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HOLLAND PARK GALLERIES LIMITED

REPORT AND FINANCIAL STATEMENTS

31ST AUGUST, 2001



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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, 2001.

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		674,738
Profit for year after taxation	272,549	
Dividends	(100,000)	
		172,549
Balance carried forward		£847,287

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 31.8.2001 and 2000
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.

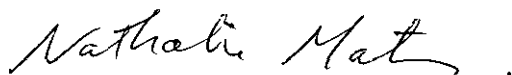
AUDITORS

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

26th November, 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.

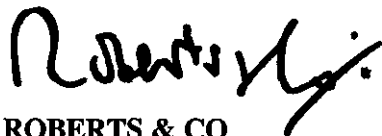
Basis of opinion

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, 2001 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.

26th November, 2001

HOLLAND PARK GALLERIES LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST, 2001**

	Note	2001	2000
TURNOVER	2	2,612,335	2,789,966
Cost of sales		(1,692,159)	(1,597,100)
GROSS PROFIT		920,176	1,192,866
Administrative expenses		(588,650)	(525,501)
OPERATING PROFIT		331,526	667,365
Profit on sale of tangible fixed assets		1,999	-
PROFIT BEFORE INTEREST		332,525	667,365
Interest receivable		20,129	259
Interest payable - current year		-	(5,616)
- adjustment in respect of prior year		285	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	353,939	662,008
Tax on profit on ordinary activities	4	(81,390)	(183,761)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	11	272,549	478,247
Dividends	11	(100,000)	(95,000)
		172,549	383,247
BALANCE BROUGHT FORWARD		674,738	291,491
BALANCE CARRIED FORWARD		£847,287	£674,738

All amounts relate to continuing activities.

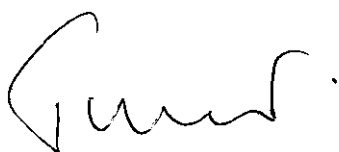
All recognised gains and losses are included in the profit and loss account.

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

HOLLAND PARK GALLERIES LIMITED**BALANCE SHEET - 31ST AUGUST, 2001**

	Note	2001	2000
FIXED ASSETS			
Tangible assets	6	20,782	25,836
CURRENT ASSETS			
Stocks	7	629,327	550,267
Debtors	8	138,387	815,325
Cash at bank and in hand		643,814	250,923
		1,411,528	1,616,515
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(581,523)	(964,113)
NET CURRENT ASSETS		830,005	652,402
NET ASSETS		£850,787	£678,238
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	10	3,500	3,500
RESERVES		847,287	674,738
SHAREHOLDERS' FUNDS	11	£850,787	£678,238

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 26th November, 2001.

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

HOLLAND PARK GALLERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST AUGUST, 2001

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. TURNOVER

The turnover is derived from dealing in fine art and antiques. In 2001 - 9.5% (2000 - 21.7%) of total turnover was attributable to markets outside the United Kingdom.

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2001****3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2001	2000
Profit on ordinary activities before taxation is arrived at after charging:-		
Auditors' remuneration	£2,000	£2,000
Depreciation	£12,102	£11,347
Exchange losses	-	£2,354

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001	2000
Corporation tax:-		
At 22%	81,390	-
At 27%	-	183,761
	£81,390	£183,761

5. DIRECTORS

	2001	2000
Total remuneration	£203,220	£115,000

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

No director received any performance related emoluments (2000 - Nil).

There were no contracts of significance during the year in which a director of the company had a material interest (2000 - Nil).

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2001****6. TANGIBLE ASSETS**

	Improvements to leasehold premises	Motor vehicles	Fixtures and fittings	Total
Cost				
At 31st August, 2000	19,593	44,295	57,689	121,577
Additions	-	-	7,049	7,049
Disposals	-	(19,295)	-	(19,295)
At 31st August, 2001	19,593	25,000	64,738	109,331
Depreciation				
At 31st August, 2000	13,563	38,044	44,134	95,741
Charge for year	1,507	6,249	4,346	12,102
Disposals	-	(19,294)	-	(19,294)
At 31st August, 2001	15,070	24,999	48,480	88,549
Net book values				
At 31st August, 2001	£4,523	£1	£16,258	£20,782
At 31st August, 2000	£6,030	£6,251	£13,555	£25,836

7. STOCKS

	2001	2000
Pictures	586,565	511,023
Furniture	20,110	21,710
Sculpture	22,652	17,534
	£629,327	£550,267

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2001****8. DEBTORS**

	2001	2000
Trade debtors	96,324	773,359
Prepayments and accrued income	39,063	38,853
Other debtors	3,000	3,113
	£138,387	£815,325

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001	2000
Corporation tax payable	81,390	183,761
Other taxation and social security	26,908	89,517
Trade creditors	406,891	618,139
Accruals and deferred income	49,070	61,566
Other creditors	17,264	11,130
	£581,523	£964,113

10. CALLED UP SHARE CAPITAL

	2001	2000
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

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2001****11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2001	2000
Profit on ordinary activities after taxation	272,549	478,247
Dividends	(100,000)	(95,000)
	172,549	383,247
Opening shareholders' funds	678,238	294,991
Closing shareholders' funds	£850,787	£678,238

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 £88,220 (2000 - £50,000).

13. OTHER COMMITMENTS

At 31st August, 2001 the company had annual commitments under an operating lease as follows:-

	2001	2000
Expiry date:-		
Between two and five years	£40,000	£40,000

14. RELATED PARTIES

The company rents property from one of its directors on normal commercial terms. The rental payable in the year amounted to £18,200 (2000 - £18,567) and at the balance sheet date no amount was outstanding (2000 - nil).