

ANNELY JUDA FINE ART LIMITED

Abbreviated accounts for the year ended

31 December 2008

together with Directors' and Auditors' Report



ANNELY JUDA FINE ART LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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ANNELY JUDA FINE ART LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

D Juda

SECRETARY

Y Juda

REGISTERED OFFICE

23 Dering Street
London
W1S 1AW

BANKERS

Barclays Bank PLC
Floor 27
1 Churchill Place
London
E14 5HP

SOLICITORS

Charles Russell
8-10 Fetter Lane
London
EC4A 1RS

AUDITORS

Deloitte 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 2008.

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.

As shown in the company's profit and loss account on page 7, turnover fell by 22% compared to the previous year which was well in excess of historic norms and expectations. The results for the year show a healthy turnover and profit which is only down on the exceptionally record levels of 2006 and 2007.

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 8 shows that the company's financial position is, in both net assets and cash terms, an improvement on the prior year.

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 £628,585 (2007 - £814,716). The director paid no dividend during the year (2007 - £nil).

FUTURE PROSPECTS

The director forecasts a much more difficult year in 2009 taking into account the present economic climate. However, recent sales at the beginning of 2009 have been better than expected and the director expects the company to make a modest profit in 2009.

BUSINESS RISKS

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 exposure spread over a range of customers. The company is well placed to manage its business risks, despite the current uncertain economic outlook. It has a reasonable level of liquidity and has no loans from third parties.

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.

CHARITABLE DONATIONS

During the year the company made charitable donations totalling £950 (2007 - £nil).

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 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

28 April 2009

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 17 together with the financial statements of Annely Juda Fine Art Limited for the year ended 31 December 2008 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.

Deen W

Deloitte LLP

Chartered Accountants and Registered Auditors

Cambridge, United Kingdom

25 April 2009

ANNELY JUDA FINE ART LIMITED

PROFIT AND LOSS ACCOUNT **Year ended 31 December 2008**

	Note	2008 £	2007 £
TURNOVER - continuing operations	1,2	10,002,370	12,807,336
Cost of sales		(7,379,486)	(9,606,491)
Gross profit		<u>2,622,884</u>	<u>3,200,845</u>
Distribution and selling costs		(577,823)	(591,354)
Administrative expenses		(1,198,730)	(1,501,156)
		<u>(1,776,553)</u>	<u>(2,092,510)</u>
OPERATING PROFIT - continuing operations	3	846,331	1,108,335
Interest receivable and similar income	5	<u>51,015</u>	<u>80,536</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		897,346	1,188,871
Tax on profit on ordinary activities	6	<u>(268,761)</u>	<u>(374,155)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15,16	<u><u>628,585</u></u>	<u><u>814,716</u></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 2008**

	Note	2008 £	2007 £
FIXED ASSETS			
Tangible assets	7	610,097	666,422
CURRENT ASSETS			
Stocks	8	2,062,981	1,504,929
Debtors	9	685,154	238,284
Investments	10	-	1,300,000
Cash at bank and in hand		893,507	408,231
		<u>3,641,642</u>	<u>3,451,444</u>
CREDITORS: amounts falling due within one year	11	(913,078)	1,311,839
NET CURRENT ASSETS		<u>2,728,564</u>	<u>2,139,605</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,338,661	2,806,027
CREDITORS: amounts falling due after more than one year	12	(200,000)	(300,000)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(21,660)	(17,611)
TOTAL ASSETS LESS TOTAL LIABILITIES		<u>3,117,001</u>	<u>2,488,416</u>
CAPITAL AND RESERVES			
Called up share capital	14	10,000	10,000
Profit and loss account	15	3,107,001	2,478,416
SHAREHOLDERS' FUNDS	16	<u>3,117,001</u>	<u>2,488,416</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
28 Apr. 2009

The accompanying notes are an integral part of this balance sheet.

ANNELY JUDA FINE ART LIMITED

CASH FLOW STATEMENT **Year ended 31 December 2008**

	2008 £	2007 £
Net cash (outflow) inflow from operating activities	<u>(458,618)</u>	<u>1,446,443</u>
Returns on investments		
Interest received	<u>51,015</u>	<u>80,536</u>
Net cash inflow from returns on investments	<u>51,015</u>	<u>80,536</u>
UK corporation tax paid	<u>(359,384)</u>	<u>(686,575)</u>
Capital expenditure		
Purchase of tangible fixed assets	<u>(47,737)</u>	<u>(585,593)</u>
Net cash outflow from capital expenditure	<u>(47,737)</u>	<u>(585,593)</u>
Cash (outflow) inflow before management of liquid resources	<u>(814,724)</u>	<u>254,811</u>
Management of liquid resources		
Withdrawal of cash deposit investment	<u>1,300,000</u>	<u>-</u>
Net cash inflow from management of liquid resources	<u>1,300,000</u>	<u>-</u>
Increase in cash	<u><u>485,276</u></u>	<u><u>254,811</u></u>

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

	2008 £	2007 £
Operating profit	846,331	1,108,335
Depreciation	104,062	68,900
Increase in stocks	(558,052)	(198,490)
(Increase) decrease in debtors	(446,870)	316,568
(Decrease) increase in creditors	<u>(404,089)</u>	<u>151,130</u>
Net cash inflow from operating activities	<u><u>(458,618)</u></u>	<u><u>1,446,443</u></u>

ANNELY JUDA FINE ART LIMITED

CASH FLOW STATEMENT **Year ended 31 December 2008**

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2008	2007
	£	£
Increase in cash in the year	485,276	254,811
Cash inflow from change in liquid resources	(1,300,000)	-
	<u>(814,724)</u>	<u>254,811</u>
Movement in net funds in the year	(814,724)	254,811
Net funds at 1 January 2008	1,708,231	1,453,420
	<u>1,708,231</u>	<u>1,453,420</u>
Net funds at 31 December 2008	893,507	1,708,231
	<u>893,507</u>	<u>1,708,231</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1	Cash	At 31
	January	flows	December
	2008	£	2008
	£	£	£
Cash at bank and in hand	408,231	485,276	893,507
Current asset investments - cash on deposit	1,300,000	(1,300,000)	-
	<u>1,708,231</u>	<u>(814,724)</u>	<u>893,507</u>
	<u>1,708,231</u>	<u>(814,724)</u>	<u>893,507</u>

ANNELY JUDA FINE ART LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

1. ACCOUNTING POLICIES

The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The director has a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future and the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, he continues to adopt the going concern basis in preparing the annual report and accounts.

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

Depreciation of fixed assets 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.

ANNELY JUDA FINE ART LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2008**

1. ACCOUNTING POLICIES (continued)

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.

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. TURNOVER

	2008	2007
	£	£
The turnover attributable to the company's geographical markets is:		
United Kingdom	1,698,594	3,458,504
Rest of Europe	6,987,005	6,997,759
USA	907,123	1,954,940
Rest of the World	409,648	396,133
	<u>10,002,370</u>	<u>12,807,336</u>

3. OPERATING PROFIT

	2008	2007
	£	£
Operating profit is stated after charging (crediting):		
Depreciation	104,062	68,900
Auditors' remuneration	15,500	14,900
Rentals under operating leases	223,685	185,374
Exchange (gains) losses	(151,692)	7,146
	<u>191,555</u>	<u>276,320</u>

4. INFORMATION REGARDING THE DIRECTOR AND EMPLOYEES

	2008	2007
	No	No
The average number of persons (including director) employed by the company during the year was:		
Administration	7	7
Sales	3	3
	<u>10</u>	<u>10</u>
	£	£
The costs incurred in respect of these employees were:		
Wages and salaries	662,856	832,000
Social security costs	76,428	98,487
Pension costs	14,744	16,109
	<u>754,028</u>	<u>946,596</u>

ANNELY JUDA FINE ART LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

4. INFORMATION REGARDING THE DIRECTOR AND EMPLOYEES (continued)

	2008 £	2007 £
Emoluments of the director of the company included in staff costs were as follows:		
Emoluments (excluding pension contribution)	<u>296,250</u>	<u>408,762</u>

There were no pension payments in respect of the director for the year ended 31 December 2008 (2007 - £nil).

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 £	2007 £
Bank deposit interest	<u>51,015</u>	<u>80,536</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008 £	2007 £
United Kingdom corporation tax at 28% (2007 - 30%)	264,712	359,384
Deferred tax Timing differences, origination	<u>4,049</u>	<u>14,771</u>
Tax on profit on ordinary activities	<u>268,761</u>	<u>374,155</u>

ANNELY JUDA FINE ART LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2007 - 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.

	2008	2007
	£	£
Profit on ordinary activities before tax	897,346	1,188,871
Tax on profit on ordinary activities at standard rate	251,257	356,661
<i>Factors affecting charge for the year:</i>		
Expenses not deductible for tax purposes	9,762	26,112
Capital allowances in deficit (excess) of depreciation	9,248	(16,260)
Marginal relief	(10,355)	(7,129)
Change in rate	4,800	-
Total actual amount of current tax	264,712	359,384

7. TANGIBLE FIXED ASSETS

	Leasehold improve- ments £	Fixtures and fittings £	Computers and equipment £	Total £
Cost				
At 1 January 2008	686,585	17,991	57,791	762,367
Additions	35,910	3,664	8,163	47,737
Disposals	-	-	(24,420)	(24,420)
At 31 December 2008	722,495	21,655	41,534	785,684
Accumulated depreciation				
At 1 January 2008	59,883	2,811	33,251	95,945
Charge for the year	90,994	3,324	9,744	104,062
Disposals	-	-	(24,420)	(24,420)
At 31 December 2008	150,877	6,135	18,575	175,587
Net book value				
At 31 December 2008	571,618	15,520	22,959	610,097
At 31 December 2007	626,702	15,180	24,540	666,422

ANNELY JUDA FINE ART LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2008**

8. STOCKS

	2008 £	2007 £
Goods for resale	<u>2,062,981</u>	<u>1,504,929</u>

9. DEBTORS

	2008 £	2007 £
Trade debtors	563,648	102,709
Other debtors	1,047	949
VAT recoverable	21,921	48,140
Prepayments and accrued income	<u>98,538</u>	<u>86,486</u>
	<u>685,154</u>	<u>238,284</u>

All amounts are due within one year.

10. INVESTMENTS HELD AS CURRENT ASSETS

	2008 £	2007 £
Cash on deposit	<u>-</u>	<u>1,300,000</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade creditors	293,294	424,935
Director's current account	100,000	122,527
Corporation tax	265,488	360,160
Other taxation and social security	124,384	243,164
Accruals and deferred income	<u>129,912</u>	<u>161,053</u>
	<u>913,078</u>	<u>1,311,839</u>

ANNELY JUDA FINE ART LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2008**

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

	2008 £	2007 £
Director's loan account	<u>200,000</u>	<u>300,000</u>
The director's loan account is repayable as follows:		
Between one and two years	100,000	100,000
Between two and five years	<u>100,000</u>	<u>200,000</u>
	<u>200,000</u>	<u>300,000</u>

The director's loan is interest free.

13. PROVISIONS FOR LIABILITIES AND CHARGES

	£
Balance at 1 January 2008	17,611
Charge for the year	<u>4,049</u>
Balance at 31 December 2008	<u>21,660</u>

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

	Provided		Unprovided	
	2008 £	2007 £	2008 £	2007 £
Capital allowances in excess of depreciation	<u>21,660</u>	<u>17,611</u>	<u>-</u>	<u>-</u>

14. CALLED UP SHARE CAPITAL

	2008 £	2007 £
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>

ANNELY JUDA FINE ART LIMITED

NOTES TO THE FINANCIAL STATEMENTS **Year ended 31 December 2008**

15. RECONCILIATION OF MOVEMENTS ON RESERVES

	Profit and loss account £
Balance at 1 January 2008	2,478,416
Profit for the financial year after tax	628,585
Balance at 31 December 2008	3,107,001

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 2008 is a realised loss of £125,000 (2007 - £100,000) in respect of the amortisation charge to date and an unrealised loss at 31 December 2008 of £375,000 (2007 - £400,000) in respect of goodwill eliminated directly to reserves as a result of the group reconstruction. Distributable reserves as at 31 December 2008 are thus £3,482,001 (2007 - £2,878,416).

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Profit for the financial year after tax	628,585	814,716
Net addition to shareholders' funds	628,585	814,716
Opening shareholders' funds	2,488,416	1,673,700
Closing shareholders' funds	3,117,001	2,488,416

17. OPERATING LEASE COMMITMENTS

At 31 December 2008 the company was committed to making the following payments during the next year in respect of operating leases.

	Land and buildings 2008 £	2007 £	Other 2008 £	2007 £
Leases which expire:				
Within one year	-	-	-	258
Between two and five years	258,685	223,685	1,016	-
	258,685	223,685	1,016	258

ANNELY JUDA FINE ART LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

18. RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY

D Juda is the ultimate controlling party of the company. The director's loan account due within one year at 31 December 2008 was £100,000 (2007 - £122,527). The director's loan account due after more than one year at 31 December 2008 was £200,000 (2007 - £300,000).

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

During the year ended 31 December 2008 the company purchased art works of £15,250 (2007 - £33,150) from Y Shiraishi and sold works by Y Shiraishi for £24,759 (2007 - £37,452).