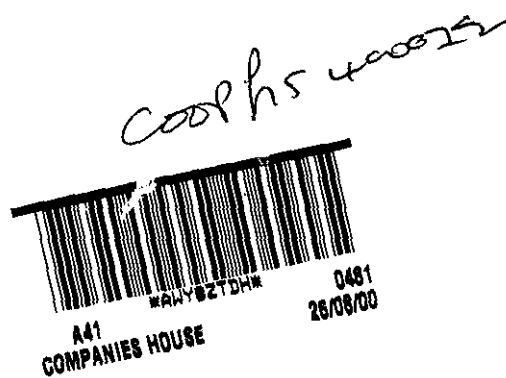


REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 1999  
FOR  
McKENNA ARTS LTD



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FOR THE YEAR ENDED 31 OCTOBER 1999**

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**McKENNA ARTS LTD**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 OCTOBER 1999**

**DIRECTORS:** J L McKenna  
Mrs M G Said

**SECRETARY:** Mrs M G Said

**REGISTERED OFFICE:** Derby House  
Lytham Road  
Fulwood  
Preston  
Lancashire  
PR2 8JF

**REGISTERED NUMBER:** FC015761 (England and Wales)  
48612 (Jersey)

**McKENNA ARTS LTD**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 OCTOBER 1999**

The directors present their report with the financial statements of the company for the year ended 31 October 1999.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of dealing in works of art and vintage cars.

**DIRECTORS**

The directors during the year under review were:

J L McKenna  
Mrs M G Said

The directors holding office at 31 October 1999 did not hold any beneficial interest in the issued share capital of the company at 1 November 1998 or 31 October 1999.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

**ON BEHALF OF THE BOARD:**

.....*Said*.....

Mrs M G Said - DIRECTOR

Dated: 11 July 2000

**McKENNA ARTS LTD****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 OCTOBER 1999**

		1999	1998
	Notes	£	£
<b>TURNOVER</b>		-	-
Administrative expenses		8,545	14,462
<b>OPERATING LOSS</b>	2	(8,545)	(14,462)
Interest receivable and similar income		65	118
		(8,480)	(14,344)
Interest payable and similar charges		75	(1,150)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(8,555)	(13,194)
Tax on loss on ordinary activities	3	-	-
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>		(8,555)	(13,194)
Deficit brought forward		(85,019)	(71,825)
<b>DEFICIT CARRIED FORWARD</b>		<u>£(93,574)</u>	<u>£(85,019)</u>

The notes form part of these financial statements

**McKENNA ARTS LTD**

**BALANCE SHEET  
31 OCTOBER 1999**

		1999		1998	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Tangible assets	4		558,684		535,393
<b>CURRENT ASSETS:</b>					
Debtors	5	-		10,198	
Cash at bank		16,201		4,035	
		16,201		14,233	
<b>CREDITORS:</b> Amounts falling due within one year	6	13,521		363,207	
<b>NET CURRENT ASSETS/(LIABILITIES):</b>			2,680		(348,974)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			£561,364		£186,419
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	7		5,000		5,000
Loan : McKenna Trust	8		649,938		266,438
Profit and loss account			(93,574)		(85,019)
Shareholders' funds			£561,364		£186,419

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ending 31 October 1999.

No notice has been deposited under Section 249B(2) of the Companies Act 1985 in relation to its financial statements for the financial year.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements


**McKENNA ARTS LTD**

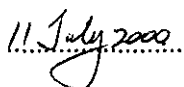
**BALANCE SHEET**  
**31 OCTOBER 1999**

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

**ON BEHALF OF THE BOARD:**

  
J.L. McKenna - DIRECTOR

  
Mrs M G Said - DIRECTOR

Approved by the Board on 

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 1999**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

**Deferred taxation**

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

**Tangible Fixed Assets**

Tangible fixed assets are stated at cost and no provision is made for depreciation.

**2. OPERATING LOSS**

The operating loss is stated after charging:

	1999 £	1998 £
Loss on disposal of fixed assets	-	5,000
Directors' emoluments and other benefits etc	2,300	2,300

**3. TAXATION**

No liability to UK corporation tax arose on ordinary activities for the year ended 31 October 1999 nor for the year ended 31 October 1998.

**4. TANGIBLE FIXED ASSETS**

	Works of art	Vintage motor vehicles	Totals
	£	£	£
<b>COST:</b>			
At 1 November 1998	190,393	345,000	535,393
Additions	23,291	-	23,291
At 31 October 1999	213,684	345,000	558,684
<b>NET BOOK VALUE:</b>			
At 31 October 1999	213,684	345,000	558,684
At 31 October 1998	190,393	345,000	535,393



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 1999**

**5. DEBTORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	1999 £	1998 £
Other debtors	-	10,198

**6. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	1999 £	1998 £
Bank loans and overdrafts	-	7,168
Other creditors	5,219	345,000
Social security & other taxes	660	1,035
Accrued expenses	7,642	10,004
	<u>13,521</u>	<u>363,207</u>

**7. CALLED UP SHARE CAPITAL**

Authorised:

Number:	Class:	Nominal value:	1999 £	1998 £
10,000	ordinary	£1	<u>10,000</u>	<u>10,000</u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	1999 £	1998 £
5,000	ordinary	£1	<u>5,000</u>	<u>5,000</u>

**8. LOAN : MCKENNA TRUST**

	1999 £	1998 £
Brought forward	304,938	266,438
Trustees: loan re RollsRoyce	345,000	-
	<u>649,938</u>	<u>266,438</u>

**9. GOING CONCERN**

The financial statements have been prepared on the basis that the company will continue to enjoy the support of the Trustees of the J L McKenna Settlement and that sufficient funds will be made available for the company's activities to continue.

**McKENNA ARTS LTD**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 OCTOBER 1999**

	1999		1998	
	£	£	£	£
<b>Income</b>		-		-
<b>Other income:</b>				
Deposit account interest		65		118
		<u>65</u>		<u>118</u>
<b>Expenditure:</b>				
Directors' remuneration	2,300		2,300	
Licences & insurance	4,013		4,013	
Sundry expenses	(20)		64	
Security	-		447	
Accountancy	999		999	
Legal fees	1,213		1,415	
		<u>8,505</u>		<u>9,238</u>
		(8,440)		(9,120)
<b>Finance costs:</b>				
Bank interest	75		(1,172)	
Interest on overdue tax	-		22	
Bank charges	40		224	
		<u>115</u>		<u>(926)</u>
		(8,555)		(8,194)
<b>Loss on disposal of fixed assets:</b>				
Motor vehicles		-		5,000
<b>NET LOSS</b>		<u>£(8,555)</u>		<u>£(13,194)</u>

This page does not form part of the statutory financial statements