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**BLAINS LIMITED**

**COMPANY NUMBER: 02725811**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30TH JUNE 1996**

**DE WARRENNE WALLER AND COMPANY  
CHARTERED ACCOUNTANTS  
57 GROSVENOR STREET  
MAYFAIR  
LONDON W1X 9DA**



# BLAINS LIMITED

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## **BLAINS LIMITED**

### **REPORT OF THE DIRECTORS**

The Directors have pleasure in presenting their report and the financial statements for the year ended 30th June 1996.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activities of the Company throughout the year were those of dealers in fine art. The results for the year and the financial position at the year-end were considered satisfactory by the Directors who expect a significant increase in trade in the forthcoming year.

#### **RESULTS AND DIVIDENDS**

The results of the Company for the year are as set out on page 5.

No dividends were declared in the year (1995: £16,000).

It is recommended that the whole of the retained profit be transferred to reserves.

#### **FIXED ASSETS**

The movements in fixed assets are shown in the notes to the financial statements. The most significant movement was the acquisition of computer equipment.

#### **DIRECTORS AND THEIR INTERESTS**

The Directors who served the Company throughout the year together with their interests in the shares of the Company, at the beginning and end of the year, were as follows:-

	Ordinary Shares ('A')		Ordinary Shares ('B')	
	1996	1995	1996	1995
H.C.P. Blain	502	451	-	51
R.B.K. Giles	300	275	-	25
C.R.S. Phillips	149	137	-	12

#### **SHARE CAPITAL**

During the year the 'A' ordinary Shares and 'B' Ordinary Shares were converted into a single class of Ordinary Shares of £1 each. A further 275 Ordinary Shares of the new class were issued during the year.

**BLAINS LIMITED**

**REPORT OF THE DIRECTORS (Continued)**

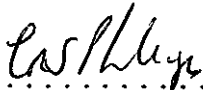
**AUDITORS**

Messrs. De Warrenne Waller and Company have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed as Auditors to the Company for the ensuing year.

25 Bruton Place,  
Mayfair,  
London W1X 7AB

27th August 1996

Approved by the Board of  
Directors and signed on behalf  
of the Board

  
.....  
C.R.S. Phillips - Secretary

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**TO THE MEMBERS OF**  
**BLAINS 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 loss or profit of the Company for that period.

In preparing those financial statements, the Directors are required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent; state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and prepare the financial statements on a going concern basis unless it is inappropriate to assume 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 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 BLAINS LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 7 and 8.

#### Respective Responsibilities of Directors and Auditors

As described on page 3, 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.

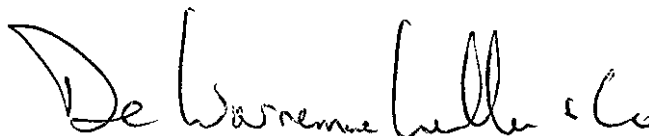
#### Basis of Opinion

We have 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 irregularities 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 30th June 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DE WARRENNE WALLER AND COMPANY

57 Grosvenor Street,  
Mayfair,  
London W1X 9DA

Chartered Accountants  
and Registered Auditor

27th August 1996

# BLAINS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1996

	Note	1996 £	1995 £
TURNOVER	2	630,035	780,877
Cost of sales		(357,126)	(489,196)
GROSS PROFIT		272,909	291,681
Administrative expenses		(256,231)	(256,269)
OPERATING PROFIT	3	16,678	35,412
Interest receivable		2,791	478
Interest payable and similar charges	6	(2,692)	(951)
		99	(473)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		16,777	34,939
Taxation	7	(7,643)	(886)
PROFIT FOR THE FINANCIAL YEAR		9,134	34,053
Dividends	8	-	(16,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR	9	9,134	18,053
PROFIT AND LOSS BROUGHT FORWARD		(29,233)	(47,286)
PROFIT AND LOSS CARRIED FORWARD		(20,099)	(29,233)

All activities are derived from continuing operations.

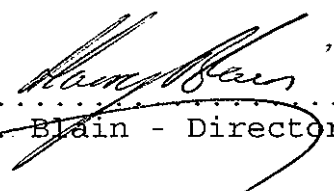
There are no recognised gains and losses in the year other than the profit for the year.

# BLAINS LIMITED

## BALANCE SHEET AT 30TH JUNE 1996

	Note	1996 £	1995 £
FIXED ASSETS			
Tangible assets	10	33,339	16,777
Investments	11	90	-
		33,429	16,777
CURRENT ASSETS			
Stocks	12	1,342,202	15,200
Debtors	13	157,837	43,743
Cash at bank and in hand		315	115,811
		1,500,354	174,754
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(955,168)	(124,854)
NET CURRENT ASSETS		545,186	49,900
TOTAL ASSETS LESS CURRENT LIABILITIES		578,615	66,677
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(18,238)	(15,434)
NET ASSETS		560,377	51,243
CAPITAL AND RESERVES			
Called up share capital	9	1,375	1,100
Share premium account		579,101	79,376
Profit and loss account		(20,099)	(29,233)
		560,377	51,243

These financial statements were approved by the Board on  
27th August 1996

  
.....  
H.C.P. Blain - Director



## **BLAINS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1996**

#### **1. ACCOUNTING POLICIES**

##### **(a) Accounting basis and standards**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

##### **(b) Depreciation**

Depreciation on fixed assets is provided at rates estimated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:-

Office furniture, fixtures and fittings	15% reducing balance
Computer equipment	33.1/3% reducing balance
Motor vehicles	25% reducing balance

##### **(c) Stocks**

Stocks are stated at the lower of cost and net realisable value.

##### **(d) Turnover**

Turnover represents the invoiced value of goods sold and services provided net of value added tax.

##### **(e) Deferred taxation**

Deferred taxation is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

##### **(f) Leasing and hire purchase commitments**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

##### **(g) Pension scheme arrangements**

The pension scheme of the Company is funded by contributions from the Company. Such contributions are held in Trustee-Administered funds completely independently of the Company's finances. The contributions made by the Company are charged against profits on an accruals basis.

# BLAINS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1996

### 1. ACCOUNTING POLICIES (continued)

#### (h) Basis of Consolidation

The Company has relied on the exemption granted by the Companies Act 1985 for small groups not to prepare consolidated financial statements.

### 2. TURNOVER

Turnover is attributable to the one principal activity of the Company.

### 3. OPERATING PROFIT

	1996 £	1995 £
The operating profit is stated after charging:		
Auditors' remuneration	1,300	1,200
Depreciation:		
Owned tangible fixed assets	8,942	2,903
Assets held under finance leases and hire purchase commitments	1,856	2,475
Equipment rental	1,560	1,560
Foreign exchange loss	3	-
	<hr/>	<hr/>

### 4. EMPLOYEE INFORMATION

The average number of persons employed by the Company (including Directors) during the year was 6 (1995: 8). Due to the size of the Company there is no formal classification of duties.

Their total remuneration was:-

	1996 £	1995 £
Wages and salaries	67,516	120,329
Social Security costs	6,322	10,483
Other pension costs	2,520	840
	<hr/>	<hr/>
	76,358	131,652
	<hr/>	<hr/>

# BLAINS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1996

### 5. DIRECTORS' EMOLUMENTS

	1996	1995
	£	£
Fees	29,617	35,143
Other emoluments	1,260	840
	<hr/>	<hr/>
	30,877	35,983
	<hr/>	<hr/>

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	£	£
Hire purchase interest	950	951
Bank interest	1,439	-
Other interest	303	-
	<hr/>	<hr/>
	2,692	951
	<hr/>	<hr/>

### 7. TAXATION

	£	£
Corporation tax payable based on the results for the year at rates of 25% and 24% (1995: 25%)	5,534	886
Group relief from subsidiary undertaking	2,109	-
Deferred Taxation (Note 16)	-	-
	<hr/>	<hr/>
	7,643	886
	<hr/>	<hr/>

The taxation charge for the year has been affected by the disallowance of certain expenditure.

### 8. DIVIDENDS

	£	£
Proposed	-	16,000
	<hr/>	<hr/>

# BLAINS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1996

### 9. SHAREHOLDERS FUNDS

	Share premium account £	Called up share capital £	Profit and loss account £	Total £
Balance at 1st July 1995	79,376	1,100	(29,233)	51,243
Share issue	499,725	275	-	500,000
Transfer from profit and loss account	-	-	9,134	9,134
Balance at 30th June 1996	579,101	1,375	(20,099)	560,377

The authorised share capital comprises:

	1996 £	1995 £
Authorised Ordinary Shares of £1 each	100,100	-
Authorised 100,000 'A' Ordinary non-voting Shares of £1 each	-	100,000
100 'B' Ordinary voting Shares of £1 each	-	100
	<hr/>	<hr/>
	100,100	100,100
	<hr/>	<hr/>
Called up, allotted and fully paid:		
Ordinary Shares of £1 each	1,375	-
1,000 'A' ordinary shares of £1 each	-	1,000
100 'B' ordinary shares of £1 each	-	100
	<hr/>	<hr/>
	1,375	1,100
	<hr/>	<hr/>

During the year the 'A' Ordinary Shares and 'B' Ordinary Shares were converted into a new single class of Ordinary £1 Shares. During the year 275 Shares of the new class were issued for a consideration of £500,000.

**BLAINS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 1996****10. TANGIBLE ASSETS**

	Office furniture and fittings £	Computer equipment £	Motor vehicles £	TOTAL £
<b>COST</b>				
At 1st July 1995	10,657	4,564	13,200	28,421
Additions	6,398	12,711	8,250	27,359
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June 1996	17,055	17,275	21,450	55,780
	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>				
At 1st July 1995	2,826	3,043	5,775	11,644
Charge for the year	2,134	4,744	3,919	10,797
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At 30th June 1996	4,960	7,787	9,694	22,441
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>				
At 30th June 1996	12,095	9,488	11,756	33,339
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June 1995	7,831	1,521	7,425	16,777
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The net book value of fixed assets of £33,339 (1995: £16,777) includes an amount of £5,569 (1995: £7,425) in respect of assets held under hire purchase contracts.

**11. INVESTMENTS**

	1996 £	1995 £
Shares in a Group undertaking	90	-
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During the year the Company established a subsidiary undertaking as follows:-

Name: Art House Editions Limited

Business: Print Publishers

Holding: 90%

The subsidiary is registered in England and Wales.

**BLAINS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 1996****11. INVESTMENTS (continued)**

The results and net liabilities of the subsidiary undertaking for the period ended 30th June 1996, attributable to the Parent Undertaking, are as follows:-

	£
Share of loss before taxation	21,702
Share of taxation	(1,898)
	<hr/>
Share of loss after taxation	19,804
	<hr/>
Share of subsidiary's net liabilities	19,714
	<hr/>

The subsidiary commenced trade on 22nd March 1996. An unqualified audit opinion was given on the financial statements of the subsidiary.

**12. STOCKS**

	1996 £	1995 £
Goods for resale	1,342,202	15,200
	<hr/>	<hr/>

**13. DEBTORS**

	£	£
Trade debtors	104,624	37,000
Prepayments	1,042	1,110
Other debtors	13,892	5,633
Due from Group Undertakings	17,786	-
Taxation recoverable	16,493	-
Corporation tax recoverable	4,000	-
	<hr/>	<hr/>
	157,837	43,743
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**BLAINS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 1996****14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1996	1995
	£	£
Bank loan and overdrafts	118,803	-
Trade creditors	69,500	36,059
Corporation tax	5,534	886
Advance corporation tax on dividends	4,000	-
Accruals and deferred income	10,938	27,116
Obligations under finance leases and hire purchase contracts (Note 17)	880	4,400
Other creditors	740,178	5,025
Social Security and other taxes	5,335	35,368
Proposed dividends	-	16,000
	<hr/>	<hr/>
	955,168	124,854
	<hr/>	<hr/>

The bank loans and overdraft are secured by a fixed and floating charge debenture over the assets of the Company.

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	£	£
Directors' loan accounts	14,155	15,434
Bank loan	4,083	-
	<hr/>	<hr/>
	18,238	15,434
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The bank loan is secured by a fixed and floating charge debenture over the assets of the Company.

# BLAINS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1996

### 16. PROVISION FOR LIABILITIES AND CHARGES

#### Deferred taxation

No provision for deferred taxation has been made in these financial statements. The amounts provided and the full potential liability are as follows:-

	1996		1995	
	Amount provided £	Potential liability £	Amount provided £	Potential liability £
Accelerated Capital Allowances	-	307	-	331
Less: losses	-	-	-	(331)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	307	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

### 17. FUTURE FINANCIAL COMMITMENTS

#### (a) Operating leases

At 30th June 1996 the Company had annual commitments under operating leases as set out below:-

	Land and buildings 1996 £	Other 1996 £	Land and buildings 1995 £	Other 1995 £
Operating leases which expire:-				
Within one year	-	260	-	-
In the second to fifth year	16,800	-	16,800	1,560
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The lease of the premises is subject to rent reviews. The Company's total future financial commitments under operating leases are £35,960 (1995: £55,020).



# BLAINS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1996

### 17. FUTURE FINANCIAL COMMITMENTS (continued)

#### (b) Finance leases and hire purchase obligations

At 30th June 1996 the Company had obligations under finance leases and hire purchase contracts which are set out below:-

	1996 £	1995 £
Gross amount payable:		
Within one year	1,118	5,588
In the second to fifth year	-	-
	<hr/>	<hr/>
	1,118	5,588
Deduct: Finance charges allocated to future period	(238)	(1,188)
	<hr/>	<hr/>
	880	4,400

Finance leases and hire purchase contracts are analysed as follows:-

	1996 £	1995 £
Due within one year (Note 14)	880	4,400
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#### (c) Pension commitments

The Company makes contributions to the Blains Limited Directors Pension Plan, a defined contribution scheme, the assets of the scheme being held separately from the assets of the Company. The pension cost charge represents contributions payable to the scheme and amounted to £2,520 (1995: £840). There were no outstanding contributions at the year end date (1995: £Nil).

### 18. CASH FLOW STATEMENT

The Directors have relied upon the exemptions conferred by Financial Reporting Standard number 1 (FRS 1) from preparing a cash flow statement.

### 19. OTHER MATTERS

There were no contingent liabilities or outstanding capital commitments that are required to be disclosed in these financial statements.