

2027334
Regd Copy

HOLLAND PARK GALLERIES LIMITED

REPORT AND FINANCIAL STATEMENTS

31ST AUGUST, 2002



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, 2002.

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 6 are as follows:-

Balance brought forward		847,287
Profit for year after taxation	439,050	
Dividends	(108,000)	
		331,050
Balance carried forward		£1,178,337

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 31.8.2002 and 2001
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

25th February, 2003

Registered Office

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

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

We have audited the financial statements of Holland Park Galleries Limited for the year ended 31st August, 2002 which comprise the profit and loss account, balance sheet and related notes set out on pages 6 to 13.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

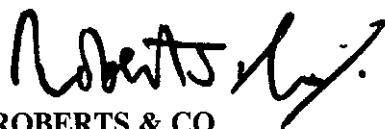
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

(continued)

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, 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**ROBERTS & CO**

Chartered Accountants and Registered Auditors

136 Kensington Church Street,
London, W8 4BH.

25th February, 2003

HOLLAND PARK GALLERIES LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST, 2002**

	Note	2002	2001
TURNOVER	2	2,654,518	2,612,335
Cost of sales		(1,504,485)	(1,692,159)
GROSS PROFIT		1,150,033	920,176
Administrative expenses		(568,249)	(588,650)
OPERATING PROFIT		581,784	331,526
Profit on sale of tangible fixed assets		2,499	1,999
PROFIT BEFORE INTEREST		584,283	333,525
Interest receivable		15,667	20,129
Interest payable - current year		(91)	-
- adjustment in respect of prior year		-	285
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	599,859	353,939
Tax on profit on ordinary activities	4	(160,809)	(81,390)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12	439,050	272,549
Dividends	12	(108,000)	(100,000)
		331,050	172,549
BALANCE BROUGHT FORWARD		847,287	674,738
BALANCE CARRIED FORWARD		£1,178,337	£847,287

All amounts relate to continuing activities.

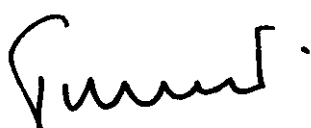
All recognised gains and losses are included in the profit and loss account.

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

HOLLAND PARK GALLERIES LIMITED**BALANCE SHEET - 31ST AUGUST, 2002**

	Note	2002	2001
FIXED ASSETS			
Tangible assets	6	34,135	20,782
CURRENT ASSETS			
Stocks	7	898,100	629,327
Debtors	8	242,313	138,387
Cash at bank and in hand		552,302	643,814
		1,692,715	1,411,528
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(542,023)	(581,523)
NET CURRENT ASSETS		1,150,692	830,005
TOTAL ASSETS LESS CURRENT LIABILITIES		1,184,827	850,787
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	10	(2,990)	-
NET ASSETS		£1,181,837	£850,787
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	11	3,500	3,500
RESERVES		1,178,337	847,287
SHAREHOLDERS' FUNDS	12	£1,181,837	£850,787

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 25th February, 2003.

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

HOLLAND PARK GALLERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST AUGUST, 2002

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. Taxation

The charge for taxation is based on the profit for the year after adjusting for available allowances and reliefs.

f. Deferred taxation

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and the law enacted or substantively enacted at the balance sheet date.

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2002****1. ACCOUNTING POLICIES (continued)****g. 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 2002 – 23% (2001 - 9.5%) of total turnover was attributable to markets outside the United Kingdom.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002	2001
Profit on ordinary activities before taxation is arrived at after charging:-		
Auditors' remuneration	£2,000	£2,000
Depreciation	£9,645	£12,102

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002	2001
U.K. corporation tax	157,819	81,390
Deferred tax charge (note 10)	2,990	-
	£160,809	£81,390

The tax assessed for the year is higher than the rate of U.K. taxation applicable to the company of 26% (2001 – 22%). The differences are explained below:-

Profit on ordinary activities before taxation	£599,859	£353,939

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2002****4. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)**

	2002	2001
At 26% (2001 – 22%)	156,770	78,747
Expenses not deductible for tax purposes	5,849	2,570
Capital allowances in excess of depreciation (2001 – depreciation in excess of capital allowances)	(4,800)	73
Current tax charge for the year	£157,819	£81,390

5. DIRECTORS

	2002	2001
Total remuneration	£83,833	£203,220

During the year no director (2001 – one director) of the company accrued benefits under a defined contribution pension scheme.

6. TANGIBLE ASSETS

	Improvements to leasehold premises	Motor vehicles	Fixtures and fittings	Total
Cost				
At 31st August, 2001	19,593	25,000	64,738	109,331
Additions	-	5,000	17,999	22,999
Disposals	-	(25,000)	-	(25,000)
At 31st August, 2002	19,593	5,000	82,737	107,330
Depreciation				
At 31st August, 2001	15,070	24,999	48,480	88,549
Charge for year	1,507	1,250	6,888	9,645
Disposals	-	(24,999)	-	(24,999)
At 31st August, 2002	16,577	1,250	55,368	73,195

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2002****6. TANGIBLE ASSETS (continued)**

	Improvements to leasehold premises	Motor vehicles	Fixtures and fittings	Total
Net book values				
At 31st August, 2002	£3,016	£3,750	£27,369	£34,135
	—	—	—	—
At 31st August, 2001	£4,523	£1	£16,258	£20,782
	—	—	—	—

7. STOCKS

	2002	2001
Pictures	857,560	586,565
Furniture	15,840	20,110
Sculpture	24,700	22,652
	—	—
	£898,100	£629,327
	—	—

8. DEBTORS

	2002	2001
Trade debtors	219,415	96,324
Prepayments and accrued income	19,898	39,063
Other debtors	3,000	3,000
	—	—
	£242,313	£138,387
	—	—

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2002****9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2002	2001
Corporation tax payable	157,818	81,390
Other taxation and social security	38,138	26,908
Trade creditors	270,360	406,891
Accruals and deferred income	54,577	49,070
Other creditors	21,130	17,264
	£542,023	£581,523

10. DEFERRED TAXATION

	2002	2001
At 31st August, 2001	-	-
Charge for the year	2,990	-
At 31st August, 2002	£2,990	-

The provision for deferred taxation is made up of accelerated capital allowances.

The company has applied FRS19 "Deferred Taxation" for the first time in these financial statements. As a result, the accounting policy for deferred taxation has been changed and full provision has been made for timing differences arising from accelerated capital allowances. The application of the new policy has not resulted in any material change to figures reported in previous financial statements and therefore no prior year adjustment has been made. The effect of the change in policy on the current year's profit is not material.

11. CALLED UP SHARE CAPITAL

	2002	2001
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, 2002****12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2002	2001
Profit on ordinary activities after taxation	439,050	272,549
Dividends	(108,000)	(100,000)
	331,050	172,549
Opening shareholders' funds	850,787	678,238
Closing shareholders' funds	£1,181,837	£850,787

13. 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 nil (2001 - £88,220).

14. OTHER COMMITMENTS

At 31st August, 2002 the company had annual commitments under an operating lease as follows:-

	2002	2001
Expiry date:-		
Between two and five years	£40,000	£40,000

15. RELATED PARTIES

The company rents property from one of its directors on normal commercial terms. The rental payable in the year amounted to £18,767 (2001 - £18,200) and at the balance sheet date no amount was outstanding (2001 - nil).