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HOLLAND PARK GALLERIES LIMITED

REPORT AND FINANCIAL STATEMENTS

31ST AUGUST, 1999



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,
Manchester City Office,
P.O. Box 305,
55 King Street,
Manchester,
M60 2DB.

HOLLAND PARK GALLERIES LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31st August, 1999.

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 AND DIVIDENDS

The results and dividends as set out in the profit and loss account on page 5 are as follows:-

Balance brought forward		283,470
Profit for year after taxation	43,021	
Dividends	(35,000)	
		8,021
Balance carried forward		£291,491

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 31.8.1999 and 1998
T.A. Hewlett	3,499
J.E. Hewlett	1

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;

HOLLAND PARK GALLERIES LIMITED**REPORT OF THE DIRECTORS****STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)**

- make judgements 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.

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.

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 special exemptions conferred by Part VII of the Companies Act 1985 applicable to small companies.

By Order of the Board



N.P. Martin

Secretary

16th March, 2000

Registered Office

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

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

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on pages 2 and 3 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.

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 judgements 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, 1999 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.

16th March, 2000

HOLLAND PARK GALLERIES LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST, 1999**

	Note	1999	1998
TURNOVER	2	1,322,570	1,450,621
Cost of sales		(855,503)	(900,111)
GROSS PROFIT	2	467,067	550,510
Administrative expenses		(396,952)	(382,137)
OPERATING PROFIT		70,115	168,373
Profit on sale of tangible fixed assets		-	1,946
PROFIT BEFORE INTEREST		70,115	170,319
Interest receivable		404	9,968
Interest payable		(13,746)	(25,000)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	56,773	155,287
Tax on profit on ordinary activities		(13,752)	(33,656)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		43,021	121,631
Dividends		(35,000)	(85,000)
		8,021	36,631
BALANCE BROUGHT FORWARD		283,470	246,839
BALANCE CARRIED FORWARD		£291,491	£283,470

All amounts relate to continuing activities.

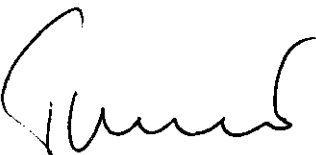
All recognised gains and losses are included in the profit and loss account.

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

HOLLAND PARK GALLERIES LIMITED**BALANCE SHEET - 31ST AUGUST, 1999**

	Note	1999	1998
FIXED ASSETS			
Tangible assets	5	32,031	36,830
CURRENT ASSETS			
Stocks	6	571,537	510,708
Debtors	7	179,804	267,138
Cash at bank and in hand		159	35,675
		751,500	813,521
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(338,540)	(313,381)
NET CURRENT ASSETS			
		412,960	500,140
TOTAL ASSETS LESS CURRENT LIABILITIES			
		444,991	536,970
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	9	(150,000)	(250,000)
NET ASSETS			
		£294,991	£286,970
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	10	3,500	3,500
RESERVES			
		291,491	283,470
SHAREHOLDERS' FUNDS			
		£294,991	£286,970

The directors have taken advantage of the special exemptions conferred by Part VII of 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 16th March, 2000.

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

HOLLAND PARK GALLERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST AUGUST, 1999

1. ACCOUNTING POLICIES

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 premises	Over the period of the lease
Motor vehicles	4 years
Fixtures and fittings	7 years

d. Stocks

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

e. Deferred taxation

Deferred taxation is provided in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future

f. Foreign currencies

Assets, liabilities, revenues and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling on the date on which transactions occur except for monetary assets and liabilities which are translated at the rate ruling at the balance sheet date. Differences arising on the translations of such items are dealt with in the profit and loss account.

2. SEGMENTAL INFORMATION

The turnover and gross profit are derived from dealing in fine art and antiques. In 1999 8.5% (1998 - 36.3%) of total turnover was attributable to markets outside the United Kingdom.

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 1999****3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	1999	1998
Profit on ordinary activities before taxation is arrived at after charging:-		
Auditors' remuneration	£1,500	£1,500
Depreciation	£10,684	£11,369
Exchange losses	-	£271

4. DIRECTORS

	1999	1998
Total remuneration	£81,630	£91,300

During the year one director of the company accrued benefits under a defined contribution pension scheme.

No director received any performance related emoluments (1998 - Nil).

There were no contracts of significance during the year in which a director of the company had a material interest (1998 - Nil).

5. TANGIBLE ASSETS

	Improvements to leasehold premises	Motor vehicles	Fixtures and fittings	Total
Cost				
At 31st August, 1998	19,593	44,295	46,652	110,540
Additions	-	-	5,885	5,885
At 31st August, 1999	19,593	44,295	52,537	116,425
Depreciation				
At 31st August, 1998	10,549	25,544	37,617	73,710
Charge for year	1,507	6,250	2,927	10,684
At 31st August, 1999	12,056	31,794	40,544	84,394

HOLLAND PARK GALLERIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31ST AUGUST, 1999

5. TANGIBLE ASSETS (continued)

	Improvements to leasehold premises	Motor vehicles	Fixtures and fittings	Total
Net book values				
At 31st August, 1999	£7,537	£12,501	£11,993	£32,031
	—	—	—	—
At 31st August, 1998	£9,044	£18,751	£9,035	£36,830
	—	—	—	—

6. STOCKS

	1999	1998
Pictures	548,927	483,478
Furniture	21,710	26,330
Sculpture	900	900
	—	—
	£571,537	£510,708
	—	—

7. DEBTORS

	1999	1998
Trade debtors	152,117	233,280
Prepayments and accrued income	24,687	30,858
Other debtors	3,000	3,000
	—	—
	£179,804	£267,138
	—	—

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 1999****8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1999	1998
Bank overdraft - secured	49,574	-
Corporation tax payable	13,752	12,405
Other taxation and social security	29,342	46,761
Trade creditors	209,672	175,445
Accruals and deferred income	26,672	20,887
Other creditors	9,528	57,883
	£338,540	£313,381

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

	1999	1998
Bank loan - secured	£150,000	£250,000

10. CALLED UP SHARE CAPITAL

	1999	1998
Authorised		
20,000 ordinary shares of £1 each	£20,000	£20,000
Allotted, called up and fully paid		
3,500 ordinary shares of £1 each	£3,500	£3,500

12. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £21,630 (1998 - £36,300).

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 1999****13. OTHER COMMITMENTS**

At 31st August, 1999 the company had the following annual commitments under an operating lease as follows:-

	1999	1998
Expiry date:-		
Between two and five years	£21,250	-
In more than five years	-	£21,250

14. RELATED PARTIES

The company rents property from one of its directors on normal commercial terms. The rental payable in the year amounted to £18,500 (1998 - £7,708) and at the balance sheet date no amount was outstanding (1998 - nil).