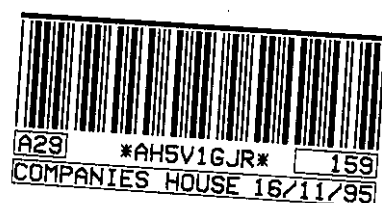


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HOLLAND PARK GALLERIES LIMITED

REPORT AND FINANCIAL STATEMENTS

31ST AUGUST, 1995



HOLLAND PARK GALLERIES LIMITED**COMPANY INFORMATION****DIRECTORS**

T.A. Hewlett
J.E. Hewlett

SECRETARY

N.P. Martin

REGISTERED OFFICE

9 Bury Street,
St. James's
London,
SW1Y 6AB.

COMPANY NUMBER

2027334

AUDITORS

Roberts & Co.,
136 Kensington Church Street,
London,
W8 4BH.

BANKERS

National Westminster Bank PLC,
Clayton, Manchester Branch,
573 Ashton New Road,
Clayton,
Manchester,
M11 4AN.

HOLLAND PARK GALLERIES LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31st August, 1995.

PRINCIPAL ACTIVITY

The company trades as "Portland Gallery" and carries on business as dealers in fine art and antiques.

REVIEW OF THE BUSINESS

The directors consider that both the level of business and the year end financial position were satisfactory.

RESULTS

The results for the year are set out in the profit and loss account on page 6.

FIXED ASSETS

The movements in fixed assets during the year are set out in the notes to these financial statements.

DIRECTORS

The directors of the company who served during the year and their beneficial interests in the shares of the company were as follows:-

Ordinary shares of £1 each
At 31.8.1995 and 1994

T.A. Hewlett	3,499
J.E. Hewlett	1

TAXATION STATUS

In the opinion of the directors, the company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

HOLLAND PARK GALLERIES LIMITED

REPORT OF THE DIRECTORS

AUDITORS

Messrs Roberts & Co. have expressed their willingness to continue in office. A resolution proposing their re-appointment will be submitted to the Annual General Meeting.

SMALL COMPANY EXEMPTIONS

The directors have taken advantage of the exemptions conferred by Part II of Schedule 8 to the Companies Act 1985.

By Order of the Board

Nathalie Martin

N.P. Martin

Secretary

25th October, 1995

Registered Office

9 Bury Street,
St. James's,
London,
SW1Y 6AB.

HOLLAND PARK GALLERIES LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period 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 those financial statements, the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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 the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT**TO THE SHAREHOLDERS OF HOLLAND PARK GALLERIES LIMITED**

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described above the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

HOLLAND PARK GALLERIES LIMITED**AUDITORS' REPORT****TO THE SHAREHOLDERS OF HOLLAND PARK GALLERIES LIMITED**

(continued)

Basis of opinion

We conducted our audit in accordance with 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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors 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 of the state of the company's affairs as at 31st August, 1995 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.


ROBERTS & CO

Chartered Accountants and Registered Auditors

136 Kensington Church Street,
London, W8 4BH.

25th October, 1995

HOLLAND PARK GALLERIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST, 1995

	Note	1995	1994
TURNOVER	1	838,857	768,708
Cost of sales		(471,651)	(437,133)
GROSS PROFIT	1	367,206	331,575
Administrative expenses		(267,093)	(203,933)
OPERATING PROFIT	2	100,113	127,642
Interest receivable	3	1,382	351
Interest payable	4	(31,275)	(28,926)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		70,220	99,067
Tax on profit on ordinary activities	6	19,472	24,100
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	14	50,748	74,967
BALANCE BROUGHT FORWARD			
As previously reported		112,757	37,790
Prior year adjustment	7	(35,775)	-
		76,982	37,790
BALANCE CARRIED FORWARD		£127,730	£112,757

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

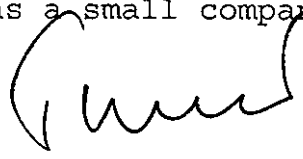
The accompanying notes form an integral part of these financial statements.

HOLLAND PARK GALLERIES LIMITED

BALANCE SHEET - 31ST AUGUST, 1995

	Note	1995	1994
FIXED ASSETS			
Tangible assets	8	32,906	42,674
CURRENT ASSETS			
Stocks	9	416,468	440,366
Debtors	10	61,056	48,607
Cash at bank and in hand		21,199	551
		498,723	489,524
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	75,869	70,941
NET CURRENT ASSETS			
		422,854	418,583
TOTAL ASSETS LESS CURRENT LIABILITIES			
		455,760	461,257
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	324,530	345,000
NET ASSETS			
		£131,230	£116,257
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	13	3,500	3,500
RESERVES			
		127,730	112,757
SHAREHOLDERS' FUNDS	14		
		£131,230	£116,257

The directors have taken advantage of the exemptions conferred by Part I of Schedule 8 to the Companies Act 1985, on the grounds that the company is entitled to the benefit of those exemptions as a small company.



T.A. Hewlett

- Director

These financial statements were approved by the Board on 25th October, 1995.

The accompanying notes form an integral part of these financial statements.

HOLLAND PARK GALLERIES LIMITED

ACCOUNTING POLICIES

31ST AUGUST, 1995

a. BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention.

b. TURNOVER

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities after deducting VAT.

c. TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are shown at cost which comprises the direct purchase cost with any incidental expenses of acquisition.

Depreciation is provided to write down the cost of tangible fixed assets to their estimated residual values over the period of their expected useful economic lives which are considered to be:-

Improvements to leasehold properties	Over the period of the lease
Motor vehicle	4 years
Fixtures and fittings	7 years

d. STOCKS

Stocks are valued at the lower of cost and net realisable value.

HOLLAND PARK GALLERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST AUGUST, 1995

1. ANALYSIS OF TURNOVER AND GROSS PROFIT

The turnover and gross profit are derived from dealing in fine art and antiques. During the year 28% of total turnover was attributable to markets outside the United Kingdom.

2. OPERATING PROFIT

	1995	1994
Operating profit is arrived at after charging:-	£	£
Directors' emoluments	77,000	50,000
Auditors' remuneration	1,250	1,250
Depreciation	10,562	11,191
Leasing charges	543	543
	<u> </u>	<u> </u>

3. INTEREST RECEIVABLE

	1995	1994
Bank deposit interest	£1,382	£351
	<u> </u>	<u> </u>

4. INTEREST PAYABLE

	1995	1994
Bank interest	29,444	25,926
Other interest	1,831	3,000
	<u> </u>	<u> </u>
	£31,275	£28,926
	<u> </u>	<u> </u>

5. EMPLOYEES

	1995	1994
Average number of people (including directors) employed by the company during the year:-		
	No. of employees	
Sales and administration	3	4
	<u> </u>	<u> </u>

HOLLAND PARK GALLERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST AUGUST, 1995

5. EMPLOYEES (continued)

	1995	1994
Costs in respect of these employees:-		
Directors' emoluments	57,000	45,000
Salaries	19,500	15,916
Social security costs	8,042	6,446
Pension contributions	20,000	5,000
	£104,542	£72,362

No director received any performance related emoluments (1994 - Nil).

There were no contracts of significance during the year in which a director of the company had a material interest (1994 - Nil).

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1995	1994
Corporation tax		
At 25%	19,485	24,100
Adjustment in respect of prior year	(13)	-
	£19,472	£24,100

7. PRIOR YEAR ADJUSTMENT

	1995	1994
Adjustment in respect of understated purchases	47,700	-
Corporation tax credit relating thereto	(11,925)	-
	£35,775	-

HOLLAND PARK GALLERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST AUGUST, 1995

7. PRIOR YEAR ADJUSTMENT (continued)

Had the prior year adjustment been correctly reflected in the appropriate years' financial statements, the results of the company would have been disclosed as follows:-

	1995	1994
Profit on ordinary activities before taxation	70,220	51,367
Tax on profit on ordinary activities	19,472	12,175
Profit on ordinary activities after taxation	£50,748	£39,192

8. TANGIBLE ASSETS

	Improvements to leasehold premises	Motor vehicle	Fixtures and fittings	Total
Cost				
At 31st August, 1994	19,593	19,295	35,666	74,554
Additions	-	-	794	794
At 31st August, 1995	19,593	19,295	36,460	75,348
Depreciation				
At 31st August, 1994	4,521	4,824	22,535	31,880
Charge for year	1,507	4,824	4,231	10,562
At 31st August, 1995	6,028	9,648	26,766	42,442
Net book values				
At 31st August, 1995	£13,565	9,647	9,694	32,906
At 31st August, 1994	£15,072	14,471	13,131	42,674

HOLLAND PARK GALLERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST AUGUST, 1995

9. STOCKS

	1995	1994
Pictures	394,145	418,127
Furniture	21,855	21,005
Sculptures	468	1,234
	£416,468	£440,366

10. DEBTORS

	1995	1994
Corporation tax recoverable	11,925	
VAT repayable	6,090	-
Trade debtors	22,095	19,727
Prepayments and accrued income	9,686	15,295
Other debtors	11,260	13,585
	£61,056	£48,607

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995	1994
Corporation tax payable	19,485	24,100
Other taxation and social security	7,778	8,306
Bank overdraft	3,018	11,958
Trade creditors	10,471	12,807
Accruals and deferred income	24,617	13,770
Other creditors	10,500	-
	£75,869	£70,941

HOLLAND PARK GALLERIES LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 31ST AUGUST, 1995

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1995	1994
Bank loans - secured	295,000	295,000
Loan from directors with no formal specification as to interest or repayment requirements	29,530	50,000
	<u>£324,530</u>	<u>£345,000</u>

13. CALLED UP SHARE CAPITAL

	1995	1994
Authorised		
20,000 ordinary shares of £1 each	<u>£20,000</u>	<u>£20,000</u>
Allotted, called up and fully paid		
3,500 ordinary shares of £1 each	<u>£3,500</u>	<u>£3,500</u>

14. RECONCILIATION OF SHAREHOLDERS' FUNDS

	1995	1994
Profit on ordinary activities after taxation	50,748	74,967
Prior year adjustment (note 7)	<u>(35,775)</u>	<u>-</u>
	14,973	74,967
Opening shareholders' funds	<u>116,257</u>	<u>41,290</u>
Closing shareholders' funds	<u>£131,230</u>	<u>£116,257</u>