

**SOLOMON FINE ARTS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR**  
**31 MARCH 2003**



**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 2003**

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**SOLOMON FINE ARTS LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

<b>The director</b>	Lumley Management Limited
<b>Company secretary</b>	JD Secretariat Limited
<b>Registered office</b>	1 Lumley Street Mayfair London W1K 6TT
<b>Auditors</b>	Slaven Jeffcote LLP Chartered Certified Accountants & Registered Auditors 1 Lumley Street Mayfair London W1K 6TT
<b>Bankers</b>	Allied Irish Bank (GB) 10 Berkeley Square London W1X 6DN

# SOLOMON FINE ARTS LIMITED

## THE DIRECTOR'S REPORT

### YEAR ENDED 31 MARCH 2003

The director has pleasure in presenting his report and the financial statements of the company for the year ended 31 March 2003.

#### 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 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 2003	At 1 April 2002
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 at the end of the year and of the profit or loss for the year then ended.

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 2003**

**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 30/04/04

**SOLOMON FINE ARTS LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS**  
**YEAR ENDED 31 MARCH 2003**

We have audited the financial statements 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. 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 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 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 financial statements give a true and fair view of the state of the company's affairs as at 31 March 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



SLAVEN JEFFCOTE LLP  
Chartered Certified Accountants  
& Registered Auditors

1 Lumley Street  
Mayfair  
London  
W1K 6TT

30/4/04.....

**SOLOMON FINE ARTS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2003**

	Note	2003 £	2002 £
<b>TURNOVER</b>		<b>419,412</b>	<b>84,627</b>
Cost of sales		<u>32,817</u>	<u>80,211</u>
<b>GROSS PROFIT</b>		<b>386,595</b>	<b>4,416</b>
Administrative expenses		<u>10,322</u>	<u>8,066</u>
<b>OPERATING PROFIT/(LOSS)</b>	<b>2</b>	<b>376,273</b>	<b>(3,650)</b>
Interest receivable		4,707	1
Interest payable		—	(83)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>380,980</b>	<b>(3,732)</b>
Tax on profit/(loss) on ordinary activities	<b>3</b>	<u>82,326</u>	—
<b>RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<b>298,654</b>	<b>(3,732)</b>
Balance brought forward		<u>126,945</u>	<u>130,677</u>
Balance carried forward		<u><b>425,599</b></u>	<u><b>126,945</b></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.

## SOLOMON FINE ARTS LIMITED

## BALANCE SHEET

31 MARCH 2003

	Note	2003 £	2002 £
<b>CURRENT ASSETS</b>			
Stocks	4	2,209,164	1,422,302
Debtors	5	172,656	217,429
Cash at bank		38,309	1,949
		<u>2,420,129</u>	<u>1,641,680</u>
<b>CREDITORS: Amounts falling due within one year</b>			
	6	<u>1,994,430</u>	<u>1,514,635</u>
<b>NET CURRENT ASSETS</b>		<u>425,699</u>	<u>127,045</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>425,699</u>	<u>127,045</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	8	100	100
Profit and loss account		425,599	126,945
<b>SHAREHOLDERS' FUNDS</b>	9	<u>425,699</u>	<u>127,045</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 30/4/04

*S. S. Dongor*  
LUMLEY MANAGEMENT LIMITED



**SOLOMON FINE ARTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2003**

**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) 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/(LOSS)**

Operating profit/(loss) is stated after charging:

	2003	2002
	£	£
Auditors' fees	2,700	2,700
Net loss on foreign currency translation	<u>673</u>	<u>272</u>

**3. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the year**

	2003	2002
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 21.80% (2002 - 19%)	82,326	—
Total current tax	<u>82,326</u>	<u>—</u>

**SOLOMON FINE ARTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2003**

**3. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES** *(continued)*

**(b) Factors affecting current tax charge**

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 21.80% (2002 - 19%).

	2003	2002
	£	£
Profit/(loss) on ordinary activities before taxation	<u>380,980</u>	<u>(3,732)</u>
Profit/(loss) on ord actvs by rate of tax	83,054	(709)
Expenses not deductible for tax purposes	67	—
Utilisation of tax losses	(795)	—
Tax losses carried forward	—	709
Total current tax (note 3(a))	<u>82,326</u>	<u>—</u>

**4. STOCKS**

	2003	2002
	£	£
Stock	<u>2,209,164</u>	<u>1,422,302</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 2003 is £200,000. (2002:£200,000) and because the transfer of title has not crystallised this amount is not included in the balance sheet.

**5. DEBTORS**

	2003	2002
	£	£
Trade debtors	89,217	217,180
VAT recoverable	1,107	249
Other debtors	82,332	—
	<u>172,656</u>	<u>217,429</u>

**6. CREDITORS: Amounts falling due within one year**

	2003	2002
	£	£
Trade creditors	1,771,212	1,379,091
Corporation tax	82,326	—
Other creditors	140,892	135,544
	<u>1,994,430</u>	<u>1,514,635</u>

**7. RELATED PARTY TRANSACTIONS**

The ultimate controlling party is not known.

**SOLOMON FINE ARTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2003**

**8. SHARE CAPITAL****Authorised share capital:**

	2003	2002
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**Allotted, called up and fully paid:**

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

**9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2003	2002
	£	£
Profit/(Loss) for the financial year	298,654	(3,732)
Opening shareholders' equity funds	<u>127,045</u>	<u>130,777</u>
Closing shareholders' equity funds	<u>425,699</u>	<u>127,045</u>