

COMPANY NUMBER: 2710748

**CCA GALLERIES LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 1995**

*Certified to be a true copy of  
the audited accounts*

*[Signature]*  
*Company Secretary*



**CCA GALLERIES LIMITED**

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FOR THE YEAR ENDED 31 JULY 1995**

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**CCA GALLERIES LIMITED**

**INFORMATION SHEET**

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**DIRECTORS:**

Dr C B Phipps PhD  
Mr L J P Trevellyan ACA  
Mr A W Phillips FCA  
Mr A F McNab  
A R Phipps BA

**SECRETARY:**

Mr A W Phillips FCA

**REGISTERED OFFICE:**

8 Dover Street  
London W1X 3PJ

**AUDITORS:**

Kingswood  
1 Clerkenwell Green  
London  
EC1R 0DE

**BANKERS:**

National Westminster Bank plc  
94 Moorgate  
London EC2M 6XT

**REGISTERED IN ENGLAND  
NO.:**

2710748

## CCA GALLERIES LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 1995

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The directors present herewith their annual report, together with the audited financial statements of the company for the year ended 31 July 1995 .

#### PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review was the publishing, retailing and distribution of contemporary art.

On 31 May 1995 the company acquired stocks of Modern British original works of art to the value of £262,122 in exchange for the issue of 710,000 ordinary shares of 35p each in the company. At the same time Dr C B Phipps and Ms A R Phipps were appointed directors of the company, with Dr C B Phipps also being appointed chairman.

Although these accounts show a loss of £170,707 the directors are pleased to report that the consolidated accounts (unaudited) for the Greatsolve Limited group, prepared from these audited accounts and those of its parent Greatsolve Limited, show a profit for the year of £78,000.

#### RESULTS AND DIVIDENDS

The loss for the year after taxation was £170,707 .

The directors do not recommend payment of a dividend for the current year.

#### DIRECTORS AND THEIR INTERESTS

The directors of the company during the period and their interests in the share capital of the company at the beginning and end of the period were as follows:

	Number of shares	
	31 July 1995	31 July 1994 or on appointment
Dr C B Phipps	248,500	-
Mr D A Pontone (Resigned 30 November 1995)	-	-
Mr A W Phillips	-	-
Mr A F McNab	-	-
A R Phipps	-	-

Mr D A Pontone held 5,875 shares in Greatsolve Limited, the parent company of CCA Galleries Limited, until his resignation from the company on 30 November 1995.

Mr L J P Trevellyan was appointed as a director of the company on 31 January 1996.

**CCA GALLERIES LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 JULY 1995 (Continued)**

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**POST BALANCE SHEET EVENTS**

At present the directors intend to place greater emphasis on the sale to trade outlets than hitherto and since the year end, have entered discussions to dispose of four regional galleries by sale, franchise and assignment of leases. This action is being taken to improve the profitability of the company.

**FIXED ASSETS**

The movements in fixed assets during the year are set out in note 5 to the accounts.

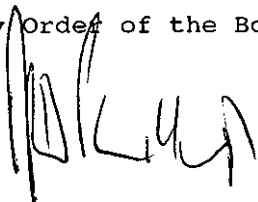
**AUDITORS**

Kingswood, Chartered Accountants, have expressed their willingness to continue as auditors, and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

**SMALL COMPANY RULES**

Advantage has been taken in the preparation of this report of the special exemptions applicable to small companies.

By Order of the Board



Mr A W Phillips FCA  
Secretary

Dated: 22 April 1996

**CCA GALLERIES LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors 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, the directors are required to

- select suitable accounting policies and 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 directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are 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' REPORT TO THE MEMBERS OF  
CCA GALLERIES LIMITED**

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention as modified by the revaluation of the fixed assets acquired at commencement of trade and the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 4 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 to you.

**Basis of opinion**

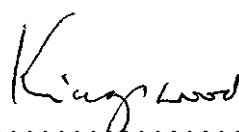
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 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 at 31 July 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

1 Clerkenwell Green  
London  
EC1R 0DE

  
.....  
Registered Auditors

Dated:

**CCA GALLERIES LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 JULY 1995**

	Notes	£	1995 £	£	1994 £
<b>TURNOVER</b>	<b>2</b>		2,181,651		2,046,568
<b>COST OF SALES</b>			1,010,028		1,028,357
<b>GROSS PROFIT</b>			1,171,623		1,018,211
DISTRIBUTION COSTS			(256,609)		(142,677)
ADMINISTRATIVE EXPENSES			(1,086,997)		(1,032,508)
<b>OPERATING (LOSS)</b>	<b>3</b>		(171,983)		(156,974)
Interest receivable		4,547		2,446	
Interest payable		(2,252)		(1,633)	
			2,295		813
<b>(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			(169,688)		(156,161)
Tax on ordinary activities	<b>4</b>		(1,019)		-
<b>RETAINED (LOSS) FOR THE YEAR</b>			(170,707)		(156,161)
Retained profit brought forward			(377,363)		(239,956)
Transfer from reserves			7,117		18,754
<b>RETAINED (DEFICIT) CARRIED FORWARD</b>			(540,953)		(377,363)

All of the company's activities are classed as continuing, subject to the note in the Directors Report.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 JULY 1995**

	1995 £	1994 £
<b>(LOSS) FOR THE FINANCIAL YEAR</b>	(170,707)	(156,161)
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	(170,707)	(156,161)

The notes on pages 8 to 13 form part of these financial statements.



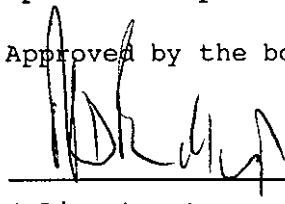
**CCA GALLERIES LIMITED**

**BALANCE SHEET  
AS AT 31 JULY 1995**

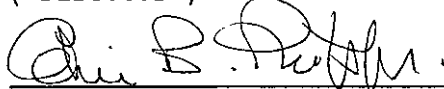
	Notes	£	1995 £	1994 £
<b>FIXED ASSETS</b>				
Tangible fixed assets	5		17,175	40,736
Fixed asset investments	6		262,122	-
			<u>279,297</u>	<u>40,736</u>
<b>CURRENT ASSETS</b>				
Stocks	7	1,095,554	971,436	
Debtors	8	295,216	303,852	
Cash at bank and in hand		19,474	81,728	
		<u>1,410,244</u>	<u>1,357,016</u>	
<b>CREDITORS</b> - amounts falling due within one year	9	(546,410)	(340,882)	
<b>NET CURRENT ASSETS</b>			<u>863,834</u>	<u>1,016,134</u>
<b>NET ASSETS</b>			<u><u>1,143,131</u></u>	<u><u>1,056,870</u></u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	11		1,668,500	1,420,000
Share premium			8,468	-
Revaluation reserve	13		7,116	14,233
Profit and loss account			(540,953)	(377,363)
			<u>1,143,131</u>	<u>1,056,870</u>

In preparing these financial statements we have relied upon sections 246 and 247 of the Companies Act 1985 as enabling us to take advantage of the special exemptions applicable to small companies.

Approved by the board of directors and signed on its behalf by

  
\_\_\_\_\_

( Director )

  
\_\_\_\_\_

( Director )

Dated: 22 April 1996  
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The notes on pages 8 to 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 1995

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**1. ACCOUNTING POLICIES**

**1.1 Accounting conventions**

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

**1.2 Turnover**

This represents the invoiced amounts of goods sold and provided, net of value added tax.

**1.3 Depreciation of tangible assets**

Provision is made for depreciation on all tangible assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Leasehold improvements	- evenly over the lease term
Fixtures and fittings:	20-33% per annum straight line
Plant and equipment:	20-33% per annum straight line
Motor vehicles:	25% per annum straight line

**1.4 Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure only.

**1.5 Deferred taxation**

Provision is made by the liability method for all long term timing differences which are expected to be reversed in the foreseeable future.

**1.6 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.

**1.7 Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit as incurred.

**1.8 Pension scheme arrangements**

Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account for the year in which they are payable to the scheme.

**1.9 Cash Flow Statement**

The Company has taken advantage of the exemption in Financial Reporting Standard No. 1 from producing a cash flow statement on the grounds that it is a small company.

CCA GALLERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 1995 - continued

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2. TURNOVER

The turnover and pre-tax loss are wholly attributable to the company's main activity.  
The turnover attributable to geographical markets outside the United Kingdom amounted to 17% (1994: - 7%)

3. OPERATING (LOSS)

This is stated after charging (crediting):	1995	1994
	£	£
Auditors' remuneration	3,800	2,850
Depreciation	17,403	9,796
Profit on disposal of fixed assets	-	147
Operating lease rentals	1,470	1,358
	<u>141,285</u>	<u>103,425</u>
Directors' emoluments -		
For services as directors	130,660	97,258
Other emoluments	10,625	6,167
	<u>141,285</u>	<u>103,425</u>

4. TAXATION

No charge to United Kingdom corporation tax arises in respect of the results for the year owing to the company incurring a trading loss in the first three years of trading. The company suffered Japanese withholding taxation during the year.

**CCA GALLERIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 1995 - continued**

**5. TANGIBLE FIXED ASSETS**

	Plant and machinery etc. £
Cost or valuation:	
At 1 August 1994	95,888
Additions	959
	<u>96,847</u>
At 31 July 1995	
Depreciation:	
At 1 August 1994	55,152
Charge for year	17,403
on revaluation	7,117
	<u>79,672</u>
At 31 July 1995	
Net book value at 31 July 1995	<u>17,175</u>
Net book value at 31 July 1994	<u>40,736</u>

Fixed assets acquired at the commencement of trade were revalued as at 1 August 1992 by the directors at their considered market values.

**6. INVESTMENTS**

The company's investment in its subsidiary company represents the cost of acquisition of the whole of the share capital of Classgold Limited, a company registered in England & Wales. On 31 May 1995 Classgold Limited sold its stock of Modern British original works of art at a cost of £262,122 to the company and consequently the aggregate of share capital and reserves of Classgold Limited amounts to £262,122 represented by a debt due by the company.

**7. STOCKS**

The amounts attributable to the different categories are as follows:

	1995 £	1994 £
Stocks	1,095,554	971,436
	<u>1,095,554</u>	<u>971,436</u>

**CCA GALLERIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 1995 - continued**

**8. DEBTORS**

	1995	1994
	£	£
Trade debtors	226,367	282,276
Amounts owed by group undertaking	217	-
Others	68,632	21,576
	<u>295,216</u>	<u>303,852</u>

**9. CREDITORS - AMOUNTS FALLING DUE  
WITHIN ONE YEAR**

	1995	1994
	£	£
Trade creditors	242,597	273,822
Amounts owed to group undertakings	271,321	7,386
Other creditors	32,492	59,674
	<u>546,410</u>	<u>340,882</u>

**10. PROVISION FOR LIABILITIES AND CHARGES**

No provision has been made for deferred taxation in respect of the tax that would be payable if revalued fixed assets were sold at their revalued amounts because existing tax losses are in excess of any potential liability on disposal.

**11. SHARE CAPITAL**

		Allotted, Issued Authorised and fully paid	
		1995	1994
	£	£	£
1,500,000 Ordinary shares of £1 each	1,500,000	1,420,000	1,420,000
750,000 Ordinary shares of 35p each	750,000	248,500	-
	<u>2,250,000</u>	<u>1,668,500</u>	<u>1,420,000</u>

**CCA GALLERIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 1995 - continued**

<b>12. RECONCILIATION OF SHAREHOLDERS' FUNDS</b>	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
(LOSS) FOR THE FINANCIAL YEAR	(170,707)	(156,161)
New share capital subscribed	256,968	-
<b>NET ADDITION TO SHAREHOLDERS' FUNDS</b>	<b>86,261</b>	<b>(156,161)</b>
Opening shareholders' funds at 1 August 1994	1,056,870	1,213,031
<b>CLOSING SHAREHOLDERS' FUNDS</b>	<b>1,143,131</b>	<b>1,056,870</b>

<b>13. SHARE PREMIUM</b>	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Amount arising on the acquisition of Classsgold Ltd	13,622	-
Less associated expenses	(5,154)	-
<b>At 31 July 1995</b>	<b>8,468</b>	<b>-</b>

<b>14. REVALUATION RESERVE</b>	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Balance as at 1 August 1994	14,233	32,987
Transfer of realised profits	(7,117)	(18,754)
<b>At 31 July 1995</b>	<b>7,116</b>	<b>14,233</b>

**15. TRANSACTIONS WITH DIRECTORS**

During the year the company purchased £1,121 worth of paintings on normal commercial terms from Mr D A Pontone, a director of the company.

The company also paid consultancy fees during the year amounting to £30,000 to Trevellyan Developments Limited, a company in which Mr L J P Trevellyan, a director of Greatsolve Limited (the parent company of CCA Galleries Limited), had a material interest. On 31 January 1996 Mr L J P Trevellyan was appointed a director of CCA Galleries Limited.

CCA GALLERIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 1995 - continued

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16. PARENT UNDERTAKING

The immediate parent undertaking is Greatsolve Limited, incorporated in Great Britain and registered in England and Wales, and the ultimate parent undertaking is Trevellyan Developments Limited, incorporated in Great Britain and registered in England and Wales.

Trevellyan Developments Limited prepares group financial statements and copies can be obtained from : Trevellyan House, 176-182 Goldhawk Road, London W12 9NS.