

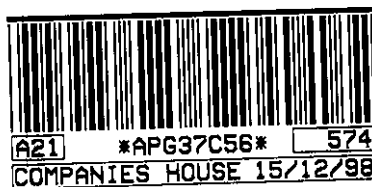
Company Registration No. 3291949

11 DUKE STREET LIMITED

Report and Financial Statements

31 December 1997

N J Brown
Chartered Accountant
36 Kingsleigh Place
Mitcham
Surrey
CR4 4NU



11 DUKE STREET LIMITED

REPORT AND FINANCIAL STATEMENTS 1997

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11 DUKE STREET LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period from incorporation on 13 December 1996 to 31 December 1997.

PRINCIPAL ACTIVITY

The principal activity of the company is dealing in contemporary works of art.

DIRECTORS

On incorporation Wildman & Battell Limited was appointed as the first director of the company and served until its resignation on 20 January 1997.

The other directors who served during the period and their interests in the shares of the company at the end of the period were as follows:

	Ordinary shares of £1 each 1997
S L Lee	1
R A I Shorto	-

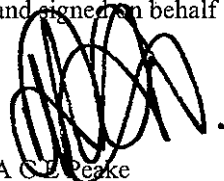
Both directors were appointed on 20 January 1997. None of the directors had any interests in the shares of its fellow group undertakings.

AUDITOR

A resolution for the reappointment of N J Brown as auditor of the company will be proposed at the forthcoming Annual General Meeting.

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 of Directors
and signed on behalf of the Board



A C L Peake
7 December 1998

11 DUKE STREET LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period 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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the Financial Reporting Standard for Smaller Entities has been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

N J BROWN
CHARTERED ACCOUNTANT
REGISTERED AUDITOR

Tel: 0181 668 5264
Fax: 0181 660 0066

36 Kingsleigh Place
Mitcham, Surrey
CR4 4NU

**AUDITOR'S REPORT TO THE MEMBERS OF
11 DUKE STREET LIMITED**

I have audited the financial statements on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditor

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

Basis of opinion

I conducted my 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 director 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.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Uncertainty relating to stocks

In forming my opinion, I have relied upon representations from the directors that the market value of the stocks of contemporary works of art is in excess of its balance sheet value of £537,008. My opinion is not qualified in this respect.

Uncertainty relating to debtors

Included in debtors is the sum of £44,242 representing the sum paid for the purchase of a painting. The painting has not been received and the company has entered into legal action to obtain delivery of the painting or recovery of the full purchase price. Unless settlement is reached out of court, it is unlikely that a court decision will be made until sometime in 1999. The directors are confident that they will succeed in their legal action and consider that no provision for non-recovery of this debt is required in the financial statements. Legal costs will be charged to the profit and loss account as incurred.

N J BROWN
CHARTERED ACCOUNTANT
REGISTERED AUDITOR

Tel: 0181 668 5264
Fax: 0181 660 0066

36 Kingsleigh Place
Mitcham, Surrey
CR4 4NU

**AUDITOR'S REPORT TO THE MEMBERS OF
11 DUKE STREET LIMITED (continued)**

Going concern

The company is dependent upon the financial support given by one of the company's directors. The director has confirmed his intention to provide financial support to the company for the foreseeable future. My opinion is not qualified in this respect.

Opinion

In my opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountant
and Registered Auditor

11 December 1998

11 DUKE STREET LIMITED**PROFIT AND LOSS ACCOUNT**

Period 13 December 1996 to 31 December 1997

	Note	1997 £
TURNOVER		2,357,047
Cost of sales		(2,066,163)

GROSS PROFIT		290,884
Administrative expenses		(327,221)

OPERATING LOSS	2	(36,337)
Other interest receivable and similar income		423
Interest payable and similar charges	3	(2,095)

LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(38,009)
Tax on loss on ordinary activities	5	-

LOSS FOR THE FINANCIAL PERIOD	11	£(38,009) =====

11 DUKE STREET LIMITED

BALANCE SHEET
31 December 1997

	Note	£	1997 £
FIXED ASSETS			
Tangible assets	6		56,338
CURRENT ASSETS			
Stocks	7	537,008	
Debtors	8	473,123	
Cash at bank and in hand		62,365	
		<hr/>	
		1,072,496	
CREDITORS: amounts falling due within one year	9	1,166,841	
		<hr/>	
NET CURRENT LIABILITIES			(94,345)
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/>
			£(38,007)
			<hr/>
CAPITAL AND RESERVES			
Called up share capital	10		2
Profit and loss account	11		(38,009)
			<hr/>
SHAREHOLDERS' FUNDS			£(38,007)
			<hr/>

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

These financial statements were approved by the Board of Directors on 7 December 1998.
Signed on behalf of the Board of Directors.



R A I Shorto

11 DUKE STREET LIMITED

NOTES TO THE ACCOUNTS

Period 13 December 1996 to 31 December 1997

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents the value of works of art sold during the period. The company's principal place of business is situated in the UK, however works of art are sold to overseas customers.

Depreciation

Depreciation of short leasehold property conversion costs, fixtures, fittings and equipment is calculated to write off their cost by equal annual instalments over their estimated useful lives, which are considered to be between 5 and 15 years.

Stocks

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

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Deferred tax

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise. At 31 December 1997 the company has deferred tax assets in respect of which no provision has been made in the accounts.

2. OPERATING LOSS

Operating loss is arrived at after charging:

Depreciation	£6,369
Audit fees	£2,500
	=====

1997
£

11 DUKE STREET LIMITED

NOTES TO THE ACCOUNTS

Period 13 December 1996 to 31 December 1997

3. INTEREST PAYABLE AND SIMILAR CHARGES 1997 £

Bank loans and overdrafts	84
Other loans	2,011
	<hr/>
	£2,095
	<hr/> <hr/>

4. DIRECTORS' EMOLUMENTS 1997 £

Aggregate of directors' emoluments	£70,000
	<hr/> <hr/>

5. TAX ON LOSS ON ORDINARY ACTIVITIES

There is no charge for UK corporation tax as the company has incurred a loss for taxation purposes.

6. TANGIBLE FIXED ASSETS	Short leasehold property conversion costs £	Fixtures, fittings and equipment £	Total £
Cost			
Additions	28,596	34,111	62,707
	<hr/>	<hr/>	<hr/>
At 31 December 1997	28,596	34,111	62,707
	<hr/>	<hr/>	<hr/>
Depreciation			
Charge for the period	2,223	4,146	6,369
	<hr/>	<hr/>	<hr/>
At 31 December 1997	2,223	4,146	6,369
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 1997	£26,373	£29,965	£56,338
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

11 DUKE STREET LIMITED

NOTES TO THE ACCOUNTS

Period 13 December 1996 to 31 December 1997

7. STOCKS	1997
	£
Contemporary works of art	£537,008
	<u> </u>

8. DEBTORS	1997
	£
Trade debtors	415,499
Other debtors	47,599
Prepayments and accrued income	10,025
	<u> </u>
	£473,123
	<u> </u>

Included in other debtors is an amount of £44,242 which is receivable after more than one year.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1997
	£
Trade creditors	520,399
Other taxation and social security	27,717
Other creditors	321,330
Director's current account	253,860
Accruals and deferred income	43,535
	<u> </u>
	£1,166,841
	<u> </u>

10. CALLED UP SHARE CAPITAL	1997
	£
Authorised	
1,000 ordinary shares of £1 each	£1,000
	<u> </u>
Called up, allotted and fully paid during the period	
2 ordinary shares of £1 each	£2
	<u> </u>

11 DUKE STREET LIMITED

NOTES TO THE ACCOUNTS

Period 13 December 1996 to 31 December 1997

11. PROFIT AND LOSS ACCOUNT

1997

£

Loss for the financial period

(38,009)

At 31 December 1997

£(38,009)

12. RELATED PARTY AND RELATED PARTY TRANSACTIONS

At 31 December 1997 the company had advanced sums to the following companies:

1997

£

Rockwell Holdings Limited

£1

Sylvan Limited

£300

and owed sums to the following company:

Topbeat Limited

£314,725

During the period the company paid rent of £43,725 to Topbeat Limited.

The company is 50% owned by Rockwell Holdings Limited, a company incorporated in Jersey. Sylvan Limited and Topbeat Limited are subsidiaries of Rockwell Holdings Limited.