

3941727

Lindsell Train Limited

Report and Accounts

Period from 7th March 2000 to 31st January 2001



DIRECTORS

Michael James Lindsell
Nick John Train

SECRETARY

Michael C.Y. Lim
(appointed 27th February 2001)

AUDITORS

RSM Robson Rhodes
186 City Road
London EC1

BANKERS

Royal Bank of Scotland plc
62/63 Threadneedle Street
London EC1

SOLICITORS

Dechert
2 Serjeants' Inn
London EC4

REGISTERED OFFICE

1st Floor
35 Thurloe Street
London SW17

DIRECTORS' REPORT

The directors present their first report and accounts for the period ended 31st January 2001.

INCORPORATION AND COMMENCEMENT OF BUSINESS

The company was incorporated on 7th March 2000 and commenced business on 31st May 2000. The company obtained authorisation from the Investment Management Regulatory Organisation on 8th December 2000.

RESULTS AND DIVIDENDS

The loss for the period is set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend. A loss of £ 100,126 has been transferred to reserves.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity is the provision of fund management services. The directors are encouraged by the two investment mandates received by the Company during the period and are optimistic about the future of the company.

DIRECTORS AND THEIR INTERESTS

The directors at 31st January 2001 and their interests in the share capital of the company were as follows:

	Ord Shares £1 As at 31.5.00	Ord. Shares £100 As at 31.1.01
Michael Lindsell (appointed 31 st May 2000)	Nil	1,000 shares
Nick Train (appointed 31 st May 2000)	1 share	1,000 shares

TSD Nominees Limited was appointed as a director on incorporation and resigned on 31st May 2000.

During the period rights to subscribe the shares in or debentures of the company have not been granted to, or exercised by, any director or a member of his immediate family.

AUDITORS

A resolution to re-appoint RSM Robson Rhodes as auditors will be put to the members at the Annual General Meeting.

On behalf of the board

Director



STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE ANNUAL REPORT

Company law in the United Kingdom requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these accounts, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards; and
- prepared the accounts on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts 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.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
LINSELL TRAIN LIMITED.**

We have audited the accounts on pages 5 to 12.

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the accounts 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 accounts, 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 information contained in the Annual Report and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any information outside the Annual Report.

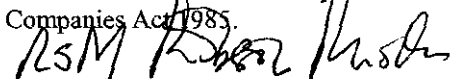
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 January 2001 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes
Chartered Accountants and Registered Auditors
London, England

Date 26 April 2001

Lindsell Train Limited

PROFIT AND LOSS ACCOUNT

for the period ended 31st January 2001

		7 th March 2000 to 31 st January 2001
	Notes	£
CONTINUING OPERATIONS - TURNOVER		
Management fees	2	39,800
ADMINISTRATIVE EXPENSES		(140,772)
CONTINUING OPERATIONS - OPERATING LOSS	3	(100,972)
Bank interest receivable		846
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION FOR THE FINANCIAL YEAR		(100,126)
Tax on loss on ordinary activities for the financial year	6	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION (TAKEN TO RESERVES) FOR THE FINANCIAL YEAR		(100,126)

STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss attributable to the shareholders of the company.

Lindsell Train Limited

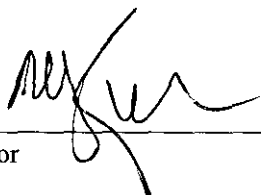
BALANCE SHEET

At 31st January 2001

		31 st January 2001	
	Notes	£	£
FIXED ASSETS			
Tangible assets	7		54,469
CURRENT ASSETS			
Debtors	8	56,721	
Cash at bank		172,330	
		<u>229,051</u>	
CREDITORS: amounts falling due within one year	9	(42,046)	
NET CURRENT ASSETS			<u>187,005</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>241,474</u>
CREDITORS: amounts falling due after more than one year	10		(75,000)
			<u>166,474</u>
CAPITAL AND RESERVES			
Called up Share Capital	11		266,600
Profit and loss account	12		(100,126)
SHAREHOLDERS' FUNDS - EQUITY			<u>166,474</u>

The accounts were approved by the Board on *26th April 2001* and signed on its behalf by Michael Lindsell.

Director



Lindsell Train Limited

CASH FLOW STATEMENT for the period ended 31st January 2001

	Notes	7 th March 2000 to 31 st January 2001 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	15	(110,256)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	16	-
TAXATION		-
EQUITY DIVIDENDS PAID		-
CAPITAL EXPENDITURE	16	(59,014)
		<hr/> (169,270)
MANAGEMENT OF LIQUID RESOURCES	16	(125,000)
FINANCING	16	341,600
INCREASE IN CASH	17	<hr/> 47,330 <hr/>

NOTES TO THE ACCOUNTS
at 31st January 2001

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards and under the historical convention. The particular accounting policies adopted are described below :

Fixed assets

All fixed assets are recorded at cost less depreciation.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Owned equipment	-	33.33%
Fixtures & Fittings	-	33.33%
Computer Software	-	33.33%

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Leasing commitments

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

2. TURNOVER

Turnover, which is stated net of value added tax, is attributable to one continuing activity, the supply of investment management services. Fees are recognised once receivable.

3. OPERATING LOSS

This is stated after charging:

Period 7th March 2000
to 31st January 2001

	£
Depreciation of owned fixed assets	4,545
Auditors' remuneration:	
Audit services	4,000
Non audit services – current auditor	1,000
- previous auditor	4,000
Operating lease rentals:	
Land and buildings	4,662
	<hr/>

Lindsell Train Limited

NOTES TO THE ACCOUNTS

at 31st January 2001

4. STAFF COSTS

	£
Wages and salaries	11,882
Social security costs	1,587
	<u>13,469</u>

The average number of employees during the period was as follows:

	No.
Administration/compliance	2
Fund management	2
	<u>4</u>

5. DIRECTORS' EMOLUMENTS

Directors' Remuneration	£ 3,730
-------------------------	---------

6. TAX ON LOSS ON ORDINARY ACTIVITIES

UK corporation tax due for the period ended 31st January 2001 - Nil

7. TANGIBLE FIXED ASSETS

	Software £	Owned equipment £	Furniture and fixtures £	Total £
Cost:				
Additions	29,550	28,143	1,321	59,014
At 31 Jan 2001	<u>29,550</u>	<u>28,143</u>	<u>1,321</u>	<u>59,014</u>
Depreciation:				
Provided during the period	1,925	2,477	143	4,545
At 31 Jan 2001	<u>1,925</u>	<u>2,477</u>	<u>143</u>	<u>4,545</u>
Net book value				
At 31 Jan 2001	<u>27,625</u>	<u>25,666</u>	<u>1,178</u>	<u>54,469</u>

Lindsell Train Limited

NOTES TO THE ACCOUNTS

at 31st January 2001

8. DEBTORS

	2001 £
Accrued Income	25,281
VAT recoverable	6,580
Prepayments	5,389
Bank Interest Receivable	846
Other Debtors	18,625
	<u>56,721</u>

9. CREDITORS

	2001 £
Trade creditors	1,924
PAYE and Social Security	1,642
Accruals	38,480
Corporation Tax Creditor	-
	<u>42,046</u>

10. CREDITORS: amounts falling due after more than one year

	2001 £
Subordinated Loan	75,000
	<u>75,000</u>

Repayment of the loan is subordinated to the rights of other creditors. The subordinated loan is repayable after more than five years and is interest free. The Company may make an early repayment only with the prior written consent of the Investment Management Regulatory Organisation. The lenders of the subordinated loan are Michael Lindsell and Nick Train, who are also Directors of the Company.

11. SHARE CAPITAL

	No.	£
Ordinary Shares of £100 each		
Authorised	2,666	266,600
Allotted and fully paid	2,666	266,600

During the period, the authorised share capital was increased by £265,600 by the creation of 265,600 ordinary shares of £1 each. The shares were subsequently consolidated into 2,666 ordinary shares of £100 each. 2,666 ordinary shares were issued fully paid for cash of £266,600.

Lindsell Train Limited

NOTES TO THE ACCOUNTS at 31st January 2001

12. SHARE CAPITAL, MOVEMENT ON RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £	Profit and loss account £	Total shareholders' funds £
Issued during the period	266,600	-	266,600
Loss attributable to members of the company	-	(100,126)	(100,126)
Balance at 31 st January 2001	<u>266,600</u>	<u>(100,126)</u>	<u>166,474</u>

13. RELATED PARTY TRANSACTIONS

One director of the company is also a director of the Lindsell Train Investment Trust plc of which the Company is acting as investment manager. Investment management fees received by the company amounted to £4,215 and is due at the end of the period. The Lindsell Train Investment Trust plc has an interest of 24.98% in the ordinary share capital of the Company.

Both directors have lent money to the Company in the form of a subordinated loan (see Note 10)

14. OTHER FINANCIAL COMMITMENTS

At 31st January 2001 the company had annual commitments under non-cancellable operating leases for land and buildings as set out below:

	Land and buildings 2001 £
Operating leases which expire:	
Less than 1 year	<u>11,500</u>

The Company's premises lease is for a term with an annual rent of £17,250 which is payable quarterly in advance on the usual quarter days in each year. Lease obligations are being charged on the basis that operating lease payments are amortised over the lease term.

15. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2001 £
Operating loss	(100,126)
Depreciation charges	4,545
Increase in debtors	(56,721)
Increase in creditors	<u>42,046</u>
Net cash outflow from operating activities	<u>(110,256)</u>

Lindsell Train Limited

NOTES TO THE ACCOUNTS at 31st January 2001

16. GROSS CASH FLOWS

	2001 £
Returns on Investments and Servicing of Finance	
Interest received	-
	<u> </u>
Capital expenditure	
Payments to acquire tangible fixed assets	59,014
	<u> </u>
Financing	
Issue of ordinary share capital	266,600
Issue of subordinated loan	75,000
	<u> </u>
	341,600
	<u> </u>
Management of liquid resources	
Cash placed on term deposit	125,000
	<u> </u>

17. RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET CASH

	2001 £
Increase in cash	47,330
Cash received on issue of subordinated loan	(75,000)
Cash used to increase liquid resources	125,000
	<u> </u>
Change in net cash	97,330
Net cash at start of period	-
	<u> </u>
Net cash at 31 January 2001	97,330
	<u> </u>

	2000 £	Cash flows £	2001 £
Cash at bank	-	47,330	47,330
Term Deposits	-	125,000	125,000
	<u> </u>	<u> </u>	<u> </u>
	-	172,330	172,330
Subordinated loans due after one year	-	(75,000)	(75,000)
	<u> </u>	<u> </u>	<u> </u>
	-	97,330	97,330
	<u> </u>	<u> </u>	<u> </u>