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HOLLAND PARK GALLERIES LIMITED

REPORT AND FINANCIAL STATEMENTS

31ST AUGUST, 2000



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 Centre,
P.O. Box 305,
Spring Gardens,
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, 2000.

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		291,491
Profit for year after taxation	478,247	
Dividends	(95,000)	
		383,247
Balance carried forward		
		£674,738

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 31.8.2000 and 1999
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

22nd May, 2001

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.

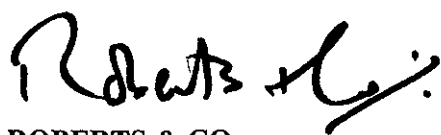
Basis of opinion

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, 2000 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.

22nd May, 2001

HOLLAND PARK GALLERIES LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST, 2000**

	Note	2000	1999
TURNOVER	2	2,789,966	1,322,570
Cost of sales		(1,597,100)	(855,503)
GROSS PROFIT	2	1,192,866	467,067
Administrative expenses		(525,501)	(396,952)
OPERATING PROFIT		667,365	70,115
Interest receivable		259	404
Interest payable		(5,616)	(13,746)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	662,008	56,773
Tax on profit on ordinary activities		(183,761)	(13,752)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		478,247	43,021
Dividends		(95,000)	(35,000)
		383,247	8,021
BALANCE BROUGHT FORWARD		291,491	283,470
BALANCE CARRIED FORWARD		£674,738	£291,491

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, 2000**

	Note	2000	1999
FIXED ASSETS			
Tangible assets	5	25,836	32,031
CURRENT ASSETS			
Stocks	6	550,267	571,537
Debtors	7	815,325	179,804
Cash at bank and in hand		250,923	159
		1,616,515	751,500
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(964,113)	(338,540)
NET CURRENT ASSETS			
		652,402	412,960
TOTAL ASSETS LESS CURRENT LIABILITIES			
		678,238	444,991
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	9	-	(150,000)
NET ASSETS			
		£678,238	£294,991
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	10	3,500	3,500
RESERVES			
		674,738	291,491
SHAREHOLDERS' FUNDS			
		£678,238	£294,991

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 22nd May, 2001.

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

HOLLAND PARK GALLERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST AUGUST, 2000

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 2000 - 21.7% (1999 - 8.5%) of total turnover was attributable to markets outside the United Kingdom.

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2000****3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2000	1999
Profit on ordinary activities before taxation is arrived at after charging:-		
Auditors' remuneration	£2,000	£1,500
Depreciation	£11,347	£10,684
Exchange losses	£2,354	-

4. DIRECTORS

	2000	1999
Total remuneration	£115,000	£81,630

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

No director received any performance related emoluments (1999 - Nil).

There were no contracts of significance during the year in which a director of the company had a material interest (1999 - Nil).

5. TANGIBLE ASSETS

	Improvements to leasehold premises	Motor vehicles	Fixtures and fittings	Total
Cost				
At 31st August, 1999	19,593	44,295	52,537	116,425
Additions	-	-	5,152	5,152
At 31st August, 2000	19,593	44,295	57,689	121,577
Depreciation				
At 31st August, 1999	12,056	31,794	40,544	84,394
Charge for year	1,507	6,250	3,590	11,347
At 31st August, 2000	13,563	38,044	44,134	95,741

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2000****5. TANGIBLE ASSETS (continued)**

	Improvements to leasehold premises	Motor vehicles	Fixtures and fittings	Total
Net book values				
At 31st August, 2000	£6,030	£6,251	£13,555	£25,836
At 31st August, 1999	£7,537	£12,501	£11,993	£32,031

6. STOCKS

	2000	1999
Pictures	511,023	548,927
Furniture	21,710	21,710
Sculpture	17,534	900
	£550,267	£571,537

7. DEBTORS

	2000	1999
Trade debtors	773,359	152,117
Prepayments and accrued income	38,853	24,687
Other debtors	3,113	3,000
	£815,325	£179,804

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2000****8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2000	1999
Bank overdraft - secured	-	49,574
Corporation tax payable	183,761	13,752
Other taxation and social security	89,517	29,342
Trade creditors	618,139	209,672
Accruals and deferred income	61,566	26,672
Other creditors	11,130	9,528
	£964,113	£338,540

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

	2000	1999
Bank loan - secured	-	£150,000

10. CALLED UP SHARE CAPITAL

	2000	1999
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 £50,000 (1999 - £21,630).

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2000****13. OTHER COMMITMENTS**

At 31st August, 2000 the company had annual commitments under an operating lease as follows:-

	2000	1999
Expiry date:-		
Between two and five years	£40,000	£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 £18,567 (1999 - £18,500) and at the balance sheet date no amount was outstanding (1999 - nil).