

2021334

1001 507

HOLLAND PARK GALLERIES LIMITED

REPORT AND FINANCIAL STATEMENTS

31ST AUGUST, 2003



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, 2003.

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		1,178,337
Profit for year after taxation	345,454	
Dividends	(60,000)	
		285,454
Balance carried forward		£1,463,791

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 31.8.2003 and 2002
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;
- make judgements and estimates that are reasonable and prudent;

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

- 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.

DONATIONS

During the year the company made donations for charitable purposes amounting to £6,760 (2002 - £11,000).

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

7th May, 2004

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, 2003 which comprise the profit and loss account, balance sheet and related notes set out on pages 6 to 12.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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.

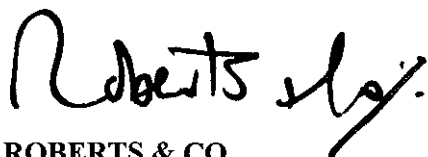
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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, 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Roberts & Co.', with a stylized flourish at the end.**ROBERTS & CO**

Chartered Accountants and Registered Auditors

136 Kensington Church Street,
London, W8 4BH.

7th May, 2004

HOLLAND PARK GALLERIES LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST, 2003**

	Note	2003	2002
TURNOVER	2	2,172,641	2,654,518
Cost of sales		(1,155,992)	(1,504,485)
GROSS PROFIT		1,016,649	1,150,033
Administrative expenses		(571,295)	(568,249)
OPERATING PROFIT		445,354	581,784
Profit on sale of tangible fixed assets		-	2,499
PROFIT BEFORE INTEREST		445,354	584,283
Interest receivable		19,805	15,667
Interest payable		(66)	(91)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	465,093	599,859
Tax on profit on ordinary activities	4	(119,639)	(160,809)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12	345,454	439,050
Dividends	12	(60,000)	(108,000)
		285,454	331,050
BALANCE BROUGHT FORWARD		1,178,337	847,287
BALANCE CARRIED FORWARD		£1,463,791	£1,178,337

All amounts relate to continuing activities.

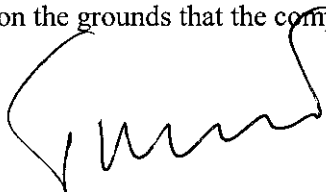
All recognised gains and losses are included in the profit and loss account.

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

HOLLAND PARK GALLERIES LIMITED**BALANCE SHEET - 31ST AUGUST, 2003**

	Note	2003	2002
FIXED ASSETS			
Tangible assets	6	32,429	34,135
CURRENT ASSETS			
Stocks	7	968,778	898,100
Debtors	8	288,447	242,313
Cash at bank and in hand		889,291	552,302
		2,146,516	1,692,715
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	9	(708,248)	(542,023)
NET CURRENT ASSETS			
		1,438,268	1,150,692
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,470,697	1,184,827
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	10	(3,406)	(2,990)
NET ASSETS			
		£1,467,291	£1,181,837
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	11	3,500	3,500
RESERVES			
		1,463,791	1,178,337
SHAREHOLDERS' FUNDS			
	12		
		£1,467,291	£1,181,837

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 7th May, 2004.

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

HOLLAND PARK GALLERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST AUGUST, 2003

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, 2003****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 2003 – 31% (2002 – 23%) of total turnover was attributable to markets outside the United Kingdom.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2003	2002
Profit on ordinary activities before taxation is arrived at after charging:-		
Auditors' remuneration	£2,250	£2,000
Depreciation	£10,779	£9,645

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003	2002
U.K. corporation tax	119,223	157,819
Deferred tax charge (note 10)	416	2,990
	£119,639	£160,809

The tax assessed for the year is higher than the rate of U.K. taxation applicable to the company of 24% (2002 – 26%). The differences are explained below:-

	2003	2002
Profit on ordinary activities before taxation	£465,093	£599,859
At 24% (2002 – 26%)	113,164	156,770
Expenses not deductible for tax purposes	6,299	5,849
Capital allowances in excess of depreciation	(240)	(4,800)
Current tax charge for the year	£119,223	£157,819

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2003****5. DIRECTORS**

	2003	2002
Total remuneration	£91,284	£83,833

During the year no 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, 2002	19,593	5,000	82,737	107,330
Additions	-	-	9,073	9,073
At 31st August, 2003	19,593	5,000	91,810	116,403
Depreciation				
At 31st August, 2002	16,577	1,250	55,368	73,195
Charge for year	1,507	1,250	8,022	10,779
At 31st August, 2003	18,084	2,500	63,390	83,974
Net book values				
At 31st August, 2003	£1,509	£2,500	£28,420	£32,429
At 31st August, 2002	£3,016	£3,750	£27,369	£34,135

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2003****7. STOCKS**

	2003	2002
Pictures	935,473	857,560
Furniture	9,805	15,840
Sculpture	23,500	24,700
	£968,778	£898,100

8. DEBTORS

	2003	2002
Trade debtors	250,072	219,415
Prepayments and accrued income	31,306	19,898
Other debtors	7,069	3,000
	£288,447	£242,313

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003	2002
Corporation tax payable	119,223	157,818
Other taxation and social security	115,702	38,138
Trade creditors	428,432	270,360
Accruals and deferred income	26,191	54,577
Other creditors	18,700	21,130
	£708,248	£542,023

10. DEFERRED TAXATION

	2003	2002
At 31st August, 2002	2,990	-
Charge for the year	416	2,990
At 31st August, 2003	£3,406	£2,990

The provision for deferred taxation is in respect of timing differences arising from accelerated capital allowances.

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2003****11. CALLED UP SHARE CAPITAL**

	2003	2002
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. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
Profit on ordinary activities after taxation	345,454	439,050
Dividends	(60,000)	(108,000)
	285,454	331,050
Opening shareholders' funds	1,181,837	850,787
Closing shareholders' funds	£1,467,291	£1,181,837

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 (2002 - nil).

14. OTHER COMMITMENTS

At 31st August, 2003 the company had annual commitments under an operating lease as follows:-

	2003	2002
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 £19,667 (2002 - £18,767) and at the balance sheet date £3,333 was outstanding (2002 - nil).

HOLLAND PARK GALLERIES LIMITED**DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST, 2003**

(for management purposes only)

	2003	2002
SALES	2,172,641	2,654,518
LESS: COST OF SALES		
Stock at 31st August, 2002	898,100	629,327
Purchases and direct costs	1,226,670	1,773,258
	2,124,770	2,402,585
Less: Stock at 31st August, 2003	968,778	898,100
	1,155,992	1,504,485
GROSS PROFIT		
	1,016,649	1,150,033
LESS: ADMINISTRATIVE EXPENSES		
Directors' emoluments	91,284	83,833
Salaries and social security costs	117,704	99,732
Sales assistants' costs	690	2,100
Rent	59,667	58,767
Rates and water charges	12,931	13,231
Repairs	2,526	1,388
Light, heat and power	1,000	1,249
Motor expenses	3,936	7,015
Travelling expenses	12,426	13,606
Advertising, exhibitions and sales promotion	161,547	158,602
Telephone	5,951	6,227
Printing, postage and stationery	9,627	8,852
Insurances	14,283	9,494
Transport and packaging costs	18,420	34,262
Legal and professional charges	2,630	5,050
Accountancy and book-keeping	5,475	5,450
Auditors' remuneration	2,250	2,000
Bank charges	7,766	7,406
Books, catalogues, periodicals and subscriptions	3,599	5,026
Sundries	953	884
Donations	6,760	11,000
Bad debts	-	1,250
Depreciation	10,779	9,645
Entertaining	19,091	22,180
	571,295	568,249
OPERATING PROFIT		
	£445,354	£581,784