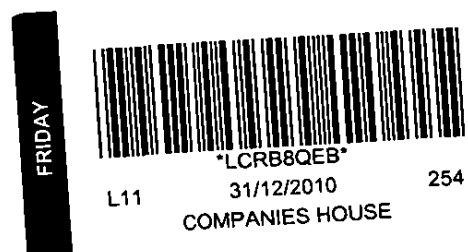


THREADNEEDLE EQUITIES LIMITED



Directors' Report And Financial Statements

For the period ended 31 March 2010

Company Registration No 04461659 (England And Wales)

THREADNEEDLE EQUITIES LIMITED

COMPANY INFORMATION

Directors	T H G Lyle D K Papworth
Secretary	D K Papworth
Company number	04461659
Registered office	33 Throgmorton Street London EC2N 2BR
Auditors	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD

THREADNEEDLE EQUITIES LIMITED

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THREADNEEDLE EQUITIES LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2010

The directors present their report and financial statements for the period ended 31 March 2010

Principal activities

The principal activity of the company continued to be that of an investment company

Directors

The following directors have held office since 1 October 2008

T H G Lyle

D K Papworth

Auditors

The auditors, Kingston Smith LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements 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

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate 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.

THREADNEEDLE EQUITIES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2010

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board



T H G Lyle

Director

30th December 2010

THREADNEEDLE EQUITIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THREADNEEDLE EQUITIES LIMITED

We have audited the financial statements of Threadneedle Equities Limited for the period ended 31 March 2010 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1.1 to the financial statements concerning the company's ability to continue as a going concern. The company is wholly reliant on the market value of its investments and this condition, along with other matters set out in note 1.1, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

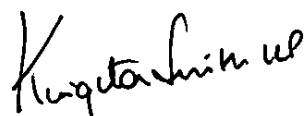
THREADNEEDLE EQUITIES LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF THREADNEEDLE EQUITIES LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime



Jonathan Sutcliffe (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP

30th December 2010

Chartered Accountants
Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

THREADNEEDLE EQUITIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2010

		Period ended 31 March 2010 £	Year ended 30 September 2008 £
	Notes		
Turnover		9,208	16,241
Cost of sales		(5,817)	-
Gross profit		3,391	16,241
Administrative expenses		(5,745)	(3,629)
Amounts written off investments		(166,885)	(35,995)
Operating loss	2	(169,239)	(23,383)
Other interest receivable and similar income	3	-	396
Waiver of inter-company balance		29,698	-
Loss on ordinary activities before taxation		(139,541)	(22,987)
Tax on loss on ordinary activities	4	-	-
Loss for the period	9	(139,541)	(22,987)

THREADNEEDLE EQUITIES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED 31 MARCH 2010

	Notes	Period ended 31 March 2010 £	Year ended 30 September 2008 £
Loss for the financial period		(139,541)	(22,987)
Unrealised surplus/(deficit) on trade investment		19,579	(20,391)
Total recognised gains and losses relating to the period		(119,962)	(43,378)

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	Period ended 31 March 2010 £	Year ended 30 September 2008 £
Reported loss on ordinary activities before taxation	(139,541)	(22,987)
Write-back of investment revaluation gains of previous years	94,723	80,329
Historical cost (loss)/profit on ordinary activities before taxation	(44,818)	57,342
Historical cost (loss)/profit for the period retained after taxation, extraordinary items and dividends	(44,818)	57,342

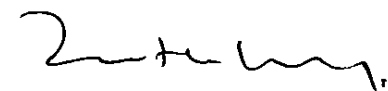
THREADNEEDLE EQUITIES LIMITED

BALANCE SHEET AS AT 31 MARCH 2010

	Notes	2010 £	£	2008 £	£
Fixed assets					
Investments	5		118,477		265,783
Current assets					
Debtors	6	-		31,404	
Cash at bank and in hand		-		10	
				31,414	
Creditors amounts falling due within one year	7	(105,735)		(164,493)	
Net current liabilities			(105,735)		(133,079)
Total assets less current liabilities			12,742		132,704
Capital and reserves					
Called up share capital	8		1		1
Revaluation reserve	9		112,769		187,913
Profit and loss account	9		(100,028)		(55,210)
Shareholders' funds			12,742		132,704

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Approved by the Board for issue on 30 December 2010



T H G Lyle
Director

Company Registration No 04461659

THREADNEEDLE EQUITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2010

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified by the revaluation of fixed asset investments and in accordance with applicable accounting standards and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

As described in the directors' report on page 1, the current economic environment is challenging. The company has reported an operating loss for the year and the directors consider that the outlook presents significant challenges. The company is reliant on financing from group undertakings, and at the year end amounts of £105,735 were owed. Should these amounts be called upon, the company would have to realise some or all of its fixed asset investments as detailed in note 5, in order to meet these commitments. The directors acknowledge that this could prove difficult given the current economic climate.

The directors are confident, after making appropriate enquiries, that the remaining intercompany balance will not be called upon for at least 12 months following the date of these financial statements. The directors have concluded that the combination of these circumstances represent a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern. Nevertheless, after making enquiries, and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the accounts.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently.

1.3 Turnover

Turnover represents consideration receivable for equities sold.

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account.

1.4 Investments

Fixed asset investments are valued at the price prevailing at the time of investment, subject to a review by the directors taking into account relevant information as appropriate including market prices, accounting information and professional advice.

Investments held as fixed assets were revalued on acquisition to their market value. The company, in accordance with guidelines issued by the BVCA, does not revalue its investment subsequent to their acquisition unless there is clear and fundamental evidence for augmentation or diminution of their value.

2 Operating loss	2010	2008
	£	£
Operating loss is stated after charging		
Auditors' remuneration	-	2,900

THREADNEEDLE EQUITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2010

3 Investment income	2010 £	2008 £
Bank interest	-	11
Other interest	-	385
	<u>-</u>	<u>396</u>

4 Taxation

Due to the losses brought forward in the year, there is no tax charge provision required

5 Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 October 2008	315,876
Revaluation	(99,328)
Disposals	(26,936)
	<u>189,612</u>
At 31 March 2010	
Provisions for diminution in value	
At 1 October 2008	50,093
Charge for the period	21,042
	<u>71,135</u>
At 31 March 2010	
Net book value	
At 31 March 2010	<u>118,477</u>
At 30 September 2008	<u>265,783</u>

Shares in listed and unlisted companies held at the year end had a historical cost of £43,799 and £33,043 respectively

THREADNEEDLE EQUITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2010

6 Debtors	2010	2008
	£	£
Trade debtors	-	1,205
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	18,778
Other debtors	-	11,421
	<u>-</u>	<u>31,404</u>
	<u>-</u>	<u>31,404</u>
 7 Creditors amounts falling due within one year	 2010	 2008
	£	£
Amounts owed to group undertakings and undertakings in which the company has a participating interest	105,735	159,493
Other creditors	-	5,000
	<u>105,735</u>	<u>164,493</u>
	<u>105,735</u>	<u>164,493</u>
 8 Share capital	 2010	 2008
	£	£
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>
 9 Statement of movements on reserves	 Revaluation reserve	 Profit and loss account
	£	£
Balance at 1 October 2008	187,913	(55,210)
Loss for the period	-	(139,541)
Transfer from revaluation reserve to profit and loss account	(94,723)	94,723
Revaluation during the period	19,579	-
	<u>112,769</u>	<u>(100,028)</u>
Balance at 31 March 2010	<u>112,769</u>	<u>(100,028)</u>

THREADNEEDLE EQUITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2010

10 Control

At the start of the period the parent company was City & Merchant Limited and the ultimate parent company was City & Merchant Group plc, both companies were incorporated in England and Wales

During the period the ultimate parent company changed to Kingswood Asset Management Limited, a company incorporated in England and Wales Kingswood Asset Management Limited is controlled by T H G Lyle

11 Related party transactions

The company has taken advantage of the exemption available in accordance with FRS 8 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions