

**ANNELY JUDA FINE ART LIMITED**

**Abbreviated accounts**

**31 December 2005**



## **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 6 together with the financial statements of Annely Juda Fine Art Limited for the year ended 31 December 2005 prepared under section 226 of the Companies Act 1985.

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 of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and 246 (6) of the Act to the Registrar of Companies 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 conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did 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 to deliver abbreviated accounts prepared in accordance with sections 246 (5) and (6) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with those provisions.



Deloitte & Touche LLP

Chartered Accountants and  
Registered Auditors

Cambridge

United Kingdom

22 June 2006

# ANNELY JUDA FINE ART LIMITED

## **BALANCE SHEET** **31 December 2005**

|                                                                    | Note | 2005<br>£        | 2004<br>As restated<br>£ |
|--------------------------------------------------------------------|------|------------------|--------------------------|
| <b>FIXED ASSETS</b>                                                |      |                  |                          |
| Tangible assets                                                    | 2    | 9,369            | 10,819                   |
| <b>CURRENT ASSETS</b>                                              |      |                  |                          |
| Stocks                                                             |      | 1,036,539        | 1,028,808                |
| Debtors                                                            |      | 494,063          | 233,652                  |
| Investments                                                        |      | 250,000          | -                        |
| Cash at bank and in hand                                           |      | 324,178          | 321,553                  |
|                                                                    |      | <u>2,104,780</u> | <u>1,584,013</u>         |
| <b>CREDITORS: amounts falling due within<br/>one year</b>          |      | <u>854,314</u>   | <u>600,862</u>           |
| <b>NET CURRENT ASSETS</b>                                          |      | <u>1,250,466</u> | <u>983,151</u>           |
| <b>TOTAL ASSETS LESS CURRENT<br/>LIABILITIES</b>                   |      | <u>1,259,835</u> | <u>993,970</u>           |
| <b>CREDITORS: amounts falling due after<br/>more than one year</b> |      | <u>920,893</u>   | <u>1,080,799</u>         |
| <b>CAPITAL AND RESERVES</b>                                        |      |                  |                          |
| Called up share capital                                            | 3    | 10,000           | 10,000                   |
| Profit and loss account                                            |      | 328,942          | (96,829)                 |
| <b>EQUITY SHAREHOLDERS'<br/>FUNDS/(DEFICIT)</b>                    |      | <u>338,942</u>   | <u>(86,829)</u>          |
|                                                                    |      | <u>1,259,835</u> | <u>993,970</u>           |

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.

D Juda

Director

21 June 2006

# ANNELY JUDA FINE ART LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2005

### 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 on 1 January 2004, 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 19985 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 2005**

### **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**

|                                 | <b>Fixtures<br/>and fittings<br/>£</b> | <b>Computers<br/>£</b> | <b>Total<br/>£</b> |
|---------------------------------|----------------------------------------|------------------------|--------------------|
| <b>Cost</b>                     |                                        |                        |                    |
| At 1 January 2005               | 535                                    | 22,037                 | 22,572             |
| Additions                       | -                                      | 5,542                  | 5,542              |
|                                 | <hr/>                                  | <hr/>                  | <hr/>              |
| At 31 December 2004             | 535                                    | 27,579                 | 28,114             |
|                                 | <hr/>                                  | <hr/>                  | <hr/>              |
| <b>Accumulated depreciation</b> |                                        |                        |                    |
| At 1 January 2005               | 95                                     | 11,658                 | 11,753             |
| Charge for the year             | 95                                     | 6,897                  | 6,992              |
|                                 | <hr/>                                  | <hr/>                  | <hr/>              |
| At 31 December 2004             | 190                                    | 18,555                 | 18,745             |
|                                 | <hr/>                                  | <hr/>                  | <hr/>              |
| <b>Net book value</b>           |                                        |                        |                    |
| At 31 December 2005             | 345                                    | 9,024                  | 9,369              |
|                                 | <hr/>                                  | <hr/>                  | <hr/>              |
| At 31 December 2004             | 440                                    | 10,379                 | 10,819             |
|                                 | <hr/>                                  | <hr/>                  | <hr/>              |

### **3. CALLED UP SHARE CAPITAL**

|                                           | <b>2005<br/>£</b> | <b>2004<br/>£</b> |
|-------------------------------------------|-------------------|-------------------|
| <b>Authorised</b>                         |                   |                   |
| 10,000 ordinary shares of £1 each         | 10,000            | 10,000            |
|                                           | <hr/>             | <hr/>             |
| <b>Called up, allotted and fully paid</b> |                   |                   |
| 10,000 ordinary shares of £1 each         | 10,000            | 10,000            |
|                                           | <hr/>             | <hr/>             |

# **ANNELY JUDA FINE ART LIMITED**

## **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2005**

### **4. RELATED PARTIES**

D Juda is the ultimate controlling party of the company. The director's loan account due within one year at 31 December 2005 was £140,000 (2004 - £120,145). The director's loan account due after more than one year at 31 December 2005 was £920,893 (2004 - £1,080,799).

David Juda's wife, Yuko Shiraishi, is an established artist in her own right and is represented by Annelly Juda Fina Art Limited.

During the year ended 31 December 2005 the company purchased art works of £41,900 (2004 - £17,000) from Yuko Shiraishi and sold works by Yuko Shiraishi of £49,241 (2004 - £25,841).

During the year ended 31 December 2004 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 consideration of £1,300,799 was taken to the director's current account.

### **5. DIVIDENDS**

|                                      | 2005<br>£ | 2004<br>As restated<br>£ |
|--------------------------------------|-----------|--------------------------|
| Paid final dividend on equity shares | 12,500    | -                        |

In accordance with FRS 21, the dividend provision shown in the financial statements for the year ended 31 December 2004 has been reversed as the dividend was declared after the balance sheet date. It did not represent a present obligation at the balance sheet date. The dividend of £12,500 has been paid in 2005 and is reflected in the movement in reserves in the year ended 31 December 2005.

### **6. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS/(DEFICIT)**

|                                                              | 2005<br>£ | 2004<br>£ |
|--------------------------------------------------------------|-----------|-----------|
| Profit for the financial year after tax                      | 438,271   | 403,171   |
| Issue of shares                                              | -         | 9,900     |
| Elimination of goodwill                                      | -         | (500,000) |
| Dividends paid (note 5)                                      | (12,500)  | (12,500)  |
| Net addition to (reduction in) shareholders' funds           | 425,771   | (99,429)  |
| Opening shareholders' (deficit)/funds as previously reported | (86,829)  | 100       |
| Prior period adjustment (note 5)                             | -         | 12,500    |
| Opening shareholders' (deficit)/funds as restated            | (86,829)  | 12,600    |
| Closing shareholders' funds/(deficit)                        | 338,942   | (86,829)  |