

**REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
FOR
ANGELA FLOWERS GALLERY LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2019**

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ANGELA FLOWERS GALLERY LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS:

A M Flowers
M D Flowers
N Taylor
J Ulph

SECRETARY:

T Sole

REGISTERED OFFICE:

9 Mansfield Street
London
W1G 9NY

REGISTERED NUMBER:

01001138 (England and Wales)

AUDITORS:

Arithma Accountants Limited Statutory Auditor
9 Mansfield Street
London
W1G 9NY

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of dealers in works of art.

REVIEW OF BUSINESS

The group's trading results showed a decline compared to the previous year. The turnover decreased by 36.3% from £6,188,141 in 2018 to £3,943,828 in the year, the cost of sales decreased by a greater margin of 49.0% from £2,698,374 to £1,375,719, resulting in an increase in gross profit margin from 56.4% to 65.1%. There was a decrease in gross profit by 26.4% from £3,489,767 to £2,568,109 in the year. The group's overhead costs decreased by 26.5% from £4,013,241 to £2,948,754 in the year resulting in a profit £135,487 in the year compared with a loss of £448,305 in 2018.

The parent company disposed of one of its warehouse premises in the year, at a profit of £341,030. The stock that was held in this warehouse has now been relocated to its warehouse outside London.

The parent company entered into an agreement with an artist, Patrick Hughes, in the year and received artworks, as part of the agreement.

The subsidiary company in Hong Kong, showed a decrease in turnover by 40.9% from £1,372,511 in 2018 to £811,786. This is partly attributable to time spent renovating new premises, partly due to an important art fair being cancelled, but also due to the political unrest in Hong Kong. The directors believe the Hong Kong subsidiary will increase its revenue in the future as the company continues to increase its presence in the Far East.

Trading in North America declined compared with the previous year. The turnover decreased by 31.9% in the year from £1,390,151 in 2018 to £946,475. The directors are looking at measures to improve the future performance in the USA. The NY gallery's 10 year premises lease ended in 2019 and the directors have taken this as an opportunity to downsize the US physical presence, as with many other US galleries, the revenue is increasing primarily from art fairs and on line sales, not the exhibition programmes.

The directors are concerned with this year's trading results, as sales have continued to decline. They have taken steps in 2020 to increase the focus on sales and at the same time further reduce costs and believe the group's trading results will improve. The COVID-19 crisis is challenging for the group. However, with the help of government support and a reduction in exhibition and art fair costs coupled with the increased focus on sales, particularly online, the group is starting to see positive results.

DIVIDENDS

The directors do not recommend payment of a dividend for the year ended 31 December 2019 (2018: NIL).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

A M Flowers
M D Flowers
N Taylor
J Ulph

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

M D Flowers - Director

31 July 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ANGELA FLOWERS GALLERY LIMITED

Opinion

We have audited the financial statements of Angela Flowers Gallery Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2019 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ANGELA FLOWERS GALLERY LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration 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 in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Group Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

Mr Narendrakumar Mistry FCA (Senior Statutory Auditor)
for and on behalf of Arithma Accountants Limited Statutory Auditor
9 Mansfield Street
London
W1G 9NY

31 July 2020

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £	2018 £
TURNOVER		3,943,828	6,188,141
Cost of sales		<u>1,375,719</u>	<u>2,698,374</u>
GROSS PROFIT		2,568,109	3,489,767
Administrative expenses		<u>2,894,809</u> (326,700)	<u>3,959,105</u> (469,338)
Other operating income	3	<u>562,497</u>	<u>1,301</u>
OPERATING PROFIT/(LOSS)	5	235,797	(468,037)
Interest payable and similar expenses	6	<u>53,945</u>	<u>54,136</u>
PROFIT/(LOSS) BEFORE TAXATION		181,852	(522,173)
Tax on profit/(loss)		<u>46,365</u>	<u>(73,868)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>135,487</u>	<u>(448,305)</u>
Profit/(loss) attributable to: Owners of the parent		<u>135,487</u>	<u>(448,305)</u>

CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
PROFIT/(LOSS) FOR THE YEAR		135,487	(448,305)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		-	-
FOR THE YEAR		<u>135,487</u>	<u>(448,305)</u>
Total comprehensive income attributable to: Owners of the parent		<u>135,487</u>	<u>(448,305)</u>

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Tangible assets	8		2,685,214		3,251,716
Investments	9		-		-
			<u>2,685,214</u>		<u>3,251,716</u>
CURRENT ASSETS					
Stocks	10	2,941,706		2,501,848	
Debtors	11	1,341,916		1,837,895	
Cash at bank		<u>120,165</u>		<u>109,621</u>	
		4,403,787		4,449,364	
CREDITORS					
Amounts falling due within one year	12	<u>3,677,683</u>		<u>4,355,476</u>	
NET CURRENT ASSETS			<u>726,104</u>		<u>93,888</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,411,318		3,345,604
CREDITORS					
Amounts falling due after more than one year	13		(734,270)		(845,574)
PROVISIONS FOR LIABILITIES			<u>(48,495)</u>		<u>(6,964)</u>
NET ASSETS			<u>2,628,553</u>		<u>2,493,066</u>
CAPITAL AND RESERVES					
Called up share capital			1,043,093		1,043,093
Share premium			1,421,006		1,421,006
Capital reserves			1,906		1,906
Retained earnings			<u>162,548</u>		<u>27,061</u>
SHAREHOLDERS' FUNDS			<u>2,628,553</u>		<u>2,493,066</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 31 July 2020 and were signed on its behalf by:

M D Flowers - Director

COMPANY BALANCE SHEET
31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Tangible assets	8		2,684,219		3,243,066
Investments	9		<u>624</u>		<u>624</u>
			2,684,843		3,243,690
CURRENT ASSETS					
Stocks	10	2,941,706		2,501,848	
Debtors	11	1,340,615		1,684,218	
Cash at bank		<u>65,948</u>		<u>25,378</u>	
		4,348,269		4,211,444	
CREDITORS					
Amounts falling due within one year	12	<u>3,392,045</u>		<u>4,075,419</u>	
NET CURRENT ASSETS			<u>956,224</u>		<u>136,025</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,641,067		3,379,715
CREDITORS					
Amounts falling due after more than one year	13		(734,270)		(845,574)
PROVISIONS FOR LIABILITIES			<u>(48,495)</u>		<u>(6,964)</u>
NET ASSETS			<u>2,858,302</u>		<u>2,527,177</u>
CAPITAL AND RESERVES					
Called up share capital			1,043,093		1,043,093
Share premium			1,421,006		1,421,006
Capital reserves			1,906		1,906
Retained earnings			<u>392,297</u>		<u>61,172</u>
SHAREHOLDERS' FUNDS			<u>2,858,302</u>		<u>2,527,177</u>
Company's profit/(loss) for the financial year			<u>331,125</u>		<u>(365,998)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 31 July 2020 and were signed on its behalf by:

M D Flowers - Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Retained earnings £	Share premium £	Capital reserves £	Total equity £
Balance at 1 January 2018	1,043,093	475,366	1,421,006	1,906	2,941,371
Changes in equity					
Total comprehensive income	-	(448,305)	-	-	(448,305)
Balance at 31 December 2018	1,043,093	27,061	1,421,006	1,906	2,493,066
Changes in equity					
Total comprehensive income	-	135,487	-	-	135,487
Balance at 31 December 2019	1,043,093	162,548	1,421,006	1,906	2,628,553

The notes form part of these financial statements

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Retained earnings £	Share premium £	Capital reserves £	Total equity £
Balance at 1 January 2018	1,043,093	427,170	1,421,006	1,906	2,893,175
Changes in equity					
Total comprehensive income	-	(365,998)	-	-	(365,998)
Balance at 31 December 2018	1,043,093	61,172	1,421,006	1,906	2,527,177
Changes in equity					
Total comprehensive income	-	331,125	-	-	331,125
Balance at 31 December 2019	1,043,093	392,297	1,421,006	1,906	2,858,302

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. **STATUTORY INFORMATION**

Angela Flowers Gallery Limited is a private company, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **ACCOUNTING POLICIES**

BASIS OF PREPARING THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of the Company and its subsidiaries for the year.

TANGIBLE FIXED ASSETS

Tangible fixed assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:-

Freehold property	- 2% p.a. on cost of building. No depreciation is provided on the cost of freehold land.
Long leasehold property	- 2% p.a. on cost of building. No depreciation is provided on the cost of leasehold land.
Short leasehold property	- in equal annual amounts over the term of the lease
Improvements to property	- over the period of lease
Furniture, fittings and equipment	- 25% p.a. on reducing balance
Motor vehicles	- 25% p.a. on cost

STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is arrived at by comparing cost against amount at which artwork could be sold.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

2. **ACCOUNTING POLICIES - continued**

FINANCIAL INSTRUMENTS

The Company's principal financial instruments comprise cash, short term deposits and trade creditors that arise directly from its operation. The main purpose of these financial instruments is to fund the company's operation as well as working capital, liquidity and invest surplus funds.

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost. Where contractual obligations of financial instruments are equivalent similar to debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

TAXATION

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES - continued**PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS**

The company makes contributions to Personal Pension Policies for two Directors and operates a defined contribution pension scheme for other employees. Payments in respect of the pension plans are charged to profit and loss account in the period in which they are paid. The assets of the scheme are held separately from those of the group in an independently administered fund.

OPERATING LEASES

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the profit and loss account on a straight line basis over the lease terms.

3. OTHER OPERATING INCOME

	2019	2018
	£	£
Sundry receipts	7,497	1,301
Other income	45,000	-
Compensation received	510,000	-
	<u>562,497</u>	<u>1,301</u>

The compensation received represents artworks at cost taken over by the parent company on giving up the exclusive agency rights over an artist.

4. EMPLOYEES AND DIRECTORS

	2019	2018
	£	£
Wages and salaries	1,449,482	1,802,298
Social security costs	130,932	138,928
Other pension costs	26,904	60,774
	<u>1,607,318</u>	<u>2,002,000</u>

The average number of employees during the year was as follows:

	2019	2018
Selling and administration	<u>28</u>	<u>30</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 28 (2018 - 30) .

5. OPERATING PROFIT/(LOSS)

The operating profit (2018 - operating loss) is stated after charging:

	2019	2018
	£	£
Depreciation - owned assets	<u>76,823</u>	<u>91,641</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019	2018
	£	£
Bank interest	31,016	19,668
Bank mortgage interest	22,586	34,468
Other interest	343	-
	<u>53,945</u>	<u>54,136</u>

7. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

8. TANGIBLE FIXED ASSETS**Group**

	Freehold property £	Short leasehold property and improvements £	Long leasehold and improvements £
COST			
At 1 January 2019	828,212	311,465	2,710,264
Additions	-	-	-
Disposals	(533,970)	-	-
At 31 December 2019	<u>294,242</u>	<u>311,465</u>	<u>2,710,264</u>
DEPRECIATION			
At 1 January 2019	49,800	219,756	416,546
Charge for year	4,800	20,764	27,756
Eliminated on disposal	(45,000)	-	-
At 31 December 2019	<u>9,600</u>	<u>240,520</u>	<u>444,302</u>
NET BOOK VALUE			
At 31 December 2019	<u>284,642</u>	<u>70,945</u>	<u>2,265,962</u>
At 31 December 2018	<u>778,412</u>	<u>91,709</u>	<u>2,293,718</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

8. TANGIBLE FIXED ASSETS - continued**Group**

	Fixtures, fittings and equipment £	Motor vehicles £	Totals £
COST			
At 1 January 2019	301,769	68,418	4,220,128
Additions	5,570	-	5,570
Disposals	(29,429)	-	(563,399)
At 31 December 2019	<u>277,910</u>	<u>68,418</u>	<u>3,662,299</u>
DEPRECIATION			
At 1 January 2019	213,892	68,418	968,412
Charge for year	23,503	-	76,823
Eliminated on disposal	(23,150)	-	(68,150)
At 31 December 2019	<u>214,245</u>	<u>68,418</u>	<u>977,085</u>
NET BOOK VALUE			
At 31 December 2019	<u>63,665</u>	<u>-</u>	<u>2,685,214</u>
At 31 December 2018	<u>87,877</u>	<u>-</u>	<u>3,251,716</u>

Company

	Freehold property £	Short leasehold property and improvements £	Long leasehold and improvements £
COST			
At 1 January 2019	828,212	311,465	2,710,264
Additions	-	-	-
Disposals	(533,970)	-	-
At 31 December 2019	<u>294,242</u>	<u>311,465</u>	<u>2,710,264</u>
DEPRECIATION			
At 1 January 2019	49,800	219,756	416,546
Charge for year	4,800	20,764	27,756
Eliminated on disposal	(45,000)	-	-
At 31 December 2019	<u>9,600</u>	<u>240,520</u>	<u>444,302</u>
NET BOOK VALUE			
At 31 December 2019	<u>284,642</u>	<u>70,945</u>	<u>2,265,962</u>
At 31 December 2018	<u>778,412</u>	<u>91,709</u>	<u>2,293,718</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

8. TANGIBLE FIXED ASSETS - continued

Company

	Fixtures, fittings and equipment £	Motor vehicles £	Totals £
COST			
At 1 January 2019	270,945	68,418	4,189,304
Additions	4,333	-	4,333
Disposals	-	-	(533,970)
At 31 December 2019	<u>275,278</u>	<u>68,418</u>	<u>3,659,667</u>
DEPRECIATION			
At 1 January 2019	191,718	68,418	946,238
Charge for year	20,890	-	74,210
Eliminated on disposal	-	-	(45,000)
At 31 December 2019	<u>212,608</u>	<u>68,418</u>	<u>975,448</u>
NET BOOK VALUE			
At 31 December 2019	<u>62,670</u>	<u>-</u>	<u>2,684,219</u>
At 31 December 2018	<u>79,227</u>	<u>-</u>	<u>3,243,066</u>

9. FIXED ASSET INVESTMENTS

Company

	Shares in group undertaking £
COST	
At 1 January 2019 and 31 December 2019	<u>624</u>
NET BOOK VALUE	
At 31 December 2019	<u>624</u>
At 31 December 2018	<u>624</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

9. FIXED ASSET INVESTMENTS - continued

Matthew Flowers Inc.

Registered office: USA

Nature of business: Art Dealer

	% holding	2019	2018
Class of shares:		£	£
Ordinary	100.00	23,621	24,900
Aggregate capital and reserves		(1,279)	(1,278)
Loss for the year			

M & E Flowers Inc.

Registered office: USA

Nature of business: Art Dealer

	% holding	2019	2018
Class of shares:		£	£
Ordinary	100.00	(214,757)	(120,411)
Aggregate capital and reserves		(94,346)	(112,821)
Loss for the year			

Flowers Gallery HK Limited

Registered office: Hong Kong

Nature of business: Art Dealer

	% holding	2019	2018
Class of shares:		£	£
Ordinary	100.00	47,549	123,438
Aggregate capital and reserves		(75,889)	13,235
(Loss)/profit for the year			

10. STOCKS

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Stocks	<u>2,941,706</u>	<u>2,501,848</u>	<u>2,941,706</u>	<u>2,501,848</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	789,513	1,484,901	393,657	743,946
Amounts owed by group undertakings	-	-	647,952	605,779
Other debtors	345,528	175,363	107,919	156,862
Tax	28,303	12,515	12,515	12,515
Prepayments	178,572	165,116	178,572	165,116
	<u>1,341,916</u>	<u>1,837,895</u>	<u>1,340,615</u>	<u>1,684,218</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts	1,228,148	1,173,217	1,228,148	1,173,217
Trade creditors	1,983,091	2,511,678	1,983,091	2,511,678
Other taxes and social security costs	46,533	81,007	46,533	81,007
Other creditors	60,925	226,028	60,925	226,028
Accruals and deferred income	358,986	363,546	73,348	83,489
	<u>3,677,683</u>	<u>4,355,476</u>	<u>3,392,045</u>	<u>4,075,419</u>

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

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank mortgage loan	<u>734,270</u>	<u>845,574</u>	<u>734,270</u>	<u>845,574</u>

Amounts falling due in more than five years, repayable in installments:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank mortgage loans	<u>294,530</u>	<u>411,310</u>	<u>294,530</u>	<u>411,310</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

14. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank overdrafts	540,117	388,867	-	-
Bank loans	1,422,301	1,629,924	1,422,301	1,629,924
	<u>1,962,418</u>	<u>2,018,791</u>	<u>1,422,301</u>	<u>1,629,924</u>

The bank loans and overdraft are secured by a charge over the long leasehold and freehold property and a fixed and floating charge over all the assets of the company.

The parent company was in breach of one of the loan covenants in the year, on a flexible business loan from HSBC. The covenant required the parent company's adjustable tangible net worth should not be less than a minimum amount of £2,963,000 at the end of year. This amount to increase by £25,000 per annum. The actual position was £2,858,302.

At the balance sheet date there is £350,000 (2018: £350,000) due in respect of this loan.

The bank has been made aware of the breach and have confirmed that at the present time they are not taking any action pursuant to the General Terms and Conditions of the Facility Letter as a result of the breach of the covenant, however they are not waiving their rights under the Facility.

The managing director is in regular conversations with the bank relationship manager and the board is confident that it has bank's support and is taking a long term view.

15. RELATED PARTY DISCLOSURES

In the normal course of business, some of the directors acquired works of art from the group at commercial prices totalling £20,004 (2018: £197,961). The amount owed to the group at the end of the year in respect of these transactions amounted to £34,457 (2018: £63,548).

Exemption has been taken as conferred by FRS102, from disclosure of transactions and balances between wholly owned subsidiaries.

16. ULTIMATE CONTROLLING PARTY

The company was controlled by directors during the year.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.