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HOLLAND PARK GALLERIES LIMITED

REPORT AND FINANCIAL STATEMENTS

31ST AUGUST, 2007

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COMPANIES HOUSE

HOLLAND PARK GALLERIES LIMITED**COMPANY INFORMATION****DIRECTORS**

T A Hewlett
J E Hewlett

SECRETARY

M Whicheloe

REGISTERED OFFICE

8 Bennet Street,
London,
SW1A 1RP

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, 2007

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

The results for the year are set out in the profit and loss account on page 6

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 2007	At 31 8 2006
T A Hewlett	2,625	3,499
J E Hewlett	875	1
N P Martin (resigned 27th July, 2007)	-	-

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,
- 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.

HOLLAND PARK GALLERIES LIMITED**REPORT OF THE DIRECTORS****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 £18,825 (2006 - £19,650)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors have taken all the necessary steps to make us aware, as directors, of any relevant audit information and to establish that the auditors are aware of that information

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware

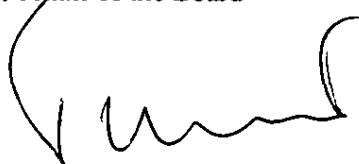
AUDITORS

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

On behalf of the Board



T A Hewlett

Director

13th June, 2008

Registered Office

8 Bennet Street,
London,
SW1A 1RP

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, 2007 which comprise the profit and loss account, balance sheet and related notes set out on pages 6 to 13

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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (U K and Ireland).

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 International Standards on Auditing (U K and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st August, 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



Handwritten signature of Roberts & Co, consisting of stylized cursive letters 'R', 'C', and 'O' followed by a diagonal slash.

ROBERTS & CO

Chartered Accountants and Registered Auditors

136 Kensington Church Street,
London, W8 4BH

13th June, 2008

HOLLAND PARK GALLERIES LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST, 2007**

	Note	2007	2006
TURNOVER	2	4,152,134	4,306,984
Cost of sales		(2,455,001)	(1,957,103)
GROSS PROFIT		1,697,133	2,349,881
Administrative expenses		(952,578)	(1,290,746)
OPERATING PROFIT		744,555	1,059,135
Loss on sale of tangible fixed assets		(3,757)	(10,424)
Surplus on assignment of leasehold premises		-	41,057
PROFIT BEFORE INTEREST		740,798	1,089,768
Interest receivable		53,005	34,954
Interest payable		(49)	(604)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	793,754	1,124,118
Tax on profit on ordinary activities	4	(224,354)	(343,326)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION TRANSFERRED TO RESERVES	13,14	£569,400	£780,792

All amounts relate to continuing activities

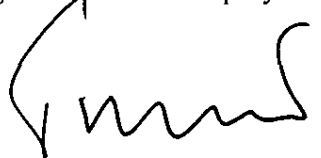
All recognised gains and losses are included in the profit and loss account

The accompanying notes form an integral part of these financial statements

HOLLAND PARK GALLERIES LIMITED**BALANCE SHEET - 31ST AUGUST, 2007**

	Note	2007	2006
FIXED ASSETS			
Tangible assets	6	157,312	189,165
Investments	7	17,106	17,106
		174,418	206,271
CURRENT ASSETS			
Stocks	8	1,509,105	1,255,192
Debtors	9	386,762	876,007
Cash at bank and in hand		1,051,856	1,411,427
		2,947,723	3,542,626
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(714,446)	(1,611,805)
NET CURRENT ASSETS		2,233,277	1,930,821
TOTAL ASSETS LESS CURRENT LIABILITIES		2,407,695	2,137,092
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	11	(2,175)	(5,972)
NET ASSETS		£2,405,520	£2,131,120
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	12	3,500	3,500
RESERVES	13	2,402,020	2,127,620
SHAREHOLDERS' FUNDS	14	£2,405,520	£2,131,120

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 13th June, 2008

The accompanying notes form an integral part of these financial statements

HOLLAND PARK GALLERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST AUGUST, 2007

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	4 to 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

Deferred tax is provided in respect of the tax effect of all differences that have originated but not reversed at the balance sheet date

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 tax is measured on a full provision basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

HOLLAND PARK GALLERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST AUGUST, 2007

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 2007 - 11% (2006 - 12%) of total turnover was attributable to markets outside the United Kingdom.

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2007	2006
Profit on ordinary activities before taxation is arrived at after charging -		
Auditors' remuneration	£5,000	£4,000
Depreciation	£40,011	£38,271

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007	2006
U K corporation tax	228,151	340,472
Deferred tax (credit)/charge (note 11)	(3,797)	2,854
	£224,354	£343,326

The tax assessed for the year is higher than the rate of U K taxation applicable to the company of 27.81% (2006 - 29.21%). The differences are explained below -

	2007	2006
Profit on ordinary activities before taxation	£793,754	£1,124,118

HOLLAND PARK GALLERIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31ST AUGUST, 2007

4 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

	2007	2006
At 27 81% (2006 - 29 21%)	220,734	328,365
Expenses not deductible for tax purposes	2,596	13,045
Depreciation in excess of capital allowances	4,821	-
Capital allowances in excess of depreciation	-	(938)
Current tax charge for the year	£228,151	£340,472

5 DIRECTORS

	2007	2006
Total remuneration	£115,390	£330,577

During the year 2 directors (2006 - 2 directors) 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, 2006	94,083	5,000	143,408	242,491
Additions	-	-	13,915	13,915
Disposals	-	-	(9,083)	(9,083)
At 31st August, 2007	94,083	5,000	148,240	247,323
Depreciation				
At 31st August, 2006	5,271	4,999	43,056	53,326
Charge for year	4,704	-	35,307	40,011
Disposals	-	-	(3,326)	(3,326)
At 31st August, 2007	9,975	4,999	75,037	90,011

HOLLAND PARK GALLERIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31ST AUGUST, 2007

6 TANGIBLE ASSETS (continued)

	Improvements to leasehold premises	Motor vehicles	Fixtures and fittings	Total
Net book values				
At 31st August, 2007	£84,108	£1	£73,203	£157,312
At 31st August, 2006	£88,812	£1	£100,352	£189,165

7 INVESTMENTS

The company owns wine in bond which is held for long term capital appreciation. The directors consider that no depreciation need be provided thereon.

	2007	2006
The cost of these investments amounts to	£17,106	£17,106

8 STOCKS

	2007	2006
Pictures	1,463,772	1,241,092
Sculpture	45,333	14,100
	£1,509,105	£1,255,192

9 DEBTORS

	2007	2006
VAT recoverable	5,433	-
Trade debtors	306,784	803,711
Prepayments and accrued income	68,245	65,170
Other debtors	6,300	7,126
	£386,762	£876,007

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2007****10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2007	2006
Corporation tax payable	228,151	340,472
Other taxation and social security	2,724	140,548
Trade creditors	422,390	1,054,440
Accruals and deferred income	58,764	76,078
Other creditors	2,417	267
	£714,446	£1,611,805

11 DEFERRED TAXATION

	2007	2006
At 31st August, 2006	5,972	3,118
(Credit)/charge for the year (note 4)	(3,797)	2,854
At 31st August, 2007	£2,175	£5,972

The provision for deferred taxation is in respect of timing differences that have originated but not reversed at the balance sheet date

12 CALLED UP SHARE CAPITAL

	2007	2006
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, 2007****13 RESERVES**

	2007	2006
Profit on ordinary activities after taxation	569,400	780,792
Dividends	(295,000)	(300,000)
	274,400	480,792
Balance brought forward	2,127,620	1,646,828
Balance carried forward	£2,402,020	£2,127,620

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
Profit on ordinary activities after taxation	569,400	780,792
Dividends	(295,000)	(300,000)
	274,400	480,792
Opening shareholders' funds	2,131,120	1,650,328
Closing shareholders' funds	£2,405,520	£2,131,120

15 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 (2006 - £200,000)

16 OTHER COMMITMENTS

At 31st August, 2007 the company had annual commitments under an operating lease which commenced on 19th July, 2005 for a term of 20 years at an annual rental of £180,000, the first seven months being rent free