

ANNELY JUDA FINE ART LIMITED

Abbreviated accounts

31 December 2004



**INDEPENDENT AUDITORS' REPORT TO ANNELY JUDA FINE ART
LIMITED PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts consisting of the balance sheet and related notes 1 to 4 together with the financial statements of Annely Juda Fine Art Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 December 2004.

This report is made solely to the company in accordance with section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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 for our work, for this report, or for the opinions we have formed.

Respective responsibilities of the director and auditors

The director is responsible for preparing the abbreviated accounts in accordance with sections 246(5) and (6) of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts prepared in accordance with those sections and whether the abbreviated accounts have been properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under sections 247 and 247A of the Companies Act 1985 to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, in respect of the year ended 31 December 2004, and the abbreviated accounts have been properly prepared in accordance with those provisions.



Deloitte & Touche LLP

Chartered Accountants and
Registered Auditors

Cambridge

27 May 2005

ANNELY JUDA FINE ART LIMITED

BALANCE SHEET **31 December 2004**

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	2	10,819	-
CURRENT ASSETS			
Stocks		1,028,808	-
Debtors		233,652	100
Cash at bank and in hand		321,553	-
		1,584,013	100
CREDITORS: amounts falling due within one year		613,362	-
NET CURRENT ASSETS		970,651	100
TOTAL ASSETS LESS CURRENT LIABILITIES		981,470	100
CREDITORS: amounts falling due after more than one year		1,080,799	-
CAPITAL AND RESERVES			
Called up share capital	3	10,000	100
Profit and loss account		(109,329)	-
EQUITY SHAREHOLDERS' (DEFICIT)/FUNDS		(99,329)	100
		981,470	100

These accounts have been prepared in accordance with the special provisions relating to small companies under section 246 of the Companies Act 1985 with respect to the delivery of individual accounts.


 25th May 2005
 D Juda
 Director

ANNELY JUDA FINE ART LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

The turnover of the company is the total amount receivable for goods sold net of VAT.

Transfer of assets acquired from the unincorporated business

On commencement of trading, the assets of Annelly Juda Fine Art, an unincorporated business, were transferred at book value as a group reconstruction under FRS 6, as the transfer involves no change to the ultimate owner. In order to achieve compliance with FRS 6, goodwill, which arises on the difference between the consideration and the net assets acquired from the unincorporated business has been eliminated against the profit and loss reserve. This represents a departure from the Companies Act 1985 conditions for merger accounting since there is no exchange of shares, and also from FRS 10 which would have retained the goodwill as an asset and amortised it over its useful economic life. The director considers that, since there has been no change in the owner, or his rights, recognition of goodwill would not give a true and fair view.

The capitalisation of purchased goodwill would have created an intangible fixed asset of £500,000 in Annelly Juda Fine Art Limited's balance sheet. An annual amortisation charge to the profit and loss account of £25,000 would be required, based on a useful economic life of 20 years.

Tangible fixed assets and depreciation

Depreciation is provided on fixed assets so as to write off the cost of the assets over their estimated useful lives at the following rates:

Fixtures and fittings	15% per annum
Computers	33% per annum

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Cash flow statement

The company is exempt from preparing a cash flow statement as the company is exempt as a small company under Section 247 of the Companies Act 1985.

Deferred taxation

Deferred tax is provided in full on timing differences, that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Stocks

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

Operating leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

ANNELY JUDA FINE ART LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

1. ACCOUNTING POLICIES (continued)

Pension costs

The company operates a defined contribution scheme for the benefit of certain employees. Contributions are charged to the profit and loss account as the contributions are made.

2. TANGIBLE FIXED ASSETS

	£
Cost	
Acquired from unincorporated business	21,384
Additions	1,188
At 31 December 2004	22,572
Accumulated depreciation	
Depreciation for the year and at 31 December 2004	11,753
Net book value	
At 31 December 2004	10,819

3. CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
Called up, allotted and fully paid		
10,000 (2003 - 100) ordinary shares of £1 each	10,000	100

On 1 January 2004 the company issued 9,900 ordinary shares of £1 each at par.

4. RELATED PARTIES

D Juda is the ultimate controlling party of the company. During the year the business of Annelly Juda Fine Art was acquired by Annelly Juda Fine Art Limited. The net assets were transferred for £1,300,799 which comprised £810,799 for the net assets and £500,000 for goodwill, less £10,000 of consideration for the share capital. The £1,300,799 of consideration is included as £1,080,799 as creditors due after more than one year and £220,000 was taken to the director's current account which had reduced to £120,145 by 31 December 2004.