

EDMUND PEEL FINE ART (CONSULTING) LIMITED

FINANCIAL STATEMENTS

31 December 2002

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 2002

The directors present their report and the audited financial statements for the year ended 31 December 2002.

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 2002</u>	Ordinary shares of 10p each <u>31 December 2001</u>
E A W Peel	0	0
A Allers-Hankey	0	0
Ms T Forte	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 3 July 2003 and signed on its behalf by:



E A W PEEL
Director

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

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

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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.

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.

EDMUND PEEL FINE ART (CONSULTING) LIMITED

INDEPENDENT AUDITORS' REPORT

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

(continued)

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 2001 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

3 July 2003

EDMUND PEEL FINE ART (CONSULTING) LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2002

	Notes	2002 £	2001 £
Turnover	2	811,744	4,224,078
Cost of sales		(731,897)	(3,658,287)
Gross profit		79,847	565,791
Administrative expenses		(72,207)	(453,459)
Operating profit	3	7,640	112,332
Interest receivable and similar income		225	1,149
Interest payable and similar charges		(95)	(875)
Profit on ordinary activities before taxation		7,770	112,606
Taxation	4	(922)	(24,683)
Retained profit for the financial year	10	£ 6,848	£ 87,923

The notes on pages 6 to 9 form part of these financial statements.

EDMUND PEEL FINE ART (CONSULTING) LIMITED

BALANCE SHEET

at 31 December 2002

	Notes	2002 £	2001 £
Fixed assets			
Tangible assets	5	1,277	538
Investments	6	137,347	137,347
		<u>138,624</u>	<u>137,885</u>
Current assets			
Stocks		6,491	141,840
Debtors	7	809	250,886
Cash at bank and in hand		246,685	23,249
		<u>253,985</u>	<u>415,975</u>
Creditors: amounts falling due within one year	8	265,276	433,375
		<u>(11,291)</u>	<u>(17,400)</u>
Net current (liabilities)			
Total assets less current liabilities		<u>£ 127,333</u>	<u>£ 120,485</u>
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account	10	127,331	120,483
Total shareholders' funds		<u>£ 127,333</u>	<u>£ 120,485</u>

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 June 2002).

Approved by the board on 3 July 2003 and signed on its behalf by:



E A W PEEL
Director

The notes on pages 6 to 9 form part of these financial statements.

EDMUND PEEL FINE ART (CONSULTING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002

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 is the amount derived from ordinary activities and comprises the invoiced value of goods and services supplied by the company, net of value added tax. In the opinion of the directors, 75% (2001 99%) of the turnover is attributable to geographical markets outside the United Kingdom.

3 Operating profit

	2002 £	2001 £
Operating profit is stated after charging		
Depreciation of tangible fixed assets		
- owned by the company	966	1,283
Auditors' remuneration	3,125	3,000
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EDMUND PEEL FINE ART (CONSULTING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002

4 Taxation

	2002	2001
Corporation tax on profit on ordinary activities at 13.34% (2001 21.58%)	£ 922	£ 24,683

5 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 January 2002	2,578
Additions	1,705
At 31 December 2002	4,283
Depreciation	
At 1 January 2002	2,040
Charge for the year	966
At 31 December 2002	3,006
Net book value	
At 31 December 2002	£ 1,277
At 31 December 2001	£ 538

6 Investments

	2002 £	2001 £
Investment in subsidiary undertaking		
Shares, at cost	62,396	62,396
Loan	74,951	74,951
	£ 137,347	£ 137,347

The company owns 100% 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 company has made an interest free loan to the subsidiary which is, strictly, repayable on demand. Repayment, however, is not expected to be requested before the subsidiary has sufficient funds to enable repayment to be made.

At 31 December 2002, the aggregate of share capital and reserves of the subsidiary undertaking amounted to £132 (2001 £9,915) and the loss after taxation for the year then ended was £9,665 (2001 £48,504).

The directors consider this diminution in the value of the subsidiary undertaking to be temporary and do not believe that any provision is necessary against the cost of the investment.

EDMUND PEEL FINE ART (CONSULTING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002

7 Debtors

	2002 £	2001 £
Amounts falling due within one year		
Trade debtors	-	199,203
Other debtors	-	50,573
Prepayments and accrued income	809	1,110
	<u>£ 809</u>	<u>£ 250,886</u>

8 Creditors: amounts falling due within one year

	2002 £	2001 £
Trade creditors	134,766	216,123
Corporation tax	922	24,683
Other creditors	102,496	182,245
Accruals and deferred income	27,092	10,324
	<u>£ 265,276</u>	<u>£ 433,375</u>

9 Called up share capital

	2002	2001
Authorised		
Ordinary shares of 10p each	<u>£ 100</u>	<u>£ 100</u>
Allotted called up and fully paid		
Ordinary shares of 10p each	<u>£ 2</u>	<u>£ 2</u>

10 Profit and loss account

	2002 £	2001 £
At 1 January 2002	120,483	32,560
Retained profit for the financial year	<u>6,848</u>	<u>87,923</u>
At 31 December 2002	<u>£ 127,331</u>	<u>£ 120,483</u>

11 Ultimate parent company

The directors regard Edmund Peel Fine Art Consulting (Isle of Man) Limited, a company registered in the Isle of Man, as the ultimate parent company. According to the register kept by the company, Edmund Peel Fine Art Consulting (Isle of Man) Limited has an 80% interest in the equity capital of Edmund Peel Fine Art (Consulting) Limited.

EDMUND PEEL FINE ART (CONSULTING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002

12 Control

Throughout the period covered by these financial statements, the company was under the control of one of its directors, Mr E A W Peel.

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

	2002 £	2001 £
Mr E A W Peel, a director	51,095	99,164
A trust of which Mr E A W Peel is the settlor and a potential beneficiary	-	49,880
Edmund Peel Fine Art Consulting (Isle of Man) Limited	33,201	33,201
	<u>£ 84,296</u>	<u>£ 182,245</u>

No interest is payable on these loans, all of which are, strictly, repayable on demand. Repayment, however, is not expected to be requested before the company has sufficient funds to enable repayment to be made.

Details of a loan to the company's subsidiary undertaking are shown at note 6.

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