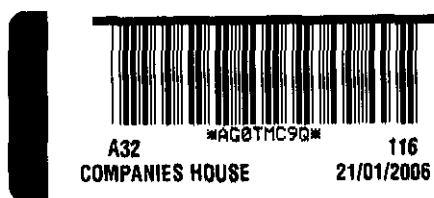


SOLOMON FINE ARTS LIMITED
FINANCIAL STATEMENTS
FOR
31 MARCH 2005



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

SOLOMON FINE ARTS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

CONTENTS	PAGE
The director's report	1
Independent auditors' report to the shareholders	3
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7
The following page does not form part of the financial statements	
Detailed profit and loss account	11

SOLOMON FINE ARTS LIMITED

THE DIRECTOR'S REPORT

YEAR ENDED 31 MARCH 2005

The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 March 2005.

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 were as follows:

	Ordinary Shares of £1 each	
	At 31 March 2005	At 1 April 2004
Lumley Management Limited	-	-

DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 year.

In preparing those financial statements, the director is required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The director must also 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. The director 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.

AUDITORS

A resolution to re-appoint Slaven Jeffcote LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SOLOMON FINE ARTS LIMITED

THE DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31 MARCH 2005

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 18/1/06

SOLOMON FINE ARTS LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
SOLOMON FINE ARTS LIMITED
YEAR ENDED 31 MARCH 2005

We have audited the financial statements of Solomon Fine Arts Limited for the year ended 31 March 2005 on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS

As described in the Statement of Director's Responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Director's Report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards 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 2005. 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 AUDITORS' REPORT TO THE SHAREHOLDERS OF
SOLOMON FINE ARTS LIMITED *(continued)***

YEAR ENDED 31 MARCH 2005

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 December 2003 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 Auditors

1 Lumley Street
Mayfair
London
W1K 6TT

18/1/06

SOLOMON FINE ARTS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2005

	Note	2005 £	2004 £
TURNOVER		814,974	500,000
Cost of sales		<u>775,000</u>	<u>450,004</u>
GROSS PROFIT		39,974	49,996
Administrative expenses		<u>9,655</u>	<u>8,328</u>
OPERATING PROFIT	2	30,319	41,668
Interest receivable		7	3
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>30,326</u>	<u>41,671</u>
Tax on profit on ordinary activities	3	<u>6,155</u>	<u>8,246</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>24,171</u>	<u>33,425</u>
Balance brought forward		<u>210,461</u>	<u>177,036</u>
Balance carried forward		<u><u>234,632</u></u>	<u><u>210,461</u></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 7 to 9 form part of these financial statements.

SOLOMON FINE ARTS LIMITED

BALANCE SHEET

31 MARCH 2005

	Note	2005 £	2004 £
CURRENT ASSETS			
Stocks	4	2,895,169	1,779,459
Debtors	5	965	27,106
Cash at bank		3,062	24,958
		<u>2,899,196</u>	<u>1,831,523</u>
CREDITORS: Amounts falling due within one year	6	<u>2,664,464</u>	<u>1,620,962</u>
NET CURRENT ASSETS		<u>234,732</u>	<u>210,561</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>234,732</u>	<u>210,561</u>
CAPITAL AND RESERVES			
Called-up equity share capital	8	100	100
Profit and loss account		234,632	210,461
SHAREHOLDERS' FUNDS	9	<u>234,732</u>	<u>210,561</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 on 18/1/06


LUMLEY MANAGEMENT LIMITED

The notes on pages 7 to 9 form part of these financial statements.

SOLOMON FINE ARTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

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.

Fixed assets

All fixed assets are initially recorded at cost.

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.

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2005	2004
	£	£
Director's emoluments	—	—
Auditors' fees	<u>3,000</u>	<u>—</u>
Net (profit)/loss on foreign currency translation	<u>(21)</u>	<u>3,396</u>

SOLOMON FINE ARTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

3. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2005	2004
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 19% (2004 - 18.05%)	5,762	7,522
Over/under provision in prior year	393	724
Total current tax	<u>6,155</u>	<u>8,246</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2004 - 18.05%).

	2005	2004
	£	£
Profit on ordinary activities before taxation	<u>30,326</u>	<u>41,671</u>
Profit/(loss) on ordinary activities by rate of tax	5,762	7,522
Sixth item to increase/(decrease) tax liability	393	724
Total current tax (note 3(a))	<u>6,155</u>	<u>8,246</u>

4. STOCKS

	2005	2004
	£	£
Stock	<u>2,895,169</u>	<u>1,779,459</u>

The company holds consignment stock that is legally owned by third parties, on terms that give the company the right to sell the stock in the normal course of business or, at the company's option return it unsold. The value of the consignment stock as at 31st March 2005 is £200,000. (2004:£200,000)and because the transfer of title has not crystallised this amount is not included in the balance sheet.

5. DEBTORS

	2005	2004
	£	£
Trade debtors	—	26,295
VAT recoverable	965	811
	<u>965</u>	<u>27,106</u>

SOLOMON FINE ARTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2005

6. CREDITORS: Amounts falling due within one year

	2005	2004
	£	£
Trade creditors	291,276	1,464,141
Corporation tax	13,284	18,246
Other creditors	2,359,904	138,575
	<u>2,664,464</u>	<u>1,620,962</u>

7. RELATED PARTY TRANSACTIONS

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

8. SHARE CAPITAL

Authorised share capital:

	2005	2004
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2005		2004
	No	£	No
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005	2004
	£	£
Profit for the financial year	24,171	33,425
Opening shareholders' equity funds	210,561	177,136
Closing shareholders' equity funds	<u>234,732</u>	<u>210,561</u>