

EDMUND PEEL FINE ART (CONSULTING) LIMITED

FINANCIAL STATEMENTS

31 December 2000

Registered number: 3231823

ARBUCKLE FROST
Chartered Accountants
45 Cirencester Road
Charlton Kings
Cheltenham
Gloucestershire GL53 8EX



EDMUND PEEL FINE ART (CONSULTING) LIMITED

DIRECTORS' REPORT

31 December 2000

The directors present their report and the audited financial statements for the year ended 31 December 2000.

Principal activity

The principal activity of the company continues to be the sale of works of art and the provision of fine art consultancy and advisory services.

Directors

The directors of the company during the year and their beneficial interests in the company's issued share capital were as follows:

	Ordinary shares of 10p each <u>31 December 2000</u>	Ordinary shares of £1 each <u>31 December 1999</u>
E A W Peel	16	16
C E Peel (resigned 31 December 2000)	4	4
Mrs A Peel (resigned 26 September 2000)	0	0
A Allers-Hankey (appointed 26 September 2000)	0	0
Ms T Forte (appointed 26 September 2000)	0	0

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

Arbuckle Frost will be proposed for reappointment as auditors to the company in accordance with section 385 of the Companies Act 1985.

Small company exemptions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on 25 October 2001 and signed on its behalf by:



E A W PEEL
Director

EDMUND PEEL FINE ART (CONSULTING) LIMITED**AUDITORS' REPORT**

to the members of Edmund Peel Fine Art (Consulting) Limited

We have audited the financial statements on pages 3 to 7 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 5.

Respective responsibilities of directors and auditors

As described on page 1, 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 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 error or other irregularity. 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 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arbuckle Frost

ARBUCKLE FROST
Registered Auditors and
Chartered Accountants
45 Cirencester Road
Charlton Kings
Cheltenham
Gloucestershire GL53 8EX

25 October 2001

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2000

	Notes	<u>2000</u> £	<u>1999</u> £
Turnover	2	5,435,235	853,561
Cost of sales		(5,016,075)	(699,806)
Gross profit		419,160	153,755
Administrative expenses		(180,468)	(87,366)
Operating profit	3	238,692	66,389
Interest receivable and similar income		4,754	1,235
Interest payable and similar charges		(14)	(117)
Profit on ordinary activities before taxation		243,432	67,507
Taxation	4	(61,496)	(14,139)
Profit on ordinary activities after taxation		181,936	53,368
Dividends		(150,000)	(110,000)
Retained profit (loss) for the financial year	10	£ 31,936	£ (56,632)

The notes on pages 5 to 7 form part of these financial statements.

EDMUND PEEL FINE ART (CONSULTING) LIMITED

BALANCE SHEET

at 31 December 2000

	Notes	£	<u>2000</u>	£	£	<u>1999</u>	£
Fixed assets							
Tangible assets	5		2,571			3,922	
Investments	6		62,396			-	
			64,967			3,922	
Current assets							
Stocks		125,432		65,595			
Debtors	7	41,912		120,765			
Cash at bank and in hand		179		11,754			
			167,523		198,114		
Creditors: amounts falling due within one year	8	199,928		201,410			
Net current (liabilities)			(32,405)			(3,296)	
Total assets less current liabilities			£ 32,562		£ 626		
Capital and reserves							
Called up share capital	9		2			2	
Profit and loss account	10		32,560			624	
Total shareholders' funds			£ 32,562		£ 626		

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and the Financial Reporting Standard for Smaller Entities (effective March 2000).

Approved by the board on 25 October 2001 and signed on its behalf by:



E A W PEEL
Director

The notes on pages 5 to 7 form part of these financial statements.

EDMUND PEEL FINE ART (CONSULTING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2000

1 Accounting policies**Basis of preparation of accounts**

The financial statements are prepared under the historical cost convention and incorporate the results of the principal activity which is described in the director's report and which is continuing.

The company and its subsidiary comprise a small group. The company has therefore taken advantage of section 248 of the Companies Act 1985 not to prepare group accounts. As a result, the financial statements present information about the company as an individual undertaking and not about it as a group.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation to date.

Depreciation is provided at rates calculated to write off the cost of fixed assets by equal instalments over their expected useful lives as follows:

Office equipment	4 years
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Stocks

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

Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date. All differences are taken into account in arriving at the operating profit.

2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company. In the opinion of the directors, 99% (1999 94%) of the turnover is attributable to geographical markets outside the United Kingdom.

3 Operating profit

	<u>2000</u>	<u>1999</u>
	£	£
Operating profit is stated after charging		
Depreciation of tangible fixed assets		
- owned by the company	1,351	1,353
Directors' remuneration	19,530	6,556
Auditors' remuneration	3,250	2,625
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2000

4 Taxation

	<u>2000</u>	<u>1999</u>
Corporation tax on profit on ordinary activities at 24.91% (1999 20.25%)	£ 61,496	£ 14,139

5 Tangible fixed assets

	<u>2000</u>	<u>1999</u>
		Plant and machinery etc
		£
Cost		
At 1 January 2000		5,407
At 31 December 2000		5,407
Depreciation		
At 1 January 2000		1,485
Charge for the year		1,351
At 31 December 2000		2,836
Net book value		
At 31 December 2000		£ 2,571
At 31 December 1999		£ 3,922

6 Investments

	<u>2000</u>	<u>1999</u>
Investment in subsidiary undertaking	£ 62,396	£ -

The company's investment in subsidiary undertaking represents the cost of acquisition of the whole of the share capital of Edmund Peel Fine Art Consulting SL, a company incorporated in Spain whose principal activity is identical to that of the company, as disclosed in the directors' report. The shares in the subsidiary undertaking were acquired on 30 October 2000.

At 31 December 2000, the aggregate of share capital and reserves of the subsidiary undertaking amounted to £59,277 and the profit after taxation for the period from 30 October 2000 to 31 December 2000 was £816.

7 Debtors

	<u>2000</u>	<u>1999</u>
	£	£
Amounts falling due within one year		
Trade debtors	35,100	115,269
Other debtors	6,186	4,846
Prepayments and accrued income	626	650
	£ 41,912	£ 120,765

EDMUND PEEL FINE ART (CONSULTING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2000

8 Creditors: amounts falling due within one year

	<u>2000</u>	<u>1999</u>
	£	£
Bank overdraft	688	-
Trade creditors	33,381	126,612
Corporation tax	61,496	14,139
Other taxation and social security	1,236	7,741
Other creditors	95,109	43,266
Accruals and deferred income	8,018	9,652
	<u>£ 199,928</u>	<u>£ 201,410</u>

9 Called up share capital

	<u>2000</u>	<u>1999</u>
Authorised		
Ordinary shares of 10p each	£ 100	£ 100
Allotted called up and fully paid		
Ordinary shares of 10p each	£ 2	£ 2

10 Profit and loss account

	<u>2000</u>	<u>1999</u>
	£	£
At 1 January 2000	624	57,256
Retained profit (loss) for the financial year	31,936	(56,632)
At 31 December 2000	<u>£ 32,560</u>	<u>£ 624</u>

11 Control

Throughout the period covered by these financial statements, the company was under the control of Mr E A W Peel, a director whose shareholding is shown in the directors' report on page 1.

Other creditors at note 8 above represents the following loans to the company:

	<u>2000</u>	<u>1999</u>
	£	£
Mr E A W Peel, a director	55,130	43,266
A trust of which Mr E A W Peel is the settlor and a potential beneficiary	20,000	-
Mr C E Peel, a former director	19,979	-
	<u>£ 95,109</u>	<u>£ 43,266</u>

No formal terms exist in respect of these loans and no interest is payable.

There were no other transactions or balances between the company and its directors or any other related parties.