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HOLLAND PARK GALLERIES LIMITED

REPORT AND FINANCIAL STATEMENTS

31ST AUGUST, 2010



HOLLAND PARK GALLERIES LIMITED
REPORT AND FINANCIAL STATEMENTS
31ST AUGUST, 2010

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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, 2010

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

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 2006. 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

DONATIONS

During the year the company made donations for charitable purposes amounting to £14,814 (2009 - £7,485)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

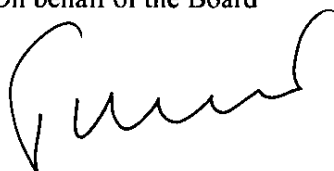
AUDITORS

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 RULES

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006

On behalf of the Board



T A Hewlett
Director

23rd May, 2011

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, 2010 which comprise the profit and loss account, balance sheet and related notes set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters that 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 on page 2, the company's directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards of Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion, the financial statements

- give a true and fair view of the state of the company's affairs as at 31st August, 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

(continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records, or
- certain disclosures of remuneration of the directors specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements and the Report of the Directors in accordance with the small companies regime



DAVID ROBERTS (senior statutory auditor)

For and on behalf of Roberts & Co
Chartered Accountants and Statutory Auditors

136 Kensington Church Street,
London,
W8 4BH

23rd May, 2011

HOLLAND PARK GALLERIES LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST, 2010**

	Note	2010	2009
TURNOVER	2	3,710,416	3,782,756
Cost of sales		(1,964,078)	(1,776,982)
GROSS PROFIT		1,746,338	2,005,774
Administrative expenses		(916,246)	(998,617)
OPERATING PROFIT		830,092	1,007,157
Share of (deficit)/surplus from fixed asset investment		(929)	1,464
PROFIT BEFORE INTEREST		829,163	1,008,621
Interest receivable	3	22,005	36,848
Interest payable		-	(29)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	851,168	1,045,440
Tax on profit on ordinary activities	5	(241,078)	(299,332)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION TRANSFERRED TO RESERVES	14,15	£610,090	£746,108

All amounts relate to continuing activities

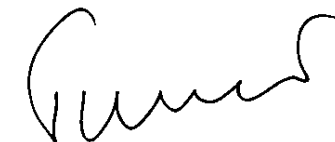
All recognised gains and losses are included in the profit and loss account

The accompanying notes form an integral part of these financial statements

HOLLAND PARK GALLERIES LIMITED**BALANCE SHEET - 31ST AUGUST, 2010**

	Note	2010	2009
FIXED ASSETS			
Tangible assets	7	74,740	86,940
Investments	8	117,106	117,106
		191,846	204,046
CURRENT ASSETS			
Stocks	9	2,017,605	1,819,347
Debtors	10	392,745	670,736
Cash at bank and in hand		1,909,020	1,997,498
		4,319,370	4,487,581
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(1,008,711)	(1,319,212)
NET CURRENT ASSETS		3,310,659	3,168,369
NET ASSETS		£3,502,505	£3,372,415
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	13	3,500	3,500
RESERVES	14	3,499,005	3,368,915
SHAREHOLDERS' FUNDS	15	£3,502,505	£3,372,415

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006



T A Hewlett

- Director

These financial statements
were approved by the Board
on 23rd May, 2011

The accompanying notes form an integral part of these financial statements

HOLLAND PARK GALLERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST AUGUST, 2010

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 at 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, 2010

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 2010 - 8½% (2009 - 19%) of total turnover was attributable to markets outside the United Kingdom

3 INTEREST RECEIVABLE

	2010	2009
Bank deposit interest	21,900	25,440
Other interest	105	11,408
	£22,005	£36,848

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2010****4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2010	2009
Profit on ordinary activities before taxation is arrived at after charging -		
Auditors' remuneration	£6,500	£5,500
Depreciation	£12,346	£41,773

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2010	2009
U K corporation tax	240,585	305,342
Deferred tax charge/(credit) (note 12)	493	(6,010)
	£241,078	£299,332

The tax assessed for the year is higher than the rate of U K taxation applicable to the company of 26.82% (2009 - 27.50%). The differences are explained below -

	2010	2009
Profit on ordinary activities before taxation	£851,168	£1,045,440
At 26.82% (2009 - 27.50%)	228,312	286,397
Expenses not deductible for tax purposes	11,295	11,585
Depreciation in excess of capital allowances	978	7,360
Current tax charge for the year	£240,585	£305,342

6 DIRECTORS

	2010	2009
Total remuneration	£55,000	£55,000

During the year 2 directors (2009 - 2 directors) of the company accrued benefits under a defined contribution pension scheme

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2010****7 TANGIBLE ASSETS**

	Improvements to leasehold premises	Motor vehicles	Fixtures and fittings	Total
Cost				
At 31st August, 2009	94,083	5,000	150,880	249,963
Additions	-	-	146	146
At 31st August, 2010	94,083	5,000	151,026	250,109
Depreciation				
At 31st August, 2009	19,383	4,999	138,641	163,023
Charge for year	4,704	-	7,642	12,346
At 31st August, 2010	24,087	4,999	146,283	175,369
Net book values				
At 31st August, 2010	£69,996	£1	£4,743	£74,740
At 31st August, 2009	£74,700	£1	£12,239	£86,940

8 INVESTMENTS

	Fine wine in bond	Unlisted investment	Total
Cost			
At 31st August, 2010 and 2009	£17,106	£100,000	£117,106

The unlisted investment consists of contributions to a limited liability partnership which the directors consider to be of a long-term nature

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2010****9 STOCKS**

	2010	2009
Pictures	1,891,943	1,631,431
Sculpture	125,662	187,916
	£2,017,605	£1,819,347

10 DEBTORS

	2010	2009
Deferred tax asset (note 12)	7,904	8,397
Trade debtors	265,152	598,518
Prepayments and accrued income	107,641	50,949
Other debtors	12,048	12,872
	£392,745	£670,736

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2009
Corporation tax payable	240,585	305,340
Other taxation and social security	4,136	114,381
Trade creditors	694,630	818,927
Accruals and deferred income	63,229	66,872
Other creditors	6,131	13,692
	£1,008,711	£1,319,212

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2010****12 DEFERRED TAXATION**

	2010	2009
At 31st August, 2009	8,397	2,387
(Charge)/credit for the year (note 5)	(493)	6,010
	7,904	8,397
Transfer to debtors (note 10)	(7,904)	(8,397)
At 31st August, 2010	-	-

The (charge)/credit for deferred taxation is in respect of timing differences that have originated but not reversed at the balance sheet date

13 CALLED UP SHARE CAPITAL

	2010	2009
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

14 RESERVES

	2010	2009
Profit on ordinary activities after taxation	610,090	746,108
Dividends	(480,000)	(230,000)
	130,090	516,108
Balance brought forward	3,368,915	2,852,807
Balance carried forward	£3,499,005	£3,368,915

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2010****15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2010	2009
Profit on ordinary activities after taxation	610,090	746,108
Dividends	(480,000)	(230,000)
	130,090	516,108
Opening shareholders' funds	3,372,415	2,856,307
Closing shareholders' funds	£3,502,505	£3,372,415

16 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. No contributions were paid by the company to the fund in the year (2009 - none)

17 OTHER COMMITMENTS

At 31st August, 2010 the company had annual commitments under a non-cancellable operating lease in the next financial year as follows -

	2010	2009
	Land and buildings	
Expiry date after 5 years	£180,000	£180,000

18 TRANSACTIONS WITH DIRECTORS

On 21st October, 2009 Mr T A Hewlett, a director, purchased two paintings from the company for £5,005. This amount was outstanding at 31st August, 2010.

On 12th November, 2009 Mr Hewlett purchased three paintings from the company for £22,500. This debt was satisfied by the purchase by the company on the same date of a painting from Mr Hewlett for £22,500.

On 15th June, 2010 the company purchased a painting from Mr Hewlett for £250,000. This amount was paid in full by the company prior to 31st August, 2010.

HOLLAND PARK GALLERIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31ST AUGUST, 2010****19 RELATED PARTIES**

The controlling party is Mr T A Hewlett by virtue of his ownership of 75% of the issued share capital of the company

During the year the following dividends were paid to Mr T A Hewlett -

5th November, 2009	£30,000
3rd February, 2010	£30,000
10th March, 2010	£300,000

HOLLAND PARK GALLERIES LIMITED**DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST, 2010**

(for management purposes only)

	2010	2009
SALES	3,710,416	3,782,756
LESS: COST OF SALES		
Stocks at 31st August, 2009	1,819,347	1,683,079
Purchases and direct costs	2,162,336	1,913,250
	3,981,683	3,596,329
Less Stocks at 31st August, 2010	2,017,605	1,819,347
	1,964,078	1,776,982
GROSS PROFIT	1,746,338	2,005,774
LESS: ADMINISTRATIVE EXPENSES		
Directors' emoluments	55,000	55,000
Salaries and social security costs	203,514	209,287
Staff recruitment and training	3,523	3,419
Sales assistants' costs	5,970	2,390
Rent and service charges	186,930	183,065
Rates and water charges	48,174	53,053
Light and heat	10,004	-
Repairs	21,407	7,289
Motor expenses	6,575	7,110
Travelling expenses	17,910	12,735
Advertising, exhibitions, sales promotion and public relations	155,575	237,506
Telephone	7,035	7,926
Printing, postage, stationery and computer costs	19,851	19,261
Insurances	23,527	27,052
Transport and packaging costs	30,047	41,660
Legal and professional charges	7,501	7,665
Accountancy and book-keeping	16,825	19,755
Auditors' remuneration	6,500	5,500
Bank charges	9,793	8,591
Books, catalogues, periodicals and subscriptions	7,029	6,253
Sundries	1,298	4,778
Donations	14,814	7,485
Depreciation	12,346	41,773
Entertaining	38,510	27,455
Bad debts	6,588	2,609
	916,246	998,617
OPERATING PROFIT	£830,092	£1,007,157