

SOLOMON FINE ARTS LIMITED
FINANCIAL STATEMENTS
FOR
31 MARCH 2009



SLAVEN JEFFCOTE LLP
Chartered Certified Accountants & Registered Auditor
1 Lumley Street
Mayfair
London
W1K 6TT

SOLOMON FINE ARTS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

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SOLOMON FINE ARTS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

| | |
|--------------------------|---|
| The director | Lumley Management Limited |
| Company secretary | JD Secretariat Limited |
| Registered office | 1 Lumley Street Mayfair London W1K 6TT |
| Auditor | Slaven Jeffcote LLP Chartered Certified Accountants & Registered Auditor 1 Lumley Street Mayfair London W1K 6TT |
| Bankers | HSBC Bank Plc 90 Baker Street London W1U 6AX |

SOLOMON FINE ARTS LIMITED

THE DIRECTOR'S REPORT

YEAR ENDED 31 MARCH 2009

The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of trading in art and antiques.

THE DIRECTOR AND HIS INTERESTS IN THE SHARES OF THE COMPANY

The director who served the company during the year together with his beneficial interests in the shares of the company was as follows:

| | Ordinary Shares of £1 each | |
|---------------------------|----------------------------|--------------------|
| | At 31 March 2009 | At 1 April 2008 |
| Lumley Management Limited | — | — |

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 those 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;
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the director is aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

SOLOMON FINE ARTS LIMITED

THE DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31 MARCH 2009

AUDITOR

Slaven Jeffcote LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
1 Lumley Street
Mayfair
London
W1K 6TT

Signed by order of the director



JD SECRETARIAT LIMITED
Company Secretary

Approved by the director on 05/10/09

SOLOMON FINE ARTS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
SOLOMON FINE ARTS LIMITED
YEAR ENDED 31 MARCH 2009

We have audited the financial statements of Solomon Fine Arts Limited for the year ended 31 March 2009, which have been prepared on the basis of the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITOR

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Director's Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

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 director 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 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 other irregularity or error.

The whole of the company's stock of antiques and works of art are held abroad. We were unable to physically verify the existence of the stock and we have relied upon third party confirmation as to its existence at 31st March 2009. Any adjustment to this figure would have a consequential effect on the results for the year.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

SOLOMON FINE ARTS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
SOLOMON FINE ARTS LIMITED *(continued)***

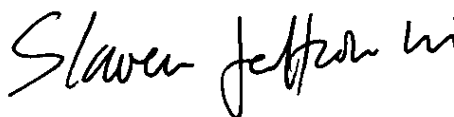
YEAR ENDED 31 MARCH 2009

QUALIFIED OPINION

QUALIFIED OPINION ARISING FROM A LIMITATION IN SCOPE

Except for any adjustment that might have been found to be necessary had we been able to physically verify the stock, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2009 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to stock, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.



SLAVEN JEFFCOTE LLP
Chartered Certified Accountants
& Registered Auditor

1 Lumley Street
Mayfair
London
W1K 6TT

...5/10/09.....

SOLOMON FINE ARTS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2009

| | Note | 2009 £ | 2008 £ |
|--|----------|-----------------------|------------------------|
| TURNOVER | | 2,078,059 | 204,544 |
| Cost of sales | | <u>1,934,098</u> | <u>188,588</u> |
| GROSS PROFIT | | 143,961 | 15,956 |
| Administrative expenses | | <u>5,439</u> | <u>(5,689)</u> |
| OPERATING PROFIT | 2 | 138,522 | 21,645 |
| Interest receivable | | 1,215 | 146 |
| Interest payable and similar charges | | – | (17,054) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | <u>139,737</u> | <u>4,737</u> |
| Tax on profit on ordinary activities | 3 | (4,925) | 39,231 |
| PROFIT/(LOSS) FOR THE FINANCIAL YEAR | | <u>144,662</u> | <u>(34,494)</u> |

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 8 to 10 form part of these financial statements.

SOLOMON FINE ARTS LIMITED

BALANCE SHEET

31 MARCH 2009

| | Note | 2009 £ | 2008 £ |
|---|------|------------------|------------------|
| CURRENT ASSETS | | | |
| Stocks | 4 | 2,080,400 | 2,868,855 |
| Debtors | 5 | 1,188,307 | — |
| Cash at bank | | 193,299 | 108,792 |
| | | <u>3,462,006</u> | <u>2,977,647</u> |
| CREDITORS: Amounts falling due within one year | 6 | <u>3,076,931</u> | <u>2,737,234</u> |
| NET CURRENT ASSETS | | <u>385,075</u> | <u>240,413</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>385,075</u> | <u>240,413</u> |
| CAPITAL AND RESERVES | | | |
| Called-up equity share capital | 8 | 100 | 100 |
| Profit and loss account | 9 | 384,975 | 240,313 |
| SHAREHOLDERS' FUNDS | 10 | <u>385,075</u> | <u>240,413</u> |

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved and signed by the director and authorised for issue on

5/10/09


LUMLEY MANAGEMENT LIMITED

The notes on pages 8 to 10 form part of these financial statements.

SOLOMON FINE ARTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

The financial statements have been prepared on a going concern basis, which dependent upon continued support of the creditor.

Cash flow statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

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 the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

| | 2009 | 2008 |
|--|----------------|-----------------|
| | £ | £ |
| Director's emoluments | — | — |
| Auditor's fees | 4,000 | — |
| Net profit on foreign currency translation | <u>(6,215)</u> | <u>(24,941)</u> |

SOLOMON FINE ARTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

3. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

| | 2009 £ | 2008 £ |
|--|----------------|---------------|
| Current tax: | | |
| UK Corporation tax based on the results for the year at 21% (2008 - 20%) | 2,930 | - |
| Over/under provision in prior year | <u>(7,855)</u> | 39,231 |
| Total current tax | <u>(4,925)</u> | <u>39,231</u> |

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 21% (2008 - 20%).

| | 2009 £ | 2008 £ |
|--|----------------|---------------|
| Profit on ordinary activities before taxation | <u>139,737</u> | <u>4,737</u> |
| Profit on ordinary activities by rate of tax | 29,345 | 948 |
| Utilisation of tax losses | (26,415) | (948) |
| Adjustments to tax charge in respect of previous periods | <u>(7,855)</u> | 39,231 |
| Total current tax (note 3(a)) | <u>(4,925)</u> | <u>39,231</u> |

4. STOCKS

| | 2009 £ | 2008 £ |
|-------|------------------|------------------|
| Stock | <u>2,080,400</u> | <u>2,868,855</u> |

5. DEBTORS

| | 2009 £ | 2008 £ |
|---------------|------------------|-----------|
| Trade debtors | <u>1,188,307</u> | - |

6. CREDITORS: Amounts falling due within one year

| | 2009 £ | 2008 £ |
|-----------------|------------------|------------------|
| Trade creditors | 3,058,314 | 2,605,613 |
| Corporation tax | 3,765 | 56,235 |
| Other taxation | - | 814 |
| Other creditors | <u>14,852</u> | <u>74,572</u> |
| | <u>3,076,931</u> | <u>2,737,234</u> |

SOLOMON FINE ARTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

7. RELATED PARTY TRANSACTIONS

There is no one controlling party as at the Balance Sheet date.

8. SHARE CAPITAL

Authorised share capital:

| | 2009 | 2008 |
|--------------------------------|------------|------------|
| | £ | £ |
| 100 Ordinary shares of £1 each | <u>100</u> | <u>100</u> |

Allotted, called up and fully paid:

| | 2009 | | 2008 |
|----------------------------|------------|------------|------------|
| | No | £ | No |
| Ordinary shares of £1 each | <u>100</u> | <u>100</u> | <u>100</u> |

9. PROFIT AND LOSS ACCOUNT

| | 2009 | 2008 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Balance brought forward | 240,313 | 274,807 |
| Profit/(loss) for the financial year | 144,662 | (34,494) |
| Balance carried forward | <u>384,975</u> | <u>240,313</u> |

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2009 | 2008 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Profit/(Loss) for the financial year | 144,662 | (34,494) |
| Opening shareholders' funds | 240,413 | 274,907 |
| Closing shareholders' funds | <u>385,075</u> | <u>240,413</u> |