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HOLLAND PARK GALLERIES LIMITED

REPORT AND FINANCIAL STATEMENTS

31ST AUGUST, 2008

TUESDAY



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

T.A. Hewlett
J.E. Hewlett

SECRETARY

M. Morrow

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, 2008.

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 throughout the year were as follows:-

T.A. Hewlett
J.E. Hewlett

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 £38,965 (2007 - £18,825).

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.

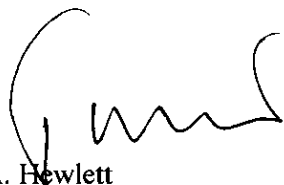
AUDITORS

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

23rd April, 2009

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, 2008 which comprise the profit and loss account, balance sheet and related notes set out on pages 6 to 14.

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.

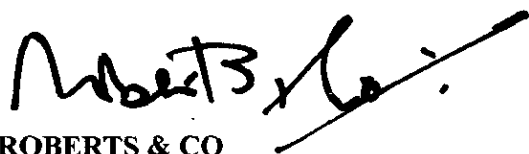
HOLLAND PARK GALLERIES LIMITED**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF****HOLLAND PARK GALLERIES LIMITED**

(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, 2008 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.



ROBERTS & CO

Chartered Accountants and Registered Auditors

136 Kensington Church Street,
London,
W8 4BH.

23rd April, 2009

HOLLAND PARK GALLERIES LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST, 2008**

	Note	2008	2007
TURNOVER	2	6,537,912	4,152,134
Cost of sales		(4,395,836)	(2,455,001)
GROSS PROFIT		2,142,076	1,697,133
Administrative expenses		(1,124,870)	(952,578)
OPERATING PROFIT		1,017,206	744,555
Loss on sale of tangible fixed assets		(1,956)	(3,757)
PROFIT BEFORE INTEREST		1,015,250	740,798
Interest receivable		54,586	53,005
Interest payable		(8,817)	(49)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	1,061,019	793,754
Tax on profit on ordinary activities	4	(346,232)	(224,354)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION TRANSFERRED TO RESERVES	13,14	£714,787	£569,400

All amounts relate to continuing activities.

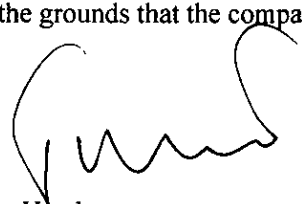
All recognised gains and losses are included in the profit and loss account.

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

HOLLAND PARK GALLERIES LIMITED**BALANCE SHEET - 31ST AUGUST, 2008**

	Note	2008	2007
FIXED ASSETS			
Tangible assets	6	124,502	157,312
Investments	7	117,106	17,106
		241,608	174,418
CURRENT ASSETS			
Stocks	8	1,683,079	1,509,105
Debtors	9	652,437	386,762
Cash at bank and in hand		1,500,734	1,051,856
		3,836,250	2,947,723
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(1,221,551)	(714,446)
NET CURRENT ASSETS		2,614,699	2,233,277
TOTAL ASSETS LESS CURRENT LIABILITIES		2,856,307	2,407,695
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	11	-	(2,175)
NET ASSETS		£2,856,307	£2,405,520
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	12	3,500	3,500
RESERVES	13	2,852,807	2,402,020
SHAREHOLDERS' FUNDS	14	£2,856,307	£2,405,520

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. Howlett

- Director

These financial statements
were approved by the Board
on 23rd April, 2009.

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

HOLLAND PARK GALLERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST AUGUST, 2008

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. Investments

Investments are shown at cost.

No depreciation has been provided on fine wine held in bond. Bonded stocks are stated less than their replacement values. The wine is maintained in specialised conditions and in the opinion of the directors any element of depreciation would be immaterial.

e. Stocks

Stocks are valued at the lower of cost and net realisable value.

f. Taxation

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

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2008****1. ACCOUNTING POLICIES (continued)****g. 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.

h. 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 2008 - 7% (2007 - 11%) of total turnover was attributable to markets outside the United Kingdom.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2008	2007
Profit on ordinary activities before taxation is arrived at after charging:-		
Auditors' remuneration	£5,000	£5,000
Depreciation	£40,770	£40,011

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2008****4. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2008	2007
U.K. corporation tax	328,248	228,151
Adjustment in respect of prior years	22,546	-
	350,794	228,151
Deferred tax credit (note 11)	(4,562)	(3,797)
	£346,232	£224,354

The tax assessed for the year is higher than the rate of U.K. taxation applicable to the company of 28.50% (2007 - 27.81%). The differences are explained below:-

	2008	2007
Profit on ordinary activities before taxation	£1,061,019	£793,754
At 28.50% (2007 - 27.81%)	302,398	220,734
Expenses not deductible for tax purposes	19,894	2,596
Depreciation in excess of capital allowances	5,956	4,821
Adjustment in respect of prior years	22,546	-
Current tax charge for the year	£350,794	£228,151

5. DIRECTORS

	2008	2007
Total remuneration	£55,000	£115,390

During the year 2 directors (2007 - 2 directors) of the company accrued benefits under a defined contribution pension scheme.

HOLLAND PARK GALLERIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31ST AUGUST, 2008

6. TANGIBLE ASSETS

	Improvements to leasehold premises	Motor vehicles	Fixtures and fittings	Total
Cost				
At 31st August, 2007	94,083	5,000	148,240	247,323
Additions	-	-	9,916	9,916
Disposals	-	-	(11,487)	(11,487)
At 31st August, 2008	94,083	5,000	146,669	245,752
Depreciation				
At 31st August, 2007	9,975	4,999	75,037	90,011
Charge for year	4,704	-	36,066	40,770
Disposals	-	-	(9,531)	(9,531)
At 31st August, 2008	14,679	4,999	101,572	121,250
Net book values				
At 31st August, 2008	£79,404	£1	£45,097	£124,502
At 31st August, 2007	£84,108	£1	£73,203	£157,312

7. INVESTMENTS

	Fine wine in bond	Unlisted investment	Total
Cost			
At 31st August, 2007	17,106	-	17,106
Additions	-	100,000	100,000
At 31st August, 2008	£17,106	£100,000	£117,106

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2008****8. STOCKS**

	2008	2007
Pictures	1,489,508	1,463,772
Sculpture	193,571	45,333
	£1,683,079	£1,509,105

9. DEBTORS

	2008	2007
Deferred tax asset (note 11)	2,387	-
VAT recoverable	-	5,433
Trade debtors	594,395	306,784
Prepayments and accrued income	54,855	68,245
Other debtors	800	6,300
	£652,437	£386,762

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
Bank overdraft - secured	98,647	-
Corporation tax payable	350,794	228,151
Other taxation and social security	14,835	2,724
Trade creditors	667,031	422,390
Accruals and deferred income	83,562	58,764
Other creditors	6,682	2,417
	£1,221,551	£714,446

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2008****11. DEFERRED TAXATION**

	2008	2007
At 31st August, 2007	(2,175)	(5,972)
Credit for the year (note 4)	4,562	3,797
	2,387	(2,175)
Transfer to debtors (note 9)	(2,387)	-
At 31st August, 2008	-	£(2,175)

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

	2008	2007
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

13. RESERVES

	2008	2007
Profit on ordinary activities after taxation	714,787	569,400
Dividends	(264,000)	(295,000)
	450,787	274,400
Balance brought forward	2,402,020	2,127,620
Balance carried forward	£2,852,807	£2,402,020

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2008****14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2008	2007
Profit on ordinary activities after taxation	714,787	569,400
Dividends	(264,000)	(295,000)
	450,787	274,400
Opening shareholders' funds	2,405,520	2,131,120
Closing shareholders' funds	£2,856,307	£2,405,520

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 (2007 - nil).

16. OTHER COMMITMENTS

At 31st August, 2008 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.