                        | 3,893,800                      |
|    | Purchase of own shares                    | (4,523,705)                    | -                              |
|    | At 30 April 2007                          | 6,063,965                      | 10,194,578                     |
|    | <b><u>Company</u></b>                     |                                |                                |
|    | At 30 April 2006                          | 13,347,259                     | 11,421,877                     |
|    | Retained (loss)/profit for the year       | (156,761)                      | 1,925,382                      |
|    | Purchase of own shares                    | (4,523,705)                    | -                              |
|    | At 30 April 2007                          | 8,666,793                      | 13,347,259                     |

**SANTON CAPITAL PLC**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007**  
**(CONTINUED)**

**20 Financial commitments**

At 30 April 2007 the group had annual commitments under non-cancellable operating leases as follows

|                                  | <u>2007</u><br>£ | <u>2006</u><br>£ |
|----------------------------------|------------------|------------------|
| <b><u>Land and buildings</u></b> |                  |                  |
| Expiry date                      |                  |                  |
| In over five years               | 129,000          | 129,000          |

**21 Control**

At 30 April 2007 the company was controlled by A J G Bilton and B S Sandhu

**22 Related party transactions**

a) Included in the group's debtors /(creditors) are the following balances with joint ventures

|                             | <u>2007</u><br>£ | <u>2006</u><br>£ |
|-----------------------------|------------------|------------------|
| Audley Court Limited        | 3,510            | 3,510            |
| Raven Hercules Limited      | 11,020           | 11,020           |
| Raven Tower Limited         | (37,817)         | 176,107          |
| Raven Five Ways Limited     | -                | -                |
| Raven (St Andrews) Limited  | (6,693)          | 31,894           |
| Raven Highland Club Limited | (916)            | -                |
| Raven (Burghill) Limited    | (18,070)         | -                |

**SANTON CAPITAL PLC**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2007**  
**(CONTINUED)**

**22 Related party transactions (continued)**

- b) Included in the group's creditors is a loan of £21,339 (2006 - £75,449) payable to Santon Pension Fund, in which A J G Bilton and B S Sandhu are trustees and beneficiaries. The loan is subject to interest at the rate of 3% per annum over Base Rate and is repayable within two years. Interest paid during the year was £3,079 (2006 - £5,741).
- c) Included in the group debtors/(creditors) are the following balances with companies in which A J G Bilton and B S Sandhu have a direct or indirect material interest:

|                                   | <u>2007</u><br>£ | <u>2007</u><br>£                         | <u>2006</u><br>£ | <u>2006</u><br>£                         |
|-----------------------------------|------------------|--|------------------|--|
|                                   | Balance          | Net Interest<br>Payable/<br>(Receivable) | Balance          | Net Interest<br>Payable/<br>(Receivable) |
| Santon Developments plc           | (989,799)        | (35,321)                                 | (1,071,590)      | 92,480                                   |
| Santon Retail Limited             | -                | -  | 55,252           | (5,878)                                  |
| Santon Group Developments Limited | -                | -  | 111,592          | (10,154)                                 |
| Raven Highlands Limited           | -                | -  | 3,306,261        | (178,582)                                |

- d) During the year the group rendered management charges in the ordinary course of business to the following subsidiaries of Santon Developments plc:

|                                   | <u>2007</u><br>£ | <u>2006</u><br>£ |
|-----------------------------------|------------------|------------------|
| Santon Group Developments Limited | 1,273,000        | 1,163,750        |

- e) Included in the group's creditors is a loan of £nil (2006 - £411,887) payable to Hillside Management Services Limited, a company in which a director, B S Sandhu has a material interest. The loan was repaid on 28 July 2006. Interest paid to Hillside Management Services Limited amounted to £6,738 (2006 - £18,424).
- f) The group has made net loans of £3,220,500 and £440,000 to Advent Brasil Mineracao Ltda and Morrinho Mineracao Ltda respectively and has a receivable due from Advent Brasil Mineracao Ltda of £88,440 at 30 April 2007. A J G Bilton and B S Sandhu hold material interests in these entities.
- g) The company has taken advantage of the exemption from the disclosure of related party transactions between companies included in the consolidated financial statements of Santon Capital Plc.

**23 Contingent liability**

The company has a potential corporation tax clawback of £978,000 resulting from any disposal of its investments in Enterprise Zone Trusts within 7 years from date of purchase.