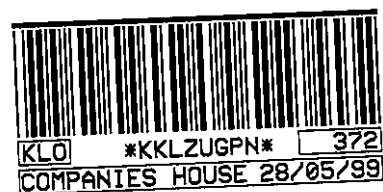


CCA GALLERIES LIMITED
FINANCIAL STATEMENTS
31ST JULY 1998

Company Registration Number 2710748

JERROM AND COMPANY

Chartered Accountants & Registered Auditors
18 Avenue Road
Belmont
Surrey
SM2 6JD



CCA GALLERIES LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST JULY 1998

CONTENTS	PAGE
The directors' report	1
Auditors' report to the shareholders	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6

CCA GALLERIES LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31ST JULY 1998

The directors present their report and the financial statements of the company for the year ended 31st July 1998.

PRINCIPAL ACTIVITIES

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

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

Class of share	At 31 July 1998	At 1 August 1997 or later date of appointment
LJP Trevellyan	-	-
AF McNab	-	-
Mrs JA Pugh-Jones		

Mrs JA Pugh-Jones was appointed as a director on 1st January 1998 and retired on 10th July 1998.
JDM Lonergan retired as a director on 31st July 1998 and was reappointed on 15th March 1999.
Mrs S Benakis was appointed as a director on 1st August 1998.

No director has any interest in the share capital of the company.

LJP Trevellyan is a director and shareholder of the ultimate holding company Trevellyan Developments Limited. His interest in the share capital of that company may be seen in it's Director's report.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 6, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors 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 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. The directors 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.

CCA GALLERIES LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31ST JULY 1998

CLOSE COMPANY PROVISIONS

In the opinion of the directors, the company is a close company within the meaning of S.414 Income and Corporation Taxes Act, 1988 (as amended).

AUDITORS

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

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:
517-523 Fulham Road
Fulham
London
SW6 1HD

Signed by order of the directors


LJP TREVELLYAN
Company Secretary

Approved by the directors on 28 May 1999

CCA GALLERIES LIMITED
AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31ST JULY 1998

We have audited the financial statements on pages 4 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 1, the company's directors are responsible for the preparation of the 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.

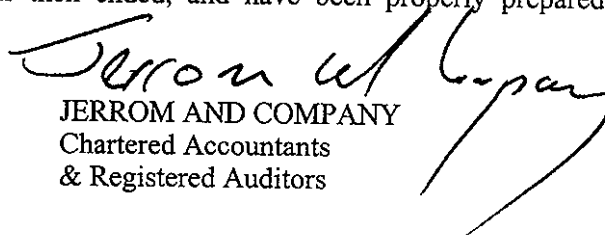
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 company's state of affairs as at 31st July 1998 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

18 Avenue Road
Belmont
Surrey
SM2 6JD

.....26/5/98


JERROM AND COMPANY
Chartered Accountants
& Registered Auditors

CCA GALLERIES LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST JULY 1998

	Note	1998 £	1997 £
TURNOVER		1,812,993	1,819,500
Cost of sales		876,854	865,280
GROSS PROFIT		<u>936,139</u>	<u>954,220</u>
Distribution costs		430,357	254,931
Administrative expenses		477,373	692,335
Other operating income		(161,671)	-
OPERATING PROFIT	2	<u>190,080</u>	<u>6,954</u>
Interest receivable		312	1,987
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>190,392</u>	<u>8,941</u>
Tax on profit on ordinary activities	4	-	-
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>190,392</u>	<u>8,941</u>
Balance brought forward		(534,776)	(543,717)
Balance carried forward		<u>(344,384)</u>	<u>(534,776)</u>

CCA GALLERIES LIMITED

BALANCE SHEET

31ST JULY 1998

	Note	1998 £	1997 £
FIXED ASSETS			
Tangible assets	5	26,917	17,542
CURRENT ASSETS			
Stocks		913,725	983,740
Debtors	6	527,918	307,071
Cash at bank and in hand		35,726	201,144
		<u>1,477,369</u>	<u>1,491,955</u>
CREDITORS: Amounts falling due within one year	7	<u>(171,702)</u>	<u>(367,305)</u>
NET CURRENT ASSETS		<u>1,305,667</u>	<u>1,124,650</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,332,584</u>	<u>1,142,192</u>
CAPITAL AND RESERVES			
Called-up equity share capital	10	1,668,500	1,668,500
Share premium account		8,468	8,468
Profit and loss account		(344,384)	(534,776)
SHAREHOLDERS' FUNDS		<u>1,332,584</u>	<u>1,142,192</u>

These accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities.

These financial statements were approved by the directors on the 28 May 1999, and are signed on their behalf by:

.....
LJP TREVELLYAN



CCA GALLERIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST JULY 1998

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities.

Turnover

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

Goodwill

Purchased goodwill is written off immediately against reserves. Goodwill which is generated by the activities of the company is not recognised as an asset in the balance sheet and the associated costs are written off to the profit and loss account when they are incurred.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	over the lease term
Computers	33% per annum straight line
Fixtures and Fittings	33% per annum straight line
Equipment	20% per annum straight line

Stocks

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

Operating lease agreements

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

2. OPERATING PROFIT

Operating profit is stated after charging:

	1998 £	1997 £
Staff pension contributions	-	3,900
Depreciation	11,212	6,977
Auditors' fees	6,750	4,400
	<u> </u>	<u> </u>

CCA GALLERIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST JULY 1998

3. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	1998 £	1997 £
Aggregate emoluments	87,588	65,000
Value of company pension contributions to money purchase schemes	3,810	1,100
	<u>91,398</u>	<u>66,100</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	1998 No.	1997 No.
Money purchase schemes	<u>1</u>	<u>1</u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

No charge to United Kingdom corporation tax arises due to the availability of tax losses from the previous years trading.

5. TANGIBLE FIXED ASSETS

	Land and buildings £	Other plant & machinery etc. £	Total £
COST			
At 1st August 1997	25,105	30,740	55,845
Additions	-	25,122	25,122
Disposals	(25,105)	-	(25,105)
At 31st July 1998	<u>-</u>	<u>55,862</u>	<u>55,862</u>
DEPRECIATION			
At 1st August 1997	20,570	17,733	38,303
Charge for the year	-	11,212	11,212
On disposals	(20,570)	-	(20,570)
At 31st July 1998	<u>-</u>	<u>28,945</u>	<u>28,945</u>
NET BOOK VALUE			
At 31st July 1998	<u>-</u>	<u>26,917</u>	<u>26,917</u>
At 31st July 1997	<u>4,535</u>	<u>13,007</u>	<u>17,542</u>

CCA GALLERIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST JULY 1998

6. DEBTORS

	1998 £	1997 £
Trade debtors	235,057	267,071
Amounts owed by group undertakings	282,505	40,000
Other debtors	10,356	-
	<u>527,918</u>	<u>307,071</u>

7. CREDITORS: Amounts falling due within one year

	1998 £	1997 £
Bank loans and overdrafts	22,590	-
Trade creditors	96,580	326,927
Amounts owed to group undertakings	13,384	13,375
Other taxation and social security	8,466	6,003
Other creditors	30,682	21,000
	<u>171,702</u>	<u>367,305</u>

8. COMMITMENTS UNDER OPERATING LEASES

At 31st July 1998 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	1998 £	1997 £
Operating leases which expire:		
Within 1 year	-	19,583
After more than 5 years	25,600	72,600
	<u>25,600</u>	<u>92,183</u>

9. RELATED PARTY TRANSACTIONS

The company paid consultancy fees of £9,133 during the year to Trevellyan Developments Limited.

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

CCA GALLERIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST JULY 1998

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

	1998 £	1997 £
1,500,000 Ordinary shares of £1 each	1,500,000	1,500,000
750,000 Ordinary shares of £0.35 each	262,500	262,500
	<u>1,762,500</u>	<u>1,762,500</u>

Allotted, called up and fully paid:

	1998		1997	
	No.	£	No.	£
Ordinary shares	1,420,000	1,420,000	1,420,000	1,420,000
Ordinary shares	710,000	248,500	710,000	248,500
	<u>2,130,000</u>	<u>1,668,500</u>	<u>2,130,000</u>	<u>1,668,500</u>