

ROBIN SYMES LIMITED

REPORT AND ACCOUNTS

31 DECEMBER 1994

COMPANY No. 1315755



Chartered Accountants

St. Alphage House 2 Fore Street London EC2Y 5L



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AUDITORS' REPORT TO THE MEMBERS OF
ROBIN SYMES LIMITED

We have audited the accounts set out on pages 3 to 12 which have been prepared on the basis of the accounting policies set out on pages 6 and 7.

Respective responsibilities of Directors and Auditors

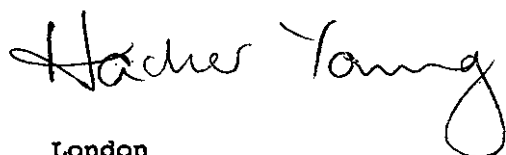
As described on page 1 the company's director is responsible for the preparation of accounts. It is our responsibility to form an opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



London

1 September 1995

Hacker Young

Registered Auditor

Chartered Accountants

DIRECTOR'S REPORT

The director presents his report and the audited accounts for the year ended 31 December 1994.

PRINCIPAL ACTIVITY

The principal activity of the company continues to be that of dealing in antiquities.

REVIEW OF THE BUSINESS

The company made a net loss before tax of £ 543,052 for the year due to low margins and the necessity for a sizable bad debt provision in the year.

In the first half of the year to 31 December 1995 sales have been at higher levels and higher margins than those in the equivalent period in the previous year and the director is confident that the company will return to profitability in the near future.

RESULTS AND DIVIDENDS

The results for the year are set out on page 3. The loss for the year has been set against reserves.

The director does not recommend the payment of a dividend.

FIXED ASSETS

The movements in fixed assets during the year are set out in notes 6 and 7 to the accounts.

DIRECTOR'S INTEREST

Throughout the year the sole director of the company was Mr R.J. Symes. Mr Symes held 99 ordinary shares in the company at the beginning and the end of the year.

DIRECTORS' RESPONSIBILITIES FOR THE ACCOUNTS

Directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for that period. It is also the directors' responsibility to maintain adequate accounting records, safeguard the assets of the company and take reasonable steps in preventing and detection of fraud and other irregularities.

The director confirms that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the accounts on a going concern basis, and that applicable accounting standards have been followed.

DONATIONS

During the year charitable donations amounted to £8,722 (1993 - £3,019).

DIRECTORS' REPORT

(CONTINUED)

TAXATION STATUS

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

A resolution will be proposed at the annual general meeting to reappoint Hacker Young until the conclusion of the next annual general meeting.

Registered office:
St Alphage House
2 Fore Street
London EC2Y 5DH

By order of the Board

C. SPARWASSER

Secretary

1 September 1995

A handwritten signature in dark ink, appearing to read 'Ch. Sparwasser', is written over the printed name of the Secretary.

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1994

| | <u>Notes</u> | <u>1994</u> | <u>1993</u> |
|--|--------------|-------------|-------------|
| | | £ | £ |
| TURNOVER | | 6,742,252 | 5,657,493 |
| Cost of sales | | (5,475,995) | (3,023,427) |
| | | <hr/> | <hr/> |
| GROSS PROFIT | | 1,266,257 | 2,634,066 |
| Selling and distribution costs | | 672,921 | 390,836 |
| Administration expenses | | 751,057 | 1,214,654 |
| | | <hr/> | <hr/> |
| | | 1,423,978 | 1,605,490 |
| | | <hr/> | <hr/> |
| OPERATING (LOSS)/PROFIT | 2 | (157,721) | 1,028,576 |
| Interest receivable | | 4,461 | 19,091 |
| Interest payable and similar charges | 4 | (389,792) | (437,440) |
| | | <hr/> | <hr/> |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | (543,052) | 610,227 |
| Taxation (credit)/charge | 5 | (128,000) | 275,000 |
| | | <hr/> | <hr/> |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | 12 | (415,052) | 335,227 |
| Retained profit brought forward | | 1,987,511 | 1,652,284 |
| | | <hr/> | <hr/> |
| RETAINED PROFIT CARRIED FORWARD | | £1,572,459 | £1,987,511 |
| | | ===== | ===== |

There are no recognised gains or losses other than the loss for the year.

The accompanying notes are an integral part of these accounts.

BALANCE SHEET AS AT 31 DECEMBER 1994

| | <u>Notes</u> | <u>1994</u> | <u>1993</u> |
|---|--------------|-------------|-------------|
| | | £ | £ |
| FIXED ASSETS | | | |
| Intangible asset | 6 | 9,375 | 10,625 |
| Tangible assets | 7 | 559,044 | 584,124 |
| | | <hr/> | <hr/> |
| | | 568,419 | 594,749 |
| CURRENT ASSETS | | | |
| Stocks | 8 | 9,249,921 | 6,940,496 |
| Debtors | 9 | 555,044 | 662,133 |
| Cash at bank and in hand | | 275,239 | 286,602 |
| | | <hr/> | <hr/> |
| | | 10,080,204 | 7,889,231 |
| CREDITORS: Amounts falling due within one year | 10 | (9,059,887) | (6,480,192) |
| | | <hr/> | <hr/> |
| NET CURRENT ASSETS | | 1,020,317 | 1,409,039 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <hr/> | <hr/> |
| | | £1,588,736 | £2,003,788 |
| | | ===== | ===== |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 11 | 100 | 100 |
| Share premium account | | 16,177 | 16,177 |
| Profit and loss account | | 1,572,459 | 1,987,511 |
| | | <hr/> | <hr/> |
| SHAREHOLDERS' FUNDS | 12 | £1,588,736 | £2,003,788 |
| | | ===== | ===== |

The accounts were approved by the
director on 1 September 1995

R J SYMES - DIRECTOR

R J Symes

The accompanying notes are an integral part of these accounts.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1994

| | <u>Notes</u> | <u>1994</u> | <u>1993</u> |
|--|--------------|----------------------|----------------------|
| | | £ | £ |
| NET CASH (OUTFLOW)/ INFLOW FROM OPERATING ACTIVITIES | 13 | (37,283) | 661,964 |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | |
| Interest received | | 4,461 | 19,479 |
| Interest paid | | (389,792) | (348,195) |
| | | <hr/> (385,331) | <hr/> (328,716) |
| TAXATION | | | |
| Corporation tax paid | | (350,000) | (600,000) |
| INVESTING ACTIVITIES | | | |
| Purchase of fixed assets | | - | (4,095) |
| | | <hr/> | <hr/> |
| NET CASH OUTFLOW | 14 | £ (772,614) ===== | £ (270,847) ===== |

The accompanying notes are an integral part of these accounts.

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994

1. PRINCIPAL ACCOUNTING POLICIES

a) ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

b) GOODWILL

Goodwill is the difference between the amount paid on the acquisition of the business and the aggregate fair value of its separable net assets. It is being written off evenly over its estimated economic life of 20 years.

c) FIXED ASSETS

Fixed assets are stated at historical cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

| | |
|------------------------------------|------------------------------|
| Leasehold land and buildings | - over the term of the lease |
| Improvements to leasehold premises | - 15% on reducing balance |
| Plant and equipment | - 10% on reducing balance |
| Motor vehicles | - 25% on reducing balance |

No depreciation is charged on the freehold property or the library. It is the policy of the company to maintain these assets in good repair, the costs of repairs and replacements being charged to the profit and loss account. Accordingly the assets retain residual values, based on prices prevailing at the date of purchase or subsequent valuation, at least equal to their book values, and depreciation is therefore insignificant.

Provisions are made to reduce cost to estimated realisable value where, in the opinion of the director, a permanent diminution in value has arisen. Such provisions are charged to the profit and loss account.

d) STOCKS

Stocks are stated at the lower of cost and net realisable value after making due provision to write down the cost of individual items to net realisable value.

The director makes provisions so as to give the best estimate of realisable value, but this process is highly subjective due to the uniqueness of stock held, its desirability to certain collectors and changing market trends.

e) TURNOVER

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities, and is stated net of value added tax. Sales outside the UK are not recognised until an export licence has been granted by the Department of Trade and Industry.

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994

(CONTINUED)

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

f) FOREIGN CURRENCIES

Monetary assets and liabilities in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All exchange differences are taken to the profit and loss account.

g) DEFERRED TAXATION

Provision is made for deferred taxation using the liability method on all material timing differences to the extent that it is probable that a liability or asset will crystallise in the future.

2. OPERATING (LOSS)/PROFIT

| | <u>1994</u> | <u>1993</u> |
|---|-------------|-------------|
| | £ | £ |
| This is stated after charging: | | |
| Auditors' remuneration - audit services | 15,000 | 15,000 |
| Non audit services - tax | 14,300 | 19,550 |
| Non audit services - accountancy | 25,050 | 25,100 |
| Depreciation | 25,080 | 30,071 |
| Amortisation of goodwill | 1,250 | 1,250 |
| Exchange (gains)/losses | (148,618) | 161,237 |
| | ===== | ===== |

3. STAFF COSTS

| | £ | £ |
|--|-----------|-----------|
| Wages and salaries | 308,349 | 399,556 |
| Social security costs | 31,973 | 28,805 |
| Other pension costs including Key-man life insurance | 49,203 | 61,148 |
| | ----- | ----- |
| | £ 389,525 | £ 489,509 |
| | ===== | ===== |

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

| | <u>Number</u> | <u>Number</u> |
|------------------------|---------------|---------------|
| Administration | 3 | 3 |
| Sales and distribution | 4 | 4 |
| | ----- | ----- |
| | 7 | 7 |
| | ===== | ===== |

Director's remuneration comprises:

| | £ | £ |
|------------------------|-----------|-----------|
| Emoluments | 143,411 | 230,105 |
| Pension contributions | 40,000 | 40,000 |
| Key-man life insurance | 5,265 | 15,884 |
| | ----- | ----- |
| | £ 188,676 | £ 285,989 |
| | ===== | ===== |

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994

(CONTINUED)

4. INTEREST PAYABLE AND SIMILAR CHARGES

| | <u>1994</u> £ | <u>1993</u> £ |
|---|------------------|------------------|
| Bank loans and overdraft and other loans wholly repayable within five years | | |
| - interest and charges | 389,792 | 345,495 |
| Other interest payable | - | 91,945 |
| | <hr/> | <hr/> |
| | £ 389,792 | £ 437,440 |
| | ===== | ===== |

5. TAXATION

The taxation (credit)/charge is made up as follows:

| | | |
|--|-------------|-----------|
| UK corporation tax at 33% based on the profit for the year | £ (128,000) | £ 275,000 |
| | ===== | ===== |

6. INTANGIBLE FIXED ASSET

| | |
|------------------------------|----------|
| | Goodwill |
| | £ |
| Cost | |
| At 31 December 1993 and 1994 | 25,000 |
| | <hr/> |
| Amortisation: | |
| At 1 January 1994 | 14,375 |
| Provided during the year | 1,250 |
| | <hr/> |
| At 31 December 1994 | 15,625 |
| | <hr/> |
| Net book value: | |
| At 31 December 1994 | £ 9,375 |
| | ===== |
| At 31 December 1993 | £ 10,625 |
| | ===== |

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994

(CONTINUED)

8. STOCKS

| | <u>1994</u> | <u>1993</u> |
|---------------------|-------------|-------------|
| Articles for resale | £ 9,249,921 | £ 6,940,496 |
| | ===== | ===== |

Certain of the stock items included in this total have been assigned to the company's bankers as security for the payment and discharge of the bank overdraft included in note 10 below.

CONSIGNMENT STOCK

The company holds consignment stock owned by certain suppliers on terms that give the company the right to sell the stock in the normal course of its business or, at its option, to return it unsold to the legal owner without penalty. The purchase price of this stock is independent of the time for which the company holds it and no deposit is required.

The company has no obligation to purchase consignment stock from the consignors until such time as the stock is sold to a third party, at which time the purchase and the associated liability are recorded.

At 31 December 1994 the company held consignment stock amounting to £7,977,015 (1993 - £4,690,449).

9. DEBTORS

| | £ | £ |
|---------------------------------------|-----------|-----------|
| Trade debtors | 509,031 | 549,426 |
| Other debtors | 12,582 | 8,618 |
| Other taxes and social security costs | 8,725 | 11,391 |
| Prepayments and accrued income | 24,706 | 92,698 |
| | ----- | ----- |
| | £ 555,044 | £ 662,133 |
| | ===== | ===== |

10. CREDITORS: Amounts falling due within one year

| | £ | £ |
|---------------------------------------|------------|------------|
| Bank overdraft (see below) | 4,827,699 | 4,066,448 |
| Trade creditors | 2,952,451 | 600,722 |
| Corporation tax | 596,361 | 1,074,361 |
| Other taxes and social security costs | 106,401 | 139,827 |
| Other creditors | 426,928 | 437,481 |
| Accruals and deferred income | 150,047 | 161,353 |
| | ----- | ----- |
| | £9,059,887 | £6,480,192 |
| | ===== | ===== |

The bank overdraft is secured by fixed and floating charges over all the company's assets, present and future, and by the chattels mortgage referred to in note 8 above.

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994

(CONTINUED)

11. SHARE CAPITAL

| | <u>1994</u> | <u>1993</u> |
|----------------------------------|-------------|-------------|
| Authorised: | | |
| 100 ordinary shares of £1 each | £ 100 | £ 100 |
| | ===== | ===== |
| Allotted, issued and fully paid: | | |
| 100 ordinary shares of £1 each | £ 100 | £ 100 |
| | ===== | ===== |

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | <u>1994</u> | <u>1993</u> |
|--------------------------------------|-------------|-------------|
| | £ | £ |
| (Loss)/profit for the financial year | (415,052) | 335,227 |
| Shareholders' funds brought forward | 2,003,788 | 1,668,561 |
| | ----- | ----- |
| Shareholders' funds carried forward | £1,588,736 | £2,003,788 |
| | ===== | ===== |

13. NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

| | £ | £ |
|----------------------------------|-------------|-----------|
| Operating (loss)/profit | (157,721) | 1,028,576 |
| Depreciation and amortisation | 26,330 | 31,321 |
| Increase in stocks | (2,309,425) | (904,195) |
| (Increase)/decrease in debtors | 107,088 | 850,616 |
| Increase/(decrease) in creditors | 2,296,445 | (344,354) |
| | ----- | ----- |
| | £ (37,283) | £ 661,964 |
| | ===== | ===== |

14. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

| | £ |
|-----------------------------|--------------|
| Balance at 1 January 1994 | (3,779,846) |
| Net cash outflow | (772,614) |
| | ----- |
| Balance at 31 December 1994 | £(4,552,460) |
| | ===== |

NOTES TO THE ACCOUNTS - 31 DECEMBER 1994

(CONTINUED)

15. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

| | <u>1994</u> | <u>1993</u> | <u>Change in</u> |
|--------------------------|--------------|--------------|------------------|
| | £ | £ | the year |
| | | | £ |
| Cash at bank and in hand | 275,239 | 286,602 | (11,363) |
| Bank overdraft | (4,827,699) | (4,066,448) | (761,251) |
| | <hr/> | <hr/> | |
| | £(4,552,460) | £(3,779,846) | £ (772,614) |
| | ===== | ===== | ===== |

16. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At the balance sheet date the company had contracted for capital expenditure of £21,000 relating to the purchase of the freehold of its Chatfield Road warehouse from Wandsworth Borough Council. This purchase took place in February 1995.

The company had no contingent liabilities at the balance sheet date.

17. OPERATING LEASE COMMITMENTS

At 31 December 1994 the company was committed to making the following payments during the next year in respect of operating leases:

| | <u>Land and</u> | <u>Other</u> |
|--------------------------|------------------|--------------|
| | <u>Buildings</u> | |
| | £ | £ |
| Leases which expire: | | |
| Within one year | - | 18,152 |
| Within two to five years | - | - |
| After five years | 35,000 | - |
| | <hr/> | <hr/> |
| | £ 35,000 | £ 18,152 |
| | ===== | ===== |