

ANNELY JUDA FINE ART LIMITED

Abbreviated accounts for the year ended

31 December 2007

together with Directors' and Auditors' Report

14/04/08
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ANNELY JUDA FINE ART LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

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ANNELY JUDA FINE ART LIMITED

REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

D Juda

SECRETARY

Y Juda

REGISTERED OFFICE

23 Dering Street
London
W1S 1AW

BANKERS

Barclays Bank PLC
Hertsmere House
Hertsmere Road
London
E14 4AA

SOLICITORS

Charles Russell
8-10 Fetter Lane
London
EC4A 1RS

AUDITORS

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cambridge

ANNELY JUDA FINE ART LIMITED

DIRECTOR'S REPORT

The director presents his annual report and the audited financial statements for the year ended 31 December 2007

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

The principal activity of the company is that of dealers in fine art. There has not been any significant change in the company's principal activity in the year under review. The director is not aware, at the date of this report, of any likely changes in the company's activities in the forthcoming year.

Turnover fell by 21% compared to the previous year. 2006 had been an exceptional year with major exhibitions, and the director is very pleased with the level of activity in 2007 which is well in excess of historic norms and expectations.

The nature of the company's business is such that financial benchmarks are difficult to establish with each work of art being unique and without there being any standard level of margin. The director seeks to control overheads within the level of margin achieved and thereby achieve a profit for the year.

The balance sheet on page 7 shows that the company's financial position is, in both net assets and cash terms, an improvement on the prior year.

The company's cash levels have improved from £1,453m to £1,708m despite an increased investment in the year in new stock.

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates in a highly competitive market which is a continuing risk to the company. It is important for the director to gauge the market and the direction in which it is developing and to avoid over investment in a particular artist or school.

The level of business is also extremely dependant on the state of the global economy with the company regularly making sales in both the US and Europe.

RESULTS AND DIVIDENDS

Details of the results for the year are set out in the profit and loss account on page 6. The profit after tax was £814,716 (2006 - £1,584,758). The director paid no dividend during the year (2006 - £250,000).

FUTURE PROSPECTS

2008 has begun very positively and gives confidence for the rest of the year. However the turmoil in current financial markets may ultimately affect the company's business and impact on the level of turnover achieved.

DIRECTOR

D. Juda was the sole director and he served throughout the year.

FINANCIAL INSTRUMENTS

The company's use of financial instruments and credit risk is disclosed in note 18 to the financial statements.

ANNELY JUDA FINE ART LIMITED

DIRECTOR'S REPORT

AUDITORS

In the case of the director of the company at the date when this report is approved

- so far as the director is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Director



D Juda

Director

18 April 2008

ANNELY JUDA FINE ART LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We have examined the abbreviated accounts set out on pages 6 to 16 together with the financial statements of Annely Juda Fine Art Limited for the year ended 31 December 2007 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 directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A 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 section 246(3) 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 auditors' 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 considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared. 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 to deliver abbreviated accounts prepared in accordance with section 246(3) 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 April 2008

ANNELY JUDA FINE ART LIMITED

PROFIT AND LOSS ACCOUNT **Year ended 31 December 2007**

	Note	2007 £	2006 £
GROSS PROFIT		3,200,845	3,908,308
Other operating expenses		<u>(2,092,510)</u>	<u>(1,672,945)</u>
OPERATING PROFIT - continuing operations	2	1,108,335	2,235,363
Interest receivable and similar income	4	<u>80,536</u>	<u>41,122</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,188,871	2,276,485
Tax on profit on ordinary activities	5	<u>(374,155)</u>	<u>(691,727)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15,16	<u>814,716</u>	<u>1,584,758</u>

There are no recognised gains or losses other than as stated above. Accordingly no statement of total recognised gains and losses is given.

ANNELY JUDA FINE ART LIMITED

BALANCE SHEET **31 December 2007**

	Note	2007 £	2006 £
FIXED ASSETS			
Tangible assets	7	666,422	149,729
CURRENT ASSETS			
Stocks	8	1,504,929	1,306,439
Debtors	9	238,284	554,852
Investments	10	1,300,000	1,300,000
Cash at bank and in hand		408,231	153,420
		<u>3,451,444</u>	<u>3,314,711</u>
CREDITORS' amounts falling due within one year	11	1,311,839	1,215,118
NET CURRENT ASSETS		<u>2,139,605</u>	<u>2,099,593</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,806,027	2,249,322
CREDITORS' amounts falling due after more than one year	12	(300,000)	(572,782)
PROVISIONS FOR LIABILITIES AND CHARGES	13	<u>(17,611)</u>	<u>(2,840)</u>
TOTAL ASSETS LESS TOTAL LIABILITIES		<u>2,488,416</u>	<u>1,673,700</u>
CAPITAL AND RESERVES			
Called up share capital	14	10,000	10,000
Profit and loss account	15	2,478,416	1,663,700
SHAREHOLDERS' FUNDS	16	<u>2,488,416</u>	<u>1,673,700</u>

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

These financial statements were approved by the Director



D Juda

Director

18 Apr 2008

The accompanying notes are an integral part of this balance sheet

ANNELY JUDA FINE ART LIMITED

CASH FLOW STATEMENT **Year ended 31 December 2007**

	2007 £	2006 £
Net cash inflow from operating activities	<u>1,446,443</u>	<u>1,396,894</u>
Returns on investments		
Interest received	<u>80,536</u>	<u>41,122</u>
Net cash inflow from returns on investments	<u>80,536</u>	<u>41,122</u>
Dividends paid	<u>-</u>	<u>(250,000)</u>
UK corporation tax paid	<u>(686,575)</u>	<u>(160,114)</u>
Capital expenditure		
Purchase of tangible fixed assets	<u>(585,593)</u>	<u>(149,026)</u>
Sale of tangible fixed assets	<u>-</u>	<u>366</u>
Net cash outflow from capital expenditure	<u>(585,593)</u>	<u>(148,660)</u>
Cash inflow before management of liquid resources	<u>254,811</u>	<u>879,242</u>
Management of liquid resources		
Increase in cash deposit investment	<u>-</u>	<u>(1,050,000)</u>
Net cash outflow from management of liquid resources	<u>-</u>	<u>(1,050,000)</u>
Increase (decrease) in cash	<u>254,811</u>	<u>(170,758)</u>

RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007 £	2006 £
Operating profit	1,108,335	2,235,363
Depreciation	68,900	8,422
Profit on sale of assets	-	(123)
Increase in stocks	(198,490)	(269,900)
Decrease (increase) in debtors	316,568	(62,948)
Increase (decrease) in creditors	151,130	(513,920)
Net cash inflow from operating activities	<u>1,446,443</u>	<u>1,396,894</u>

ANNELY JUDA FINE ART LIMITED

CASH FLOW STATEMENT **Year ended 31 December 2007**

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2007 £	2006 £
Increase (decrease) in cash in the year	254,811	(170,758)
Cash outflow from change in liquid resources	-	1,050,000
	<u>254,811</u>	<u>879,242</u>
Movement in net funds in the year		
	254,811	879,242
Net funds at 1 January 2007	1,453,420	574,178
	<u>1,453,420</u>	<u>574,178</u>
Net funds at 31 December 2007	1,708,231	1,453,420
	<u><u>1,708,231</u></u>	<u><u>1,453,420</u></u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2007 £	Cash flows £	At 31 December 2007 £
Cash at bank and in hand	153,420	254,811	408,231
Current asset investments - cash on deposit	1,300,000	-	1,300,000
	<u>1,453,420</u>	<u>254,811</u>	<u>1,708,231</u>
	<u><u>1,453,420</u></u>	<u><u>254,811</u></u>	<u><u>1,708,231</u></u>

ANNELY JUDA FINE ART LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

1. ACCOUNTING POLICIES

The particular accounting policies adopted are described below

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 involved 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

No depreciation is provided on assets under construction. On other fixed assets depreciation is provided 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 and equipment	33% per annum
Leasehold improvements	10-20% 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.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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.

ANNELY JUDA FINE ART LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

1. ACCOUNTING POLICIES (continued)

Operating leases

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

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. OPERATING PROFIT

	2007 £	2006 £
Operating profit is stated after charging:		
Depreciation	68,900	8,422
Auditors' remuneration	14,900	14,500
Rentals under operating leases	185,374	178,837
Exchange losses	7,146	28,976

3. INFORMATION REGARDING THE DIRECTOR AND EMPLOYEES

	2007 No	2006 No
The average number of persons (including director) employed by the company during the year was		
Administration	7	6
Sales	3	3
	<u>10</u>	<u>9</u>

The costs incurred in respect of these employees were:

	£	£
Wages and salaries	832,000	637,969
Social security costs	98,487	75,134
Pension costs	16,109	12,006
	<u>946,596</u>	<u>725,109</u>

Emoluments of the director of the company included in staff costs were as follows:

Emoluments (excluding pension contribution)	<u>408,762</u>	<u>292,507</u>
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There were no pension payments in respect of the director for the year ended 31 December 2007 (2006 - £nil)

ANNELY JUDA FINE ART LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2007**

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2007 £	2006 £
Bank deposit interest	<u>80,536</u>	<u>41,122</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £	2006 £
United Kingdom corporation tax at 30% (2006 - 30%)	359,384	686,728
Deferred tax		
Timing differences, origination	<u>14,771</u>	<u>4,999</u>
Tax on profit on ordinary activities	<u>374,155</u>	<u>691,727</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation

	2007 £	2006 £
Profit on ordinary activities before tax	<u>1,188,871</u>	<u>2,276,485</u>
Tax on profit on ordinary activities at standard rate	356,661	682,946
<i>Factors affecting charge for the year</i>		
Expenses not deductible for tax purposes	26,112	8,781
Capital allowances in excess of depreciation	(16,260)	(4,999)
Marginal relief	<u>(7,129)</u>	<u>-</u>
Total actual amount of current tax	<u>359,384</u>	<u>686,728</u>

In March 2007 the UK government announced that they would introduce legislation that would reduce the corporation tax rate to 28% with effect from 1 April 2008. The legislation was substantively enacted in June 2007. The effective tax rate for any current rate tax charge for the year ended 31 December 2008 would be reduced accordingly.

ANNELY JUDA FINE ART LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2007**

6. DIVIDENDS

	2007 £	2006 £
Paid final dividend of £nil (2006 - £25 00) per ordinary share	-	250,000

7. TANGIBLE FIXED ASSETS

	Assets under construc- tion £	Leasehold improve- ments £	Fixtures and fittings £	Computers and equipment £	Total £
Cost					
At 1 January 2007	133,094	-	8,011	35,669	176,774
Additions	553,491	-	9,980	22,122	585,593
Transfer to leasehold improvements	(686,585)	686,585	-	-	-
At 31 December 2007	-	686,585	17,991	57,791	762,367
Accumulated depreciation					
At 1 January 2007	-	-	516	26,529	27,045
Charge for the year	-	59,883	2,295	6,722	68,900
At 31 December 2007	-	59,883	2,811	33,251	95,945
Net book value					
At 31 December 2007	-	626,702	15,180	24,540	666,422
At 31 December 2006	133,094	-	7,495	9,140	149,729

8 STOCKS

	2007 £	2006 £
Goods for resale	1,504,929	1,306,439

ANNELY JUDA FINE ART LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2007**

9. DEBTORS

	2007 £	2006 £
Trade debtors	102,709	404,844
Other debtors	949	-
VAT recoverable	48,140	73,038
Prepayments and accrued income	86,486	76,970
	<u>238,284</u>	<u>554,852</u>

All amounts are due within one year

10. INVESTMENTS HELD AS CURRENT ASSETS

	2007 £	2006 £
Cash on deposit	<u>1,300,000</u>	<u>1,300,000</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Trade creditors	424,935	205,030
Director's current account	122,527	96,257
Corporation tax	360,160	686,728
Other taxation and social security	243,164	174,832
Accruals and deferred income	161,053	52,271
	<u>1,311,839</u>	<u>1,215,118</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007 £	2006 £
Director's loan account	<u>300,000</u>	<u>572,782</u>
The director's loan account is repayable as follows		
Between one and two years	100,000	100,000
Between two and five years	200,000	300,000
After five years	-	172,782
	<u>300,000</u>	<u>572,782</u>

The director's loan is interest free

ANNELY JUDA FINE ART LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

13. PROVISIONS FOR LIABILITIES AND CHARGES

	£
Balance at 1 January 2007	(2,840)
Charge for the year	<u>(14,771)</u>
Balance at 31 December 2007	<u><u>(17,611)</u></u>

The amount of deferred taxation provided and unprovided in the accounts are as follows

	Provided 2007 £	2006 £	Unprovided 2007 £	2006 £
Capital allowances in excess of depreciation	<u>(17,611)</u>	<u>(2,840)</u>	<u>-</u>	<u>-</u>

The standard rate of tax provided based on the UK standard rate of corporation tax was 28% (2006 - 30%)
The amount of deferred tax provided increased by £1,257 due to the change in rate of corporation tax

14. CALLED UP SHARE CAPITAL

	2007 £	2006 £
Authorised		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Called up, allotted and fully paid		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

15. RECONCILIATION OF MOVEMENTS ON RESERVES

	Profit and loss account £
Balance at 1 January 2007	1,663,700
Profit for the financial year after tax	<u>814,716</u>
Balance at 31 December 2007	<u><u>2,478,416</u></u>

The capitalisation of purchased goodwill would have created an intangible fixed asset of £500,000 in Annelly Juda Fine Art Limited's balance sheet as at 31 December 2004. An annual amortisation charge to the profit and loss account of £25,000 would be required, based on a useful life of 20 years. Included within the profit and loss account for the year ended 31 December 2005 is a realised loss of £100,000 (2006 - £75,000) in respect of the amortisation charge to date and an unrealised loss at 31 December 2007 of £400,000 (2006 - £425,000) in respect of goodwill eliminated directly to reserves as a result of the group reconstruction. Distributable reserves as at 31 December 2007 are thus £2,878,416 (2006 - £2,088,700).

ANNELY JUDA FINE ART LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit for the financial year after tax	814,716	1,584,758
Dividends paid (note 6)	-	(250,000)
Net addition to shareholders' funds	814,716	1,334,758
Opening shareholders' funds	1,673,700	338,942
Closing shareholders' funds	2,488,416	1,673,700

17. OPERATING LEASE COMMITMENTS

At 31 December 2007 the company was committed to making the following payments during the next year in respect of operating leases

	Land and buildings		Other	
	2007 £	2006 £	2007 £	2006 £
Leases which expire:				
Within one year	-	-	258	-
Between one and two years	-	54,853	-	-
Between two and five years	-	-	-	1,032
Over five years	223,685	-	-	-
	223,685	54,853	258	1,032

The company's principal financial assets are bank balances and trade debtors. The company's credit risk is primarily attributable to its trade debtors. The company has no significant concentration of credit risk with expense spread over a range of customers.

18. RELATED PARTIES

D Juda is the ultimate controlling party of the company. The director's current account due within one year at 31 December 2007 was £122,527 (2006 - £96,257). The director's loan account due after more than one year at 31 December 2007 was £300,000 (2006 - £572,782).

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

During the year ended 31 December 2007 the company purchased art works of £33,150 (2006 - £32,300) from Yuko Shiraishi and sold works by Yuko Shiraishi for £37,452 (2006 - £42,955).