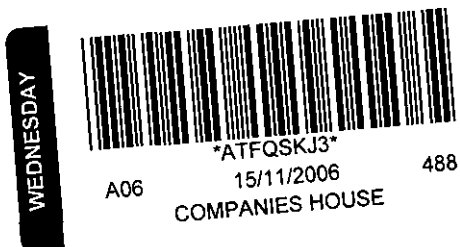




**SANTON CAPITAL PLC**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2006**  
**Company No: 3364739**



**GERALD EDELMAN**  
CHARTERED ACCOUNTANTS

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**SANTON CAPITAL PLC**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2006**

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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 2006.

### 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.

The group's investment property portfolio of approximately £6 million is set out in Note 9. During the year two investment properties were sold for a combined £9.8 million, giving a net profit of £2.8 million.

The group's other investments, set out in Note 12, include investments in two Enterprise Zone Syndicates, a Multi Manager Fund, Raven Mount Plc (a listed company) and £1 million preference shares in Santon Developments Plc (a private company).

£1.83 million was invested in Oakley Multi-Manager Fund, which has increased in value by 17.5% during the year, and which invests approximately 38% in London stock exchange equities and 22% in global markets with the remaining in smaller percentages in more niche markets.

£287,000 was invested in The Tritax Eurocentral No 8 Syndicate and £2.03 million into Tritax NEXT EZ Trust which combined gave tax relief of approximately £978,000 in the current year. Tritax Eurocentral comprises of three separate high bay distribution warehouses in Lanarkshire and NEXT EZ is an investment in one of the UK's largest regional distribution centres in South Yorkshire.

At 30 April 2006 the group's investment in Raven Mount Plc, which is an investment and property development company with both UK and international interests, had a market value of £8.99 million. Raven Mount plc has three primary areas of focus, namely fund management; the development and operation of independent living facilities for the elderly; and property development both in the UK and overseas. During the year the group received £77,000 of dividend income.

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, and a loan maturity analysis, is set out in Notes 16 and 17, showing total bank borrowings repayable over one year of approximately £3.76 million.

The group has continued its strategy of nurturing its investment property portfolio and has benefited from continued improvements in the underlying portfolio 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 £1.3 million and management fees billed of £1.2 million, with overheads comprising principally administrative expenses of £3.89 million.

The group's results for the period, reflecting an operating profit before taxation of approximately £233,000, are considered by the directors to be satisfactory, given the broader strategy of enhancing asset values. The group realised a historical cost profit on ordinary activities before tax of over £4.1 million.

At 30 April 2006 the group had net assets of £13.7 million including cash of £277,000.

The group had 14 employees at the year end.

# **SANTON CAPITAL PLC**

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

### **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 22 set out the consolidated results for the year ended 30 April 2006 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 (2005 - £ Nil).

### **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 (2005 - 20 days) purchases.

### **Directors and their interests**

The members of the board during the year and their interests in the company's shares were as follows:-

	<b><u>Interest at end of year number of shares</u></b>	<b><u>Interest at beginning of year number of shares</u></b>
A.J.G. Bilton	248,002	248,002
B.S. Sandhu	124,002	124,002
S. Carey	-	-

**SANTON CAPITAL PLC**

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

**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: 25 September 2006

  
.....  
**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 2006 set out on pages 5 to 22. 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 2006 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**

25 September 2006

**SANTON CAPITAL PLC**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2006**

	<u>Note</u>	<u>2006</u>	<u>2005</u>
		£	£
<b><u>Turnover</u></b>	<b>2</b>		
Group and share of joint ventures		2,457,739	6,223,590
Cost of sales		(376,266)	(3,319,165)
<b><u>Gross profit</u></b>		<u>2,081,473</u>	<u>2,904,425</u>
Profit on sale of fixed assets		2,818,562	17,900
Administrative expenses		(3,896,384)	(1,790,001)
Exceptional (cost)/credit	<b>3</b>	(944,671)	106,398
Other income		128,117	84,209
Share of operating (loss)/profit of joint ventures		(5,751)	1,220
Net interest receivable/(payable):	<b>6</b>		
Group		48,018	(312,830)
Joint ventures		<u>3,212</u>	<u>41,393</u>
		51,230	(271,437)
<b><u>Profit on ordinary activities before taxation</u></b>	<b>3</b>	<u>232,576</u>	<u>1,052,714</u>
Tax on profit on ordinary activities	<b>7</b>	(564,447)	(278,571)
<b><u>(Loss)/profit on ordinary activities after taxation</u></b>		<u>(331,871)</u>	<u>774,143</u>
Dividends		-	-
<b><u>Retained (loss)/profit for the year</u></b>	<b>8, 20</b>	<u>(331,871)</u>	<u>774,143</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>2006</u>	<u>2005</u>
	£	£
<b><u>Reported profit on ordinary activities before taxation</u></b>	232,576	1,052,714
Realisation of property revaluation gains of previous years	3,893,800	-
<b><u>Historical cost profit on ordinary activities before taxation</u></b>	<u>4,126,376</u>	<u>1,052,714</u>
<b><u>Historical cost profit for the year retained after taxation</u></b>	<u>3,561,929</u>	<u>774,143</u>

**SANTON CAPITAL PLC**

**CONSOLIDATED BALANCE SHEET AS AT 30 APRIL 2006**

	<u>Note</u>	<u>2006</u>	<u>2005</u>
		£	£
<b><u>Fixed assets</u></b>			
Tangible assets	9	6,056,615	13,003,152
Investment in joint ventures:	10		
Share of gross assets		149,109	778,186
Share of gross liabilities		(62,886)	(54,412)
		<hr/>	<hr/>
		86,223	723,774
Other investments	12	11,417,572	7,242,868
		<hr/>	<hr/>
		17,560,410	20,969,794
<b><u>Current assets</u></b>			
Stock	13	-	300,681
Debtors	14	5,277,389	2,026,226
Cash at bank and in hand		276,855	2,705,457
		<hr/>	<hr/>
		5,554,244	5,032,364
<b><u>Creditors: amounts falling due within one year</u></b>	15	(5,582,801)	(3,894,050)
		<hr/>	<hr/>
<b><u>Net current (liabilities)/assets</u></b>		(28,557)	1,138,314
		<hr/>	<hr/>
<b><u>Total assets less current liabilities</u></b>		17,531,853	22,108,108
<b><u>Creditors: amounts falling due after more than one year</u></b>	16	(3,837,391)	(8,075,588)
		<hr/>	<hr/>
<b><u>Net assets</u></b>		13,694,462	14,032,520
		<hr/>	<hr/>
<b><u>Capital and reserves</u></b>			
Called up share capital	18	186,002	186,002
Capital redemption reserve		30,000	30,000
Capital reserve		407,683	407,683
Merger reserve		195,053	195,053
Revaluation reserve	19	2,681,146	6,574,946
Profit and loss account	20	10,194,578	6,638,836
		<hr/>	<hr/>
<b><u>Equity shareholders' funds</u></b>		13,694,462	14,032,520
		<hr/>	<hr/>

The financial statements on pages 5 to 22 were approved by the board of directors on 25 September 2006.

..... Director  
**A.J.G. BILTON**

..... Director  
**B.S. SANDHU**



**SANTON CAPITAL PLC**

**PARENT COMPANY BALANCE SHEET AS AT 30 APRIL 2006**

	<u>Note</u>	<u>2006</u>	<u>2005</u>
		£	£
<b><u>Fixed assets</u></b>			
Investment in joint ventures	10	511	511
Investment in subsidiaries	11	366,213	366,213
Other investments	12	5,568,197	5,542,867
		<u>5,934,921</u>	<u>5,909,591</u>
<b><u>Current assets</u></b>			
Debtors	14	9,974,929	7,271,161
Cash at bank and in hand		173,141	2,408,051
		<u>10,148,070</u>	<u>9,679,212</u>
<b><u>Creditor: amounts falling due within one year</u></b>	15	(2,444,281)	(3,902,174)
<b><u>Net current assets</u></b>		<u>7,703,789</u>	<u>5,777,038</u>
<b><u>Total assets less current liabilities</u></b>		<u>13,638,710</u>	<u>11,686,629</u>
<b><u>Creditors: amounts falling due after more than one year</u></b>	16	(75,449)	(48,750)
<b><u>Net assets</u></b>		<u>13,563,261</u>	<u>11,637,879</u>
<b><u>Capital and reserves</u></b>			
Called up share capital	18	186,002	186,002
Capital redemption reserve		30,000	30,000
Profit and loss account	20	13,347,259	11,421,877
<b><u>Equity shareholders' funds</u></b>		<u>13,563,261</u>	<u>11,637,879</u>

The financial statements on pages 5 to 22 were approved by the board of directors on 25 September 2006.

..... Director  
A.J.G. BILTON

..... Director  
B.S. SANDHU

**SANTON CAPITAL PLC**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2006**

**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>2006</u></b> <b><u>£</u></b>	<b><u>2005</u></b> <b><u>£</u></b>
Total recognised gains and losses for the year	(331,871)	774,143
Shareholders' funds at 30 April 2005	14,032,520	13,258,377
Adjustment to opening reserves	<u>(6,187)</u>	<u>-</u>
Shareholders' funds at 30 April 2006	<u><u>13,694,462</u></u>	<u><u>14,032,520</u></u>

**SANTON CAPITAL PLC**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH APRIL 2006**

	<u>Note</u>	<u>2006</u>	<u>2005</u>
		£	£
<b><u>Net cash movement from operating activities</u></b>	<b>1</b>	<b>(4,172,162)</b>	<b>5,936,335</b>
<b><u>Returns on investments and servicing of finance</u></b>			
Interest receivable	401,789	326,967	
Interest payable	(353,771)	(639,797)	
<b><u>Net cash movement from returns on investments and servicing of finance</u></b>		<b>48,018</b>	<b>(312,830)</b>
<b><u>Taxation</u></b>			
Taxation paid		(293,897)	(252,564)
<b><u>Capital expenditure and financial investment</u></b>			
Additions to tangible fixed assets	(9,371)	(10,713)	
Additions to fixed asset investments	(5,119,375)	(3,535,570)	
Proceeds from disposal of fixed assets	9,768,562	85,000	
Realisations in respect of joint ventures	635,012	8,715	
Other movements in respect of joint ventures	-	5,046	
<b><u>Net cash movement from capital expenditure and financial investment</u></b>		<b>5,274,828</b>	<b>(3,447,522)</b>
<b><u>Net cash movement before financing</u></b>		<b>856,787</b>	<b>1,923,419</b>
<b><u>Financing</u></b>			
Bank and other loans – current	952,809	(1,475,770)	
Bank and other loans – over one year	(4,238,198)	776,708	
<b><u>Net cash outflow from financing</u></b>	<b>2</b>	<b>(3,285,389)</b>	<b>(699,062)</b>
<b><u>Movement in cash in the year</u></b>	<b>2, 3</b>	<b>(2,428,602)</b>	<b>1,224,357</b>

**SANTON CAPITAL PLC**

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 APRIL 2006**

1.

<u>Reconciliation of operating results to net cash movement from operating activities</u>	<u>2006</u> £	<u>2005</u> £
Operating (loss)/profit	(2,631,465)	1,305,031
Depreciation charges	5,908	14,807
Provision for impairment of fixed asset investment	944,671	-
Opening balance adjustments	(6,187)	-
Movement in stocks	300,681	1,488,578
Movement in debtors	(3,251,163)	2,119,597
Movement in creditors	465,393	1,008,322
<u>Net cash movement from operating activities</u>	<u>(4,172,162)</u>	<u>5,936,335</u>

2.

<u>Reconciliation of net cash outflow/inflow to movement in net debt</u>		
Increase/(decrease) in cash in the year	(2,428,602)	1,224,357
Cash outflow from debt	3,285,389	699,062
Change in net debt	856,787	1,923,419
Net debt at 30 April 2005	(6,204,291)	(8,127,710)
Net debt at 30 April 2006	<u>(5,347,504)</u>	<u>(6,204,291)</u>

3.

	At <u>30.4.05</u> £	Cash <u>flows</u> £	At <u>30.4.06</u> £
Cash at bank and in hand	2,705,457	(2,428,602)	276,855
Bank loans and overdrafts:			
- within one year	(270,000)	(1,105,082)	(1,375,082)
- after one year	(8,026,838)	4,264,896	(3,761,942)
Other loans:			
- within one year	(564,160)	152,273	(411,887)
- after one year	(48,750)	(26,698)	(75,448)
	<u>(6,204,291)</u>	<u>856,787</u>	<u>(5,347,504)</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2006**

1. **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 2006.

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

c) **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.

e) **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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2006**  
**(CONTINUED)****1. Accounting policies - (continued)****f) 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.

**g) Investments**

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

**h) 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.

**3. Profit on ordinary activities before taxation**

	<b><u>2006</u></b>	<b><u>2005</u></b>
	<b>£</b>	<b>£</b>
The profit is stated after charging/(crediting):		
Staff costs (note 4)	3,378,726	1,184,749
Auditors' remuneration:		
- audit services	21,525	13,875
Depreciation and amounts written off fixed assets	5,908	14,807
Exceptional recovery of bad debt	-	(106,398)
Exceptional cost – provision for impairment of fixed asset investment	944,671	-
	<u>944,671</u>	<u>-</u>

**SANTON CAPITAL PLC****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2006  
(CONTINUED)**

4.	<b><u>Staff costs</u></b>	<b><u>2006</u></b> <b>£</b>	<b><u>2005</u></b> <b>£</b>
	Staff costs, including directors' remuneration (note 5), were as follows:-		
	Wages and salaries	2,933,501	984,968
	Ex gratia costs	10,800	5,000
	Social security costs	369,599	143,781
	Other pension costs	64,826	51,000
		<u>3,378,726</u>	<u>1,184,749</u>
	Average number of staff employed, including directors	<u>12</u>	<u>21</u>
5.	<b><u>Directors' remuneration</u></b>	<b><u>2006</u></b> <b>£</b>	<b><u>2005</u></b> <b>£</b>
	Aggregate emoluments	<u>2,115,720</u>	<u>293,900</u>
	Emoluments of highest paid director	<u>1,620,281</u>	<u>160,000</u>
	Aggregate contributions into defined contribution pension schemes	<u>64,826</u>	<u>51,000</u>
	Number of directors within defined contribution pension schemes	<u>2</u>	<u>2</u>
6.	<b><u>Net interest receivable</u></b>	<b><u>2006</u></b> <b>£</b>	<b><u>2005</u></b> <b>£</b>
	<b><u>Group</u></b>		
	Bank interest payable	229,252	442,336
	Other interest payable	124,519	197,461
	Interest receivable	(401,789)	(326,967)
		<u>(48,018)</u>	<u>312,830</u>
	<b><u>Joint ventures</u></b>		
	Interest receivable	<u>(3,212)</u>	<u>(41,393)</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2006**  
**(CONTINUED)**

7. <b><u>Tax on profit on ordinary activities</u></b>	<b><u>2006</u></b> <b>£</b>	<b><u>2005</u></b> <b>£</b>
UK Corporation tax on profit for the year - group	(554,382)	(271,549)
UK Corporation tax on profit for the year - joint ventures	-	(7,022)
Adjustment in respect of prior years - group	(10,065)	-
	<u>(564,447)</u>	<u>(278,571)</u>
Current tax (charge)/credit		
Factors affecting the tax charge for the year:		
Profit on ordinary activities before taxation	232,576	1,052,714
Profit on ordinary activities multiplied by rate of UK Corporation Tax of 30% (2005: 30%)	(69,773)	(315,814)
Effects of:		
Adjustments to previous periods	(10,065)	-
Marginal rate relief	6,930	4,065
Chargeable disposal	(1,182,967)	-
Excess capital allowances	5,422	9,460
Other available tax allowances	978,159	-
Non-allowable impairment provision	(283,401)	-
Non-taxable and other items	(8,152)	23,718
Current tax charge	<u>(564,447)</u>	<u>(278,571)</u>

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

The profit dealt with in the financial statements of the parent company was £1,925,382 (2005 - £421,765).

9. **Tangible fixed assets**

	<b><u>Freehold investment properties</u></b> <b>£</b>	<b><u>Office furniture and equipment</u></b> <b>£</b>	<b><u>Total</u></b>
<b><u>Cost/Valuation</u></b>			
At 30 April 2005	12,972,434	40,947	13,013,381
Additions	-	9,371	9,371
Disposals	(6,950,000)	-	(6,950,000)
At 30 April 2006	<u>6,022,434</u>	<u>50,318</u>	<u>6,072,752</u>
<b><u>Depreciation</u></b>			
At 30 April 2005	-	10,229	10,229
Charge for the year	-	5,908	5,908
Disposals	-	-	-
At 30 April 2006	<u>-</u>	<u>16,137</u>	<u>16,137</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>
<b><u>Net book value at 30 April 2005</u></b>	<u>12,972,434</u>	<u>30,718</u>	<u>13,003,152</u>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2006**  
**(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 2006 was £3,341,288 (2005 - £6,397,667).

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 £750,000 (2005 - £1,870,000).

<b>10. <u>Investment in joint ventures</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
	<b>£</b>	<b>£</b>
<b><u>Group</u></b>		
Share of gross assets less gross liabilities	86,223	723,774
At 30 April 2006	<u>86,223</u>	<u>723,774</u>
<b><u>Company</u></b>		
Investment in shares – at cost	£	
At 30 April 2005 and at 30 April 2006	<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 2006**  
**(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:

	<b><u>Capital and reserves</u></b>	<b><u>Profit/(loss) for the period</u></b>
	<b>£</b>	<b>£</b>
Fifty Five Management Limited	4	-
The Highland Club Limited	4	-
Raven Hercules Limited	(16,022)	-
Audley Court Limited	(3,506)	-
Raven (Burghill) Limited	9,393	7,646
Raven (St. Andrews) Limited	1,402	248
Raven Tower Limited	149,891	(25,380)
Raven Five Ways Limited	31,281	(1,255,635)
	<u>          </u>	<u>          </u>

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

Aggregate of the group's share of:	<b><u>2006</u></b>	<b><u>2005</u></b>
	<b>£</b>	<b>£</b>
Current assets	149,109	778,186
Liabilities due within one year	(62,886)	(54,412)
	<u>          </u>	<u>          </u>
Share of net assets	86,223	723,774
	<u>          </u>	<u>          </u>

11. **Investment in subsidiaries**

<b><u>Company</u></b>	<b>£</b>
At 30 April 2005 and at 30 April 2006 – at cost	366,213
	<u>          </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:-

<b><u>Company</u></b>	<b><u>Issued share capital</u></b>
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 Farnborough 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 2006  
(CONTINUED)**

12. <u>Fixed asset investments</u>	<u>Group</u>		<u>Company</u>	
	<u>2006</u> £	<u>2005</u> £	<u>2006</u> £	<u>2005</u> £
Listed investments at cost	6,235,073	6,242,868	4,535,073	4,542,867
Unlisted investment at cost	6,127,170	1,000,000	1,033,124	1,000,000
Less provision for impairment	(944,671)	-	-	-
At 30 April 2006	5,182,499	1,000,000	1,033,124	1,000,000
Total fixed asset investments at 30 April 2006	11,417,572	7,242,868	5,568,197	5,542,867

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 2006 was £8,990,000. Dividends of £77,500 (2005- £21,250) were received during the year.

13. <u>Stock</u>	<u>Group</u>		<u>Company</u>	
	<u>2006</u> £	<u>2005</u> £	<u>2006</u> £	<u>2005</u> £
Development property	-	300,681	-	-

14. <u>Debtors</u>	<u>Group</u>		<u>Company</u>	
	<u>2006</u> £	<u>2005</u> £	<u>2006</u> £	<u>2005</u> £
Trade debtors	8,127	26,552	-	-
Amounts owed by subsidiary undertakings	-	-	5,581,387	5,828,121
Amounts owed by joint ventures	14,530	15,789	14,530	15,789
Other debtors	5,173,147	1,881,074	4,379,012	1,423,843
Prepayments and accrued income	81,585	102,811	-	3,408
	5,277,389	2,026,226	9,974,929	7,271,161

**SANTON CAPITAL PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2006**  
**(CONTINUED)**

15. <b><u>Creditors: amounts falling due within one year</u></b>	<b><u>Group</u></b>		<b><u>Company</u></b>	
	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	1,375,081	270,000	-	-
Other loans	411,887	564,160	411,887	564,500
Trade creditors	25,312	65,582	-	1,458
Amounts owed to subsidiary undertakings	-	-	765,833	1,563,525
Amounts owed to joint ventures	208,001	565,002	31,895	500,002
Current corporation tax	538,770	268,220	108,455	150,143
Other taxes and social security	265,719	135,952	-	-
Other creditors	2,559,623	1,725,378	1,115,560	1,046,167
Accruals and deferred income	198,408	299,756	10,651	76,379
	<u>5,582,801</u>	<u>3,894,050</u>	<u>2,444,281</u>	<u>3,902,174</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.

16. <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>2006</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	3,761,942	8,026,838	-	-
Other loans	75,449	48,750	75,449	48,750
	<u>3,837,391</u>	<u>8,075,588</u>	<u>75,449</u>	<u>48,750</u>

17. <b><u>Loan maturity analysis</u></b>	<b><u>Group</u></b>		<b><u>Company</u></b>	
	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
In less than one year	300,500	834,500	-	-
In more than one but not more than two years	429,613	345,750	-	48,750
In more than two but not more than five years	1,893,843	7,729,838	75,449	-
In more than five years	1,513,935	-	-	-
	<u>4,137,891</u>	<u>8,910,088</u>	<u>75,449</u>	<u>48,750</u>

**SANTON CAPITAL PLC**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2006**  
**(CONTINUED)**

18.	<b><u>Called up share capital</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
		<b>£</b>	<b>£</b>
	<b><u>Authorised</u></b>		
	1,000,000 Ordinary shares of 50p each	500,000	500,000
		<u>          </u>	<u>          </u>
	<b><u>Issued and fully paid</u></b>		
	372,004 Ordinary shares of 50p each	186,002	186,002
		<u>          </u>	<u>          </u>
19.	<b><u>Revaluation reserve</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
		<b>£</b>	<b>£</b>
	<b><u>Group</u></b>		
	At 30 April 2005	6,574,946	6,574,946
	Realisation of property revaluation gains	(3,893,800)	-
		<u>          </u>	<u>          </u>
	At 30 April 2006	2,681,146	6,574,946
		<u>          </u>	<u>          </u>
20.	<b><u>Profit and loss account</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
		<b>£</b>	<b>£</b>
	<b><u>Group</u></b>		
	At 30 April 2005	6,638,836	5,864,693
	Opening balance adjustments	(6,187)	-
	Retained (loss)/profit for the year	(331,871)	774,143
	Realisation of property revaluation gains	3,893,800	-
		<u>          </u>	<u>          </u>
	At 30 April 2006	10,194,578	6,638,836
		<u>          </u>	<u>          </u>
	<b><u>Company</u></b>		
	At 30 April 2005	11,421,877	11,000,112
	Retained profit for the year	1,925,382	421,765
		<u>          </u>	<u>          </u>
	At 30 April 2006	13,347,259	11,421,877
		<u>          </u>	<u>          </u>

**SANTON CAPITAL PLC**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2006**  
**(CONTINUED)**

21. **Financial commitments**

At 30 April 2006 the group had annual commitments under non-cancellable operating leases as follows:

	<u>2006</u> £	<u>2005</u> £
<b><u>Land and buildings</u></b>		
Expiry date:		
In over five years	<u>129,000</u>	<u>129,000</u>

22. **Control**

Throughout the year the company was controlled by Mr. A.J.G. Bilton.

23. **Related party transactions**

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

	<u>2006</u> £	<u>2005</u> £
Audley Court Limited	3,510	3,814
Raven Hercules Limited	11,020	11,975
Raven Tower Limited	176,107	(65,000)
Raven Five Ways Limited	-	(500,000)
Raven (St. Andrews) Limited	<u>31,894</u>	<u>-</u>

**SANTON CAPITAL PLC**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2006**  
**(CONTINUED)**

**24. Related party transactions (continued)**

- b) During the year the group rendered management charges in the ordinary course of business to the following joint ventures:

	<u>2006</u>	<u>2005</u>
	£	£
Raven (Burghill) Limited	-	30,000
Raven (St. Andrews) Limited	-	15,000
Raven Tower Limited	-	9,000
Raven Five Ways Limited	-	22,500
	<u>          </u>	<u>          </u>

- c) Included in the group's creditors is a loan of £75,449 (2005 - £93,250) payable to Santon Pension Fund, in which Messrs 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 £5,741 (2005 - £3,784)
- d) Included in the group debtors/(creditors) are the following balances with companies in which Messrs A.J.G. Bilton and B.S. Sandhu have a direct or indirect material interest:

	<u>2006</u>	<u>2006</u>	<u>2005</u>	<u>2005</u>
	£	£	£	£
	Balance	Net Interest Payable/ (Receivable)	Balance	Net Interest Payable/ (Receivable)
Santon Developments plc	(1,071,590)	92,480	(1,039,807)	32,723
Santon Retail Limited	55,252	(5,878)	159,936	708
Santon Group Developments Limited	111,592	(10,154)	90,006	2,718
Raven Highlands Limited	3,306,261	(178,582)	1,095,152	(33,458)

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

	<u>2006</u>	<u>2005</u>
	£	£
Santon Group Developments Limited	1,163,750	522,500
Santon Retail Limited	-	300,000
	<u>          </u>	<u>          </u>

**SANTON CAPITAL PLC**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2006**  
**(CONTINUED)**

**23. Related party transactions (continued)**

- f) During the year the group rendered management charges in the ordinary course of business to the following former subsidiaries and joint ventures of Raven Property Holdings plc:

	<u>2006</u>	<u>2005</u>
	£	£
Raven Brighton Central Limited	-	100,000
Raven Country & Metropolitan Limited	-	833
	<u>          </u>	<u>          </u>

- g) Included in the group's creditors is a loan of £411,887 (2005 - £520,000) payable to Hillside Management Services Limited, a company in which a director, Mr B.S. Sandhu has a material interest. The loan was repaid on 28 July 2006 . Interest paid to Hillside Management Services Limited amounted to £18,424 (2005 - £4,482).
- h) 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.

**24. 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.