

2447155

SOLOMON FINE ARTS LIMITED

FINANCIAL STATEMENTS

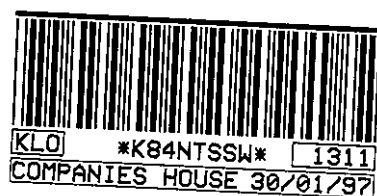
31ST MARCH 1996

Registered number: 2441755

SLAVEN JEFFCOTE & CO

CHARTERED ACCOUNTANTS

London



SOLOMON FINE ARTS LIMITED

FINANCIAL STATEMENTS

for the year ended 31st March 1996

CONTENTS

| | Page |
|---|-------|
| Company information | 1 |
| Directors' report | 2 |
| Statement of directors' responsibilities | 3 |
| Auditors' report | 4 |
| Profit and loss account | 5 |
| Balance sheet | 6 |
| Notes | 7 - 9 |

The following page does not form part of the statutory accounts

| | |
|---|------------|
| Detailed trading and profit and loss account | Appendix 1 |
|---|------------|

SOLOMON FINE ARTS LIMITED

COMPANY INFORMATION

31st March 1996

| | |
|-------------------|--|
| INCORPORATED | In England on 28th November 1989 |
| NUMBER | 2441755 |
| CHAIRMAN | J. Cripps |
| OTHER DIRECTORS | |
| SECRETARY | JD Secretariat Limited |
| REGISTERED OFFICE | 5th Floor 1 Lumley Street London W1Y 2NB |
| BANKERS | TSB Bank PLC 115 Regent Street London W1R 7HA |
| AUDITORS | Slaven Jeffcote & Co Chartered Accountants 1 Lumley Street Mayfair London W1Y 2NB |

SOLOMON FINE ARTS LIMITED

DIRECTORS' REPORT

31st March 1996

The directors present their report and the audited financial statements for the year ended 31st March 1996.

Principal activity

The principal activity of the company is that of trading in art and antiques.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

| | 31st March 1996 | 1st April 1995 |
|-----------|--------------------|--------------------|
| | Ordinary shares | Ordinary shares |
| J. Cripps | - | - |

Auditors

Slaven Jeffcote & Co have agreed to offer themselves for re-appointment as auditors of the company.

Small company exemptions

Advantage has been taken in the preparation of this report of special exemptions applicable to small companies provided by Part II of Schedule 8 to the Companies Act 1985.

On behalf of the board

JD Secretariat Limited
Secretary

5th Floor
1 Lumley Street
London
W1Y 2NB

17th January 1997

SOLOMON FINE ARTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

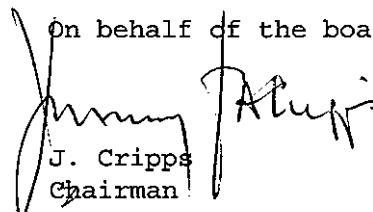
We are required under company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

17/ January 1997

On behalf of the board

J. Cripps
Chairman

SOLOMON FINE ARTS LIMITED

AUDITORS' REPORT

Auditors' report to the members of

Solomon Fine Arts Limited

We have audited the financial statements on pages 5 to 9 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements are free from material misstatement, whether caused by fraud or error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Slaven Jeffcote & Co

Chartered Accountants
and Registered Auditor

London

17 January 1997

SOLOMON FINE ARTS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st March 1996

| | Note | 1996 £ | 1995 £ |
|---|------|-----------|-----------|
| Turnover | 2 | 29,609 | 178,398 |
| Cost of sales | | (182) | (135,595) |
| Gross profit | | 29,427 | 42,803 |
| Net operating expenses | | | |
| Administrative expenses | | (10,184) | (39,592) |
| Other operating income | | 942 | 1,771 |
| Operating profit | 3 | 20,185 | 4,982 |
| Interest payable | 4 | (22) | - |
| Profit on ordinary activities before taxation | | 20,163 | 4,982 |
| Taxation | | (10,216) | (1,308) |
| Profit on ordinary activities after taxation | | 9,947 | 3,674 |
| retained for the year | 10 | | |

Movements in reserves are shown in note 10.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1996 or 1995 other than the profit for the year.

SOLOMON FINE ARTS LIMITED

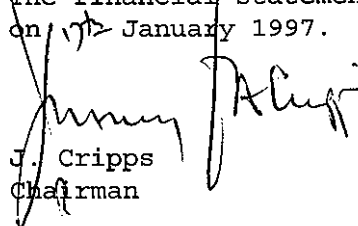
BALANCE SHEET

at 31st March 1996

| | Note | 1996 £ | 1995 £ |
|--|------|--------------------|--------------------|
| Current assets | | | |
| Stocks | 5 | 1,063,750 | 958,750 |
| Debtors | 6 | 49,334 | 119,393 |
| Cash at bank and in hand | | 15,628 | 365 |
| | | <u>1,128,712</u> | <u>1,078,508</u> |
| Creditors: amounts becoming due and payable within one year | 7 | <u>(1,049,717)</u> | <u>(1,009,460)</u> |
| Net current assets | | <u>78,995</u> | <u>69,048</u> |
| Total assets less current liabilities | | <u>78,995</u> | <u>69,048</u> |
| Capital and reserves | | | |
| Called up share capital | 9 | 100 | 100 |
| Profit and loss account | 10 | 78,895 | 68,948 |
| Total shareholders' funds | 8 | <u>78,995</u> | <u>69,048</u> |

The directors have taken advantage in the preparation of these financial statements of special exemptions provided by Part I of Schedule 8 to the Companies Act 1985 on the basis that the company qualifies as a small company.

The financial statements on pages 5 to 9 were approved by the board of directors on 17th January 1997.


J. Cripps
Chairman

SOLOMON FINE ARTS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 1996

1 Accounting policies**Basis of accounting**

The financial statements have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is entitled to the exemptions available in Sections 246 to 247 of the Companies Act 1985 for small companies.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

2 Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities stated net of value added tax.

In the opinion of the directors, 100% of the turnover of the company is attributable to geographical markets outside the UK. (1995 100%)

3 Operating profit

| | 1996 £ | 1995 £ |
|--|-----------|-----------|
| Operating profit is stated after crediting | | |
| Interest receivable | 942 | 1,771 |
| and after charging | | |
| Auditors' remuneration | 2,700 | 2,800 |

4 Interest payable

| | 1996 £ | 1995 £ |
|------------------|-----------|-----------|
| Interest payable | 22 | - |

SOLOMON FINE ARTS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 1996

5 Stocks

| | 1996 £ | 1995 £ |
|--------|-----------|-----------|
| Stocks | 1,063,750 | 958,750 |

6 Debtors

| | 1996 £ | 1995 £ |
|-------------------------------------|-----------|-----------|
| Amounts falling due within one year | | |
| Trade debtors | 48,974 | 119,364 |
| Other debtors | 360 | 29 |
| | 49,334 | 119,393 |

7 Creditors: amounts becoming due and payable within one year

| | 1996 £ | 1995 £ |
|-----------------|-----------|-----------|
| Trade creditors | 995,500 | 900,500 |
| Corporation tax | 10,216 | 1,532 |
| Other Creditors | 44,001 | 107,428 |
| | 1,049,717 | 1,009,460 |

8 Reconciliation of movements in shareholders' funds

| | 1996 £ | 1995 £ |
|--|-----------|-----------|
| Profit for the financial year representing a Net addition to shareholders' funds | 9,947 | 3,674 |
| Opening shareholders' funds | 69,048 | 65,374 |
| Closing shareholders' funds | 78,995 | 69,048 |

SOLOMON FINE ARTS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 1996

9 Called up share capital

| | 1996 | | 1995 | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Number of | £ | Number of | £ |
| | shares | | shares | |
| Authorised | | | | |
| £1 Ordinary shares | 100 | 100 | 100 | 100 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Allotted called up and fully paid | | | | |
| £1 Ordinary shares | 100 | 100 | 100 | 100 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

10 Profit and loss account

| | 1996 |
|------------------------------|---------------|
| | £ |
| 1st April 1995 | 68,948 |
| Retained profit for the year | <u>9,947</u> |
| 31st March 1996 | <u>78,895</u> |

SOLOMON FINE ARTS LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 1996

9 Called up share capital

| | 1996 | | 1995 | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Number of | £ | Number of | £ |
| | shares | | shares | |
| Authorised | | | | |
| £1 Ordinary shares | 100 | 100 | 100 | 100 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Allotted called up and fully paid | | | | |
| £1 Ordinary shares | 100 | 100 | 100 | 100 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

10 Profit and loss account

| | 1996 |
|------------------------------|-------------------|
| | £ |
| 1st April 1995 | 68,948 |
| Retained profit for the year | 9,947 |
| | <u> </u> |
| 31st March 1996 | 78,895 |
| | <u> </u> |