

**CCA GALLERIES LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR**  
**31ST JANUARY 2003**



**Company Registration Number 2710748**

**JVR JERROM LLP**  
Chartered Accountants & Registered Auditors  
Effra House  
34 High Street  
Ewell  
Surrey  
KT17 1RW

# **CCA GALLERIES LIMITED**

## **FINANCIAL STATEMENTS**

**PERIOD FROM 1ST AUGUST 2001 TO 31ST JANUARY 2003**

<b>CONTENTS</b>	<b>PAGES</b>
The directors' report	<b>1 to 2</b>
Independent auditors' report to the shareholders	<b>3</b>
Profit and loss account	<b>4</b>
Balance sheet	<b>5</b>
Notes to the financial statements	<b>6 to 9</b>

# CCA GALLERIES LIMITED

## THE DIRECTORS' REPORT

### PERIOD FROM 1ST AUGUST 2001 TO 31ST JANUARY 2003

The directors present their report and the financial statements of the company for the period from 1st August 2001 to 31st January 2003.

#### 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 period together with their beneficial interests in the shares of the company were as follows:

Class of share	At 31 January 2003	At 1 August 2001 or later date of appointment
LJP Trevellyan	—	—
HL Payne	—	—

HL Payne was appointed as a director on 1st November 2001.

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 period and of the profit or loss for the period 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.

#### 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).

# CCA GALLERIES LIMITED

## THE DIRECTORS' REPORT *(continued)*

**PERIOD FROM 1ST AUGUST 2001 TO 31ST JANUARY 2003**

### **AUDITORS**


A resolution to re-appoint JVR Jerrom 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.

### **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:  
Greenhills Management Estate Office  
Greenhills Estate  
Tilford Road  
Tilford  
Surrey  
GU10 2DZ

Signed by order of the directors

A handwritten signature in black ink, consisting of a large, stylized 'L' followed by a series of loops and a final downward stroke.

LJP TREVELLYAN  
Company Secretary

Approved by the directors on 28th November 2003

## CCA GALLERIES LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

#### PERIOD FROM 1ST AUGUST 2001 TO 31ST JANUARY 2003

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 (effective June 2002), under the historical cost convention and the accounting policies set out on page 6.

#### RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 1.

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 directors' 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 directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

#### 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 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 as at 31st January 2003 and of the loss of the company for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

Effra House  
34 High Street  
Ewell  
Surrey KT17 1RW  
28th November 2003

  
JVR JERROM LLP  
Chartered Accountants  
& Registered Auditors

## CCA GALLERIES LIMITED

## PROFIT AND LOSS ACCOUNT

PERIOD FROM 1ST AUGUST 2001 TO 31ST JANUARY 2003

	Note	Period to 31 Jan 03 £	Year to 31 Jul 01 £
<b>TURNOVER</b>		1,996,525	1,694,472
Cost of sales		751,247	575,062
<b>GROSS PROFIT</b>		1,245,278	1,119,410
Distribution Costs		844,282	650,527
Administrative expenses		528,963	370,379
Other operating income		(5,366)	(5,366)
<b>OPERATING (LOSS)/PROFIT</b>	2	(122,601)	103,870
Loss on disposal of discontinued operations		(666)	—
		(123,267)	103,870
Interest receivable		—	594
Interest payable		(2,365)	—
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(125,632)	104,464
Tax on (loss)/profit on ordinary activities	4	(24,000)	—
<b>(LOSS)/RETAINED PROFIT FOR THE FINANCIAL PERIOD</b>		(101,632)	104,464
Balance brought forward		(339,564)	(444,028)
Balance carried forward		(441,196)	(339,564)

## CCA GALLERIES LIMITED

## BALANCE SHEET

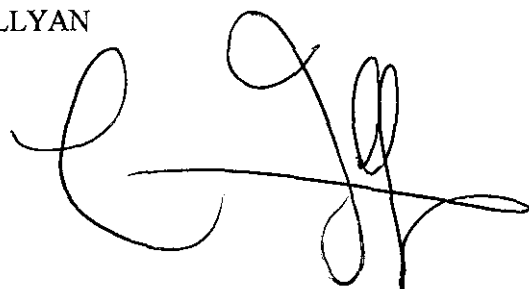
PERIOD FROM 1ST AUGUST 2001 TO 31ST JANUARY 2003

	Note	31 Jan 03 £	£	31 Jul 01 £	£
<b>FIXED ASSETS</b>					
Tangible assets	5		11,015		10,702
Investments	6		—		666
			<u>11,015</u>		<u>11,368</u>
<b>CURRENT ASSETS</b>					
Stocks		1,787,453		1,160,541	
Debtors	7	412,292		566,188	
Cash at bank and in hand		44,484		45,552	
		<u>2,244,229</u>		<u>1,772,281</u>	
<b>CREDITORS: Amounts falling due within one year</b>	8	<u>1,019,472</u>		<u>446,245</u>	
<b>NET CURRENT ASSETS</b>			<u>1,224,757</u>		<u>1,326,036</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,235,772</u>		<u>1,337,404</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	11	1,668,500		1,668,500	
Share premium account		8,468		8,468	
Profit and Loss Account		(441,196)		(339,564)	
<b>SHAREHOLDERS' FUNDS</b>			<u>1,235,772</u>		<u>1,337,404</u>

These financial statements 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 (effective June 2002).

These financial statements were approved by the directors on the 28th November 2003 and are signed on their behalf by:

LJP TREVELLYAN



**CCA GALLERIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31ST JANUARY 2003**

**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 (effective June 2002).

**Turnover**

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

**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:

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 on a straight line basis over the period of the lease.

**Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

**Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed Assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Profit and Loss Account on a straight line basis.

**2. OPERATING (LOSS)/PROFIT**

Operating (loss)/profit is stated after charging:

	<b>Period to 31 Jan 03</b>	<b>Year to 31 Jul 01</b>
	<b>£</b>	<b>£</b>
Depreciation	<b>5,983</b>	3,825
Loss on disposal of fixed assets	<b>355</b>	—
Auditors' fees	<b><u>7,500</u></b>	<u>4,800</u>



**CCA GALLERIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31ST JANUARY 2003**

**3. DIRECTORS' EMOLUMENTS**

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

	Period to 31 Jan 03 £	Year to 31 Jul 01 £
Aggregate emoluments	<u>51,612</u>	<u>94,809</u>

**4. TAX ON LOSS OR PROFIT ON ORDINARY ACTIVITIES****Taxation**

	Period to 31 Jan 03 £	Year to 31 Jul 01 £
Current tax:		
UK Corporation tax based on the results for the period at 20% (2001 - 20%)	<u>(24,000)</u>	—
Total current tax	<u>(24,000)</u>	—
Tax on loss on ordinary activities	<u>(24,000)</u>	—

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

**5. TANGIBLE FIXED ASSETS**

	Plant and machinery etc. £
<b>COST</b>	
At 1st August 2001	56,390
Additions	6,651
Disposals	<u>(15,390)</u>
At 31st January 2003	<u>47,651</u>
<b>DEPRECIATION</b>	
At 1st August 2001	45,688
Charge for the period	5,983
On disposals	<u>(15,035)</u>
At 31st January 2003	<u>36,636</u>
<b>NET BOOK VALUE</b>	
At 31st January 2003	<u>11,015</u>
At 31st July 2001	<u>10,702</u>

**CCA GALLERIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31ST JANUARY 2003**

**6. INVESTMENTS**

	<b>Total £</b>
<b>COST:</b>	
At 1st August 2001	666
Disposals	(666)
	<u>—</u>
At 31st January 2003	<u>—</u>
 <b>NET BOOK VALUE:</b>	
At 31st January 2003	<u>—</u>
At 31st July 2001	<u>666</u>

The investment represents a 100% shareholding in CCA Galleries Inc which is incorporated in USA.

**7. DEBTORS**

	<b>31 Jan 03 £</b>	<b>31 Jul 01 £</b>
Trade debtors	204,700	382,382
Amounts owed by group undertakings	172,136	177,616
Other debtors	35,456	6,190
	<u>412,292</u>	<u>566,188</u>

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

	<b>31 Jan 03 £</b>	<b>31 Jul 01 £</b>
Bank loans and overdrafts	14,472	119,288
Trade creditors	127,186	106,725
Amounts owed to group undertakings	852,704	203,595
Other taxation	2,879	1,228
Other creditors	22,231	15,409
	<u>1,019,472</u>	<u>446,245</u>

The bank loans and overdrafts are guaranteed by Trevellyan Developments Limited.

**CCA GALLERIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31ST JANUARY 2003**

**9. COMMITMENTS UNDER OPERATING LEASES**

At 31st January 2003 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	31 Jan 03	31 Jul 01
	£	£
Operating leases which expire:		
After more than 5 years	<u>33,000</u>	<u>25,600</u>

**10. RELATED PARTY TRANSACTIONS**

The company paid rent of £116,667 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 for Smaller Entities.

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

	31 Jan 03	31 Jul 01
	£	£
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:**

	31 Jan 03		31 Jul 01	
	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>