

TRANSAGENTS

BUSINESS TRANSFER AGENTS - BUSINESS VALUERS - STOCKTAKERS

Mrs A. Bevan
Tanners Plat
Mill Road
WINCHELSEA
East Sussex
TN36 4HT

Our Ref: GMR/CG

Your Ref:

Date: 20 February 2007

Dear Mrs Bevan

re: The Winchelsea Little Shop Association Limited
The Little Shop, High Street, Winchelsea.

I was very pleased to have the opportunity of meeting you on Friday and write to thank you for your kind instructions on behalf of The Winchelsea Little Shop Association Ltd to provide you with a open market valuation of the shop business, on a going concern basis.

As you are already more than familiar with the history and operation of the business I will not go into great detail regarding those aspects other than to say that the shop is situated in the centre of the Ancient Cinque Port town of Winchelsea which was a "new" town laid out on a spacious grid plan ordered by Edward I. It is approximately 2 miles from Rye. The shop is clean and well ordered and presents an attractive environment in which to shop. It trades as a grocery shop with newspapers and magazines.

You kindly provided me with copies of the annual accounts for the years ended 31st October 2003, 2004 and 2005 which show a steady increase in turnover, as follows:-

	2005	2004	2003
Turnover (ex. VAT)	£243,430	£238,557	£218,104
Gross profit	£ 48,359	£ 48,160	£ 42,124

The gross profit margin has remained remarkable steady at approximately 20%, (19.3% to 20.1%), which is representative for a business of this nature.

Although annual accounts for the 2006 year have not yet been produced I note that for the four VAT quarters ended 31st December 2006 that the turnover reached £257,688. This period does not quite coincide with the accounting year but it is a good indication of the continuing strength of the business.

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Registered Office: 5 North Street, Hailsham, East Sussex BN27 1DQ



Mrs A. Bevan

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Referring to the 2005 accounts these show that there was a deficit for the year of £1,144 but this was after allowance for various items of both overhead income and expenditure which do not form part of the ongoing cost base of the business. I note that in particular staff wages of £38,159 are exceptionally high when compared with other similar businesses operating the same opening hours. I have reconstituted the accounts accordingly.

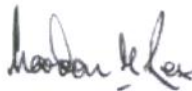
The premises are held ^{on} an internally repairing and insuring lease at a current basic rent of £7,200 per annum. The lease has the protection of Part II of the Landlord & Tenant Act 1954 and rent is paid on a monthly basis which un-doubtedly aids cash flow.

Taking the above information into consideration and by comparison with other similar businesses which have sold in the open market, I would advise you that I am of the opinion that the value of the business is of between £37,000 and £40,000 to include the lease, goodwill, tenants fixtures and equipment. The average price is £38,500 which would be a fair price for your purchaser to pay. Stock would be purchased additionally at valuation on the day of completion.

I trust that this information is sufficient for your purposes and return herewith VAT returns which you kindly let me borrow.

Do please let me know if you require any additional information or assistance.

Yours sincerely



Gordon Rex, FNAEA, FICBA
Incorporated Business Agent.
Email: gordon.rex@transagents.com

Encs.

23/03/2007