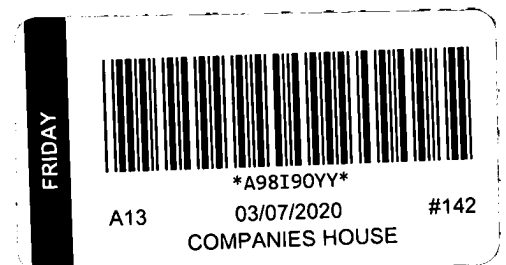


Registration number: 04348253

# **OLD AND MODERN MASTERS LIMITED**

## **Financial Statements**

for the Period from 1 February 2018 to 31 December 2018



### **BREBNERS**

Chartered Accountants & Statutory Auditor  
130 Shaftesbury Avenue  
London  
W1D 5AR

# OLD AND MODERN MASTERS LIMITED

## Contents

---

Company Information	1
Strategic Report	2 to 5
Director's Report	6
Statement of Director's Responsibilities	7
Independent Auditor's Report	8 to 10
Income Statement	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Statement of Cash Flows	14
Notes to the Financial Statements	15 to 24

# OLD AND MODERN MASTERS LIMITED

## Company Information

---

<b>Director</b>	M Voena
<b>Company secretary</b>	Praxis Secretaries (UK) Limited
<b>Registered office</b>	5th Floor 1 Lumley Street Mayfair London W1K 6TT
<b>Auditors</b>	Brebners Chartered Accountants & Statutory Auditor 130 Shaftesbury Avenue London W1D 5AR

# **OLD AND MODERN MASTERS LIMITED**

## **Strategic Report for the Period from 1 February 2018 to 31 December 2018**

---

The strategic report for the period from 1 February 2018 to 31 December 2018.

### **Fair review of the business**

The company was incorporated in 2002 to specialise in the acquisition and sale of works of art to and from private and institutional collectors and other dealers specialising in Old Master, Nineteenth Century, Modern and Contemporary fine art which linked to the director's extensive expertise and heritage. It has staged important monographic exhibitions, as well as studies on Italian city landscapes and the International Caravaggesque Movement, which are a core specialism. Over time it has developed expertise in other sectors of the market, both out of demand and as a way of adapting to the ever-evolving art market, including but not limited to the Italian Modern and Post-War Art. Recent critically acclaimed exhibitions have included Mimmo Rotella, Lucio Fontana, and Giorgio Morandi. The company also trades in antique furniture and sculptures. This multi-faceted approach helps mitigate a certain degree of risk within the art market, which can be highly volatile, resulting in increased business profits for the period ending 31 December 2018.

Market and industry trends as well as fashion lead to price and interest fluctuations so a varied stock book and increasing knowledge base has been a core component of the company's success to develop its client base, which has continued throughout the period. The director also undertook extensive business travel during the period in order to secure the best price on both purchases and sales and to maintain client supported by the company's international agents.

In addition, art fairs such as TEFAF NY and Maastricht, Masterpiece London, Paris Biennale, Frieze Masters, Florence Biennale, Art Basel HK continue to be a major source of activity for the company. During the period, the company exhibited at numerous fairs in London, NY, HK, Florence, Paris, Miami and Switzerland. Whilst these are important, the company also has a close working relationship with the leading auction houses in London and New York and attended several events through the period to purchase and sell various pieces. One of the most notable events has been the purchase in 2018 by the National Gallery in London of a 17th century Artemisia Gentleschi painting from the company, a move that the press considered one of the most important purchases the National Gallery has ever made.

### **Key performance indicators**

The company showed an increase in overall performance during the period, when compared to the previous year, and as restated in these accounts. This was due to a number of strategic sales as noted above and some market buoyancy. Turnover has decreased from £32,940,212 (restated year ended 31 January 2018) to £28,351,731 whilst gross profit has increased from £2,595,695 (restated year ended 31 January 2018) to £4,411,973. The profit for the period before taxation has increased from £474,941 (restated year ended 31 January 2018) to £776,492 (2018).

Net Current Assets have increased from £896,803 to £1,562,103 largely through a reduction in Creditors (reduction of £2,974,965 to £13,129,048) and although there was a volume of sales during the period, stock levels have remained similar with a value as at the end of the period of £10,298,076 (restated 31 Jan 2018 £10,416,716).

The company worked with its advisors during the period and have continued to do so following the end of the period, to assess the company's financial position. The company's advisors are in the process of overhauling the financial reporting and stock management systems for the company to provide the director with frequent financial reporting across key financial performance indicators including cashflow management, stock volumes, creditor and debtor reporting. The company and its advisors believe this will further help increase profitability in future years.

# OLD AND MODERN MASTERS LIMITED

## Strategic Report for the Period from 1 February 2018 to 31 December 2018

---

### Principal risks and uncertainties

The company's principal financial liabilities comprise trade creditors and a shareholder loan. The company has no other lending but is exposed to foreign exchange, liquidity and cash flow and price risk. After the period end, the company also became exposed to a new EU Anti-Money Laundering Directive as well as the global pandemic, Covid-19.

The principal risk and uncertainties are all individually monitored by the director and deemed necessary for the continuation of the business activity, whilst the external risks are closely monitored by the director.

### Future developments

The company is reviewing the status of the market very carefully, taking into consideration the outbreak of Covid-19 and Anti-Money Laundering Regulations as noted whilst also reviewing market conditions and trends. The company has therefore focused on sales to its existing client base by further international travel and is looking at the possibility of other forms of international representation in 2020.

### Risk associated with financial instruments

#### • Price risk

As the company solely deals in the purchase and sale of pieces of art, the company is exposed to significant price risk. The company is largely dependent on the expert knowledge of its sole director, Mr Marco Voena, who has been involved in the art market since 1984 and is widely respected as an expert in his field.

Mr Voena also consults with third parties to assess market shifts in fair market value and has managed the stock book of the company to avoid too much accumulation of risk in a single market segment, as he has done successfully throughout his international career.

Stock volume is valued at £10,298,076 at the end of the period which is deemed suitable to further protect against segment down-valuations, as the company holds sufficient stock in non-correlated alternative segments which protect against the need to consider undervalued sales to manage cashflow.

#### • Liquidity and cash flow risk

The company is exposed to some liquidity and cash flow risk as it holds an extensive stock book, valued at £10,298,076 at the end of the period. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations as they fall due. This is done by holding regular financial management meetings with the company's outsourced bookkeepers to review creditor invoices and note any expected short term cashflow needs. At the end of the period the company held £573,617 in cash at bank.

#### • Foreign exchange risk

This is linked to the company buying and selling pieces of art in multiple jurisdictions so revenue or expenses might not be in GBP. The company operates bank accounts in multiple currencies to help mitigate against this exposure where possible. Sterling has been volatile during the period with Brexit proving to have a negative impact, but this has not had a major impact on the financial performance and exchange losses were negligible at £617.

# **OLD AND MODERN MASTERS LIMITED**

## **Strategic Report for the Period from 1 February 2018 to 31 December 2018**

---

### **Trade debtors**

Trade debtors are managed by the director who has had a personal relationship with the associated parties for many years while the ledgers updated by the outsourced professional bookkeepers. At the end of the financial period, the director reviewed the position and significant movement was made. It is the intention of the director to further review these positions to address the aged debtor positions. Short term trade creditors are also personally known to the director and deemed creditworthy, but an ongoing review is maintained. Trade debtors reduced from £5,493,049 to £3,600,315.

### **Shareholder loan**

The loan has been reducing over time. During the period the loan due reduced from £5,084,886 to £3,919,321.

### **Covid-19**

The current worldwide coronavirus ("Covid-19") outbreak continues to evolve, being declared by the World Health Organisation ("WHO") as a Public Health Emergency of International Concern on 30 January 2020 and as a worldwide pandemic on 11 March 2020. In the opinion of the director, the Covid-19 outbreak is likely to have an impact on the financial position and results of the company post 31 December 2019, however, what level of impact remains uncertain at this stage. The director is carefully monitoring the outbreak of Covid-19 and the potential impact on the wider art industry. It is noted that as a result of Covid-19, private sales have become more appealing as most auction houses closed. The company's long-standing private relationships with a number of highly reputable private collectors remain a key component for the future success of the company along with the organic business that comes from these relationships. Virtual, online auctions have become increasingly popular but to varied success with traditional art collectors who typically wish to view the piece in person to ensure it fits with their private collection. At the date of signing the director cannot reasonably quantify the impact of this pandemic but steps have been taken to ensure the future success of the company

### **5th EU Anti-Money Laundering Directive**

The European art market saw further changes with the introduction of anti-money laundering regulations under the fifth anti-money laundering directive, that was adopted into UK law in January 2020. These regulations introduce a requirement for art market participants to register with HMRC by January 2021 and collect due diligence information on the individuals involved in art transactions worth in excess of EUR 10,000 or equivalent. The company has embraced these changes and are working with industry experts to undertake a risk assessment of the company as an initial step. Further, the company has adopted new procedures when selling pieces of art to identify and hold due diligence information on the purchaser. Many of the company's customers have been long-standing relationships and are therefore deemed low risk for the purposes of the regulations, but the company understands the need for these new regulations and will be fully registered with HMRC before the deadline in January 2021. The company does not expect a major impact on its financial performance as a result of the regulations.

### **Accounting period**

The director took the decision to amend the account period from 31 January 2019 to 31 December 2018 and therefore these accounts relate to a shortened 11 month period.

### **Resignation of the auditors**

Slaven Jeffcote LLP resigned as auditors in October 2019. Slaven Jeffcote LLP noted their resignation was due to staff availability following the retirement of one of their partners. In accordance with section 519 Companies Act 2006, Slaven Jeffcote LLP confirmed that there were no circumstances connected with their resignation which they believed needed to be brought to the attention of the members or creditors of the company.

## OLD AND MODERN MASTERS LIMITED


### Strategic Report for the Period from 1 February 2018 to 31 December 2018

---

#### Appointment of new auditors

The company engaged Brebners to act as auditors for the 2018 accounts. Brebners were selected due to their experience with other art dealing companies. The timing of the resignation of Slaven Jeffcote LLP and the subsequent appointment of Brebners as auditors in October 2019 led to a delay in filing the accounts. In accordance with section 485 of the Companies Act 2006 a resolution proposing that Brebners be re-appointed will be put at a General Meeting.

Approved by the director on 30 June 2020 and signed on its behalf by:



M Voena  
Director

# OLD AND MODERN MASTERS LIMITED

## Director's Report for the Period from 1 February 2018 to 31 December 2018

---

The report and the financial statements for the period from 1 February 2018 to 31 December 2018.

### Principal activity

The principal activity of the company is that of a dealer and agent for the sale of works of art and antiques

### Director of the company

The director who held office during the period was as follows:

M Voena

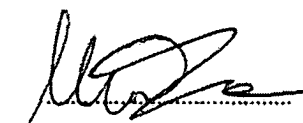
### Information included in the Strategic Report

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments and financial risk management and exposure.

### Disclosure of information to the auditors

The director has taken steps that ought to have taken as a director in order to make aware of any relevant audit information and to establish that the company's auditors are aware of that information. The director confirms that there is no relevant information that of and of which the auditors are unaware.

Approved by the Board on 30 June 2020 and signed on its behalf by:



M Voena  
Director



# **OLD AND MODERN MASTERS LIMITED**

## **Statement of Director's Responsibilities**

---

The responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless satisfied that they 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 these financial statements, the director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable to ensure that the financial statements comply with the Companies Act 2006. 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.

## OLD AND MODERN MASTERS LIMITED

### Independent Auditor's Report to the Members of Old And Modern Masters Limited for the Period from 1 February 2018 to 31 December 2018

#### Disclaimer of opinion

We were engaged to audit the financial statements of Old And Modern Masters Limited (the 'company') for the period from 1 February 2018 to 31 December 2018, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

We do not express an opinion on the accompanying financial statements of the company. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient audit evidence to provide a basis for an audit opinion on these financial statements.

#### Basis for disclaimer of opinion on financial statements

We were not appointed as auditors of the company until after 31 December 2018 and thus did not observe the counting of physical inventories at the beginning and end of the year. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 31 January 2018 and 31 December 2018, which are stated in the statements of financial position at £10,416,716 and £10,298,076 respectively.

In addition, due to inadequate record keeping by management, we were unable to verify the completeness, accuracy or recoverability of trade debtors at 31 December 2018, which are stated in the statement of financial position at £3,600,315. In addition, due to inadequate record keeping by management we were unable to verify the completeness or accuracy of trade creditors at 31 December 2018 which are stated in the statement of financial position at £9,026,303. As of the date of our report, management was still in the process of rectifying the deficiencies and correcting the errors and differences.

As a result we were unable to confirm or verify by alternative means the figures included in the Income Statement, Statement of Financial Position, Statement of Changes in Equity or Statement of Cash Flows and we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded amounts.

# **OLD AND MODERN MASTERS LIMITED**

## **Independent Auditor's Report to the Members of Old And Modern Masters Limited for the Period from 1 February 2018 to 31 December 2018**

---

### **Opinion on other matter prescribed by the Companies Act 2006**

Because of the significance of the matter described in the basis for disclaimer of opinion, we have been unable to form an opinion whether, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Director's Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Director's Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

Notwithstanding our disclaimer of opinion on the financial statements, in the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's Report.

Arising from the limitation of our work referred to above:

- we have not received all the information and explanations we require for our audit
- we were unable to determine whether adequate accounting records have been kept; and
- we were unable to confirm if the financial statements are in agreement with the accounting records and returns

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of director's remuneration specified by law are not made

### **Responsibilities of the director**

As explained more fully in the Statement of Director's Responsibilities (set out on page 7), the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to conduct an audit of the company's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities and we have fulfilled our other ethical responsibilities in accordance with these requirements.

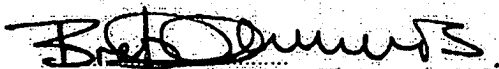
## OLD AND MODERN MASTERS LIMITED

### Independent Auditor's Report to the Members of Old And Modern Masters Limited for the Period from 1 February 2018 to 31 December 2018

---

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.



Martin Widdowson (Senior Statutory Auditor)  
For and on behalf of

Brebners, Statutory Auditor  
130 Shaftesbury Avenue  
London  
W1D 5AR

30 June 2020

# OLD AND MODERN MASTERS LIMITED

## Income Statement for the Period from 1 February 2018 to 31 December 2018

		(As restated)	
	Note	2018 £	2018 £
Turnover	3	28,351,731	32,940,212
Cost of sales		<u>(23,939,758)</u>	<u>(30,344,517)</u>
Gross profit		4,411,973	2,595,695
Administrative expenses		<u>(3,638,342)</u>	<u>(2,121,568)</u>
Operating profit	4	773,631	474,127
Other interest receivable and similar income	5	<u>2,861</u>	<u>814</u>
Profit before tax		776,492	474,941
Taxation	7	<u>(110,718)</u>	<u>(151,965)</u>
Profit for the financial period		<u><u>665,774</u></u>	<u><u>322,976</u></u>

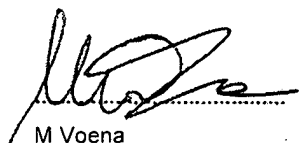
The notes on pages 15 to 24 form an integral part of these financial statements.

# OLD AND MODERN MASTERS LIMITED

## Statement of Financial Position as at 31 December 2018

	Note	31 December 2018 £	(As restated) 31 January 2018 £
<b>Fixed assets</b>			
Tangible assets	8	33,728	40,484
Other financial assets	9	<u>874</u>	<u>874</u>
		<u>34,602</u>	<u>41,358</u>
<b>Current assets</b>			
Stocks	10	10,298,076	10,416,716
Debtors	11	3,819,458	6,069,950
Cash at bank and in hand		<u>573,617</u>	<u>514,150</u>
		14,691,151	17,000,816
<b>Creditors: Amounts falling due within one year</b>	12	<u>(13,129,048)</u>	<u>(16,104,013)</u>
<b>Net current assets</b>		<u>1,562,103</u>	<u>896,803</u>
<b>Total assets less current liabilities</b>		1,596,705	938,161
<b>Provisions for liabilities</b>	13	<u>(5,569)</u>	<u>(12,799)</u>
<b>Net assets</b>		<u>1,591,136</u>	<u>925,362</u>
<b>Capital and reserves</b>			
Called up share capital	14	100	100
Profit and loss account		<u>1,591,036</u>	<u>925,262</u>
<b>Total equity</b>		<u>1,591,136</u>	<u>925,362</u>

Approved and authorised by the director on 30 June 2020



M Voena

Director

Company registration number: 04348253

The notes on pages 15 to 24 form an integral part of these financial statements.

## OLD AND MODERN MASTERS LIMITED

### Statement of Changes in Equity for the Period from 1 February 2018 to 31 December 2018

	Share capital £	Profit and loss account £	Total £
At 1 February 2018	100	1,320,590	1,320,690
Prior period adjustment	-	(395,328)	(395,328)
At 1 February 2018 (As restated)	100	925,262	925,362
Profit for the period	-	665,774	665,774
Total comprehensive income	-	665,774	665,774
At 31 December 2018	<u>100</u>	<u>1,591,036</u>	<u>1,591,136</u>

	Share capital £	Profit and loss account £	Total £
At 1 February 2017	100	903,475	903,575
Prior period adjustment	-	(301,189)	(301,189)
At 1 February 2017 (As restated)	100	602,286	602,386
Profit for the period	-	322,976	322,976
Total comprehensive income	-	322,976	322,976
At 31 January 2018	<u>100</u>	<u>925,262</u>	<u>925,362</u>

The notes on pages 15 to 24 form an integral part of these financial statements.

# OLD AND MODERN MASTERS LIMITED

## Statement of Cash Flows for the Period from 1 February 2018 to 31 December 2018

	Note	1 February 2018 to 31 December 2018 £	(As restated) Year ended 31 January 2018 £
<b>Cash flows from operating activities</b>			
Profit for the period		665,774	322,976
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	6,756	5,996
Financial instrument net gains (losses) through profit and loss		617	47,475
Finance income	5	(2,861)	(814)
Income tax expense	7	110,718	151,965
Foreign exchange (gains) / losses		(617)	313,225
		<u>780,387</u>	<u>840,823</u>
<b>Working capital adjustments</b>			
Decrease in stocks	10	118,640	2,058,683
Decrease in trade debtors	11	2,228,020	2,053,853
Decrease in trade creditors	12	<u>(2,963,466)</u>	<u>(4,422,876)</u>
<b>Cash generated from operations</b>		<b>163,581</b>	<b>530,483</b>
Income taxes paid	7	<u>(106,975)</u>	<u>(48,612)</u>
<b>Net cash flow from operating activities</b>		<b>56,606</b>	<b>481,871</b>
<b>Cash flows from investing activities</b>			
Interest received	5	<u>2,861</u>	<u>814</u>
<b>Net increase in cash and cash equivalents</b>		<b>59,467</b>	<b>482,685</b>
Cash and cash equivalents at 1 February		<u>514,150</u>	<u>31,465</u>
<b>Cash and cash equivalents at 31 December</b>		<b><u>573,617</u></b>	<b><u>514,150</u></b>

The notes on pages 15 to 24 form an integral part of these financial statements.



# OLD AND MODERN MASTERS LIMITED

## Notes to the Financial Statements for the Period from 1 February 2018 to 31 December 2018

---

### 1 GENERAL INFORMATION

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

5th Floor  
1 Lumley Street  
Mayfair  
London  
W1K 6TT

### 2 ACCOUNTING POLICIES

#### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

#### Basis of preparation

These financial statements have been prepared using the historical cost convention except any items disclosed in the accounting policies as being shown at fair value and are presented in sterling, which is the functional currency of the entity.

#### Significant judgements and estimates

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumption and estimates are significant to the financial statements are considered to be:-

#### Stock

Significant estimates are involved in the determination of the net realisable value of stock held by the company. Management exercise judgement in assessing the likely realisable value of stock and appropriate provisions are made where it is considered that realisable value may be considered to be less than the original cost of the relevant items.

#### Trade debtors

Management exercise judgement in assessing the quantum of any provisions which may be required for potential bad or doubtful debts.

# OLD AND MODERN MASTERS LIMITED

## Notes to the Financial Statements for the Period from 1 February 2018 to 31 December 2018

---

### Going concern

The company made a profit before tax of £776,492 in the period and had cash at bank at the period end of £573,617. The company's net assets were £1,583,906 and the company owed £3,919,321 to its ultimate parent undertaking at the period end.

The director has considered the potential impact of Covid-19 which was declared a pandemic by the World Health Organisation.

The company's management accounts show the company remains profitable for the year ended 31 December 2019 and that turnover increased significantly over 2018.

The director is carefully monitoring the outbreak of Covid-19 and the potential impact on the wider art industry and has noted that as a result of Covid-19, private sales have become more appealing as most auction houses closed. The director is of the opinion that company's long-standing private relationships with a number of highly reputable private collectors remain a key component for the future success of the company along with the organic business that comes from these relationships. At the date of these financial statements, whilst it is still not possible to evaluate the full impact of Covid-19 on the company's operations given that the full extent of possible restrictions is unknown, the director believes, to the best of his knowledge and belief, that the impact of the virus and the measures taken to limit its spread will not have a material impact upon the ability of the company to continue as a going concern.

On the basis of the above, and after making enquiries, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the director continues to adopt the going concern basis in preparing the financial statements.

### Revenue recognition

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales-related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

The company recognises revenue from the sale of art and antiques when the significant risks and rewards of ownership have passed to the buyer based upon the contractual terms of title and possession of the works, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity.

The company recognises revenue from acting as agent when the underlying transaction has been completed, the amount of revenue can be measured reliably and it is probable that economic benefit will flow to the company.

### Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

### Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

# OLD AND MODERN MASTERS LIMITED

## Notes to the Financial Statements for the Period from 1 February 2018 to 31 December 2018

---

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences at the reporting date. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

### Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Fixtures, fittings and equipment	3-15 years straight line

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

### Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

### Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

# OLD AND MODERN MASTERS LIMITED

## Notes to the Financial Statements for the Period from 1 February 2018 to 31 December 2018

---

### Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

### Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

## 3 REVENUE

The analysis of the company's revenue for the period from continuing operations is as follows:

	1 February 2018 to 31 December 2018 £	Year ended 31 January 2018 £
Sale of artwork - UK	<u>28,351,731</u>	<u>32,940,212</u>

The company operates from a gallery in London and sells to customers from all over the world as well as selling at international fairs. It is not practicable to provide a geographical analysis of turnover.

# OLD AND MODERN MASTERS LIMITED

## Notes to the Financial Statements for the Period from 1 February 2018 to 31 December 2018

### 4 OPERATING PROFIT

Arrived at after charging/(crediting)

	1 February 2018 to 31 December 2018 £	Year ended 31 January 2018 £
Depreciation expense	6,756	5,996
Foreign exchange (gains)/losses	(617)	313,225

### 5 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	1 February 2018 to 31 December 2018 £	Year ended 31 January 2018 £
Interest income	2,861	814

### 6 AUDITORS' REMUNERATION

	1 February 2018 to 31 December 2018 £	Year ended 31 January 2018 £
Audit of the financial statements	18,000	10,000

### 7 TAXATION

Tax charged/(credited) in the income statement

	1 February 2018 to 31 December 2018 £	Year ended 31 January 2018 £
<b>Current taxation</b>		
UK corporation tax	168,058	128,633
Adjustment in respect of prior periods	(50,110)	23,332
	117,948	151,965
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	(7,230)	-
<b>Tax expense in the income statement</b>	<b>110,718</b>	<b>151,965</b>

# **OLD AND MODERN MASTERS LIMITED**

## **Notes to the Financial Statements for the Period from 1 February 2018 to 31 December 2018**

The tax on profit before tax for the period is lower than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2018 £	(As restated) 31 January 2018 £
Profit before tax	<u>776,492</u>	<u>474,941</u>
Corporation tax at standard rate	147,533	90,239
Effect of expense not deductible in determining taxable profit (tax loss)	19,278	19,558
Deferred tax credit from unrecognised temporary difference from a prior period	(7,230)	-
(Decrease)/increase in UK and foreign current tax from adjustment for prior periods	(50,110)	40,981
Tax increase from effect of capital allowances and depreciation	<u>1,247</u>	<u>1,187</u>
<b>Total tax charge</b>	<u><b>110,718</b></u>	<u><b>151,965</b></u>



## OLD AND MODERN MASTERS LIMITED

### Notes to the Financial Statements for the Period from 1 February 2018 to 31 December 2018

#### 8 TANGIBLE ASSETS

	Furniture, fittings and equipment £	Total £
<b>Cost</b>		
At 1 February 2018	<u>113,634</u>	<u>113,634</u>
At 31 December 2018	<u>113,634</u>	<u>113,634</u>
<b>Depreciation</b>		
At 1 February 2018	73,150	73,150
Charge for the period	<u>6,756</u>	<u>6,756</u>
At 31 December 2018	<u>79,906</u>	<u>79,906</u>
<b>Carrying amount</b>		
At 31 December 2018	<u><u>33,728</u></u>	<u><u>33,728</u></u>
At 31 January 2018	<u><u>40,484</u></u>	<u><u>40,484</u></u>

#### 9 FIXED ASSET INVESTMENTS

	Investments other than loans £	Total £
<b>Unlisted investments</b>		
<b>Cost</b>		
At 1 February 2018	<u>874</u>	<u>874</u>
At 31 December 2018	<u>874</u>	<u>874</u>
<b>Carrying amount</b>		
At 31 December 2018	<u><u>874</u></u>	<u><u>874</u></u>

#### 10 STOCKS

	31 December 2018 £	(As restated) 31 January 2018 £
Stock	<u><u>10,298,076</u></u>	<u><u>10,416,716</u></u>

# **OLD AND MODERN MASTERS LIMITED**

## **Notes to the Financial Statements for the Period from 1 February 2018 to 31 December 2018**

### **11 DEBTORS**

		31 December 2018 £	31 January 2018 £
<b>Due within one year</b>	<b>Note</b>		
Trade debtors		3,600,315	5,493,049
Other debtors		172,816	534,077
Prepayments		46,327	20,352
Corporation tax recoverable	7	<u>-</u>	<u>22,472</u>
<b>Total current trade and other debtors</b>		<u><b>3,819,458</b></u>	<u><b>6,069,950</b></u>

### **12 CREDITORS**

		31 December 2018 £	31 January 2018 £
<b>Due within one year</b>	<b>Note</b>		
Trade creditors		9,026,303	10,211,859
Amounts due to group undertakings	15	3,919,321	5,084,886
Social security and other taxes		-	64,946
Other creditors		420	13,519
Accruals		65,870	600,170
Corporation tax liability	7	<u>117,134</u>	<u>128,633</u>
		<u><b>13,129,048</b></u>	<u><b>16,104,013</b></u>

### **13 PROVISIONS FOR LIABILITIES**

	Deferred tax £	Total £
At 1 February 2018	12,799	12,799
Increase (decrease) in existing provisions	<u>(7,230)</u>	<u>(7,230)</u>
At 31 December 2018	<u><b>5,569</b></u>	<u><b>5,569</b></u>



# OLD AND MODERN MASTERS LIMITED

## Notes to the Financial Statements for the Period from 1 February 2018 to 31 December 2018

### 14 SHARE CAPITAL

Allotted, called up and fully paid shares

	31 December 2018		31 January 2018	
	No.	£	No.	£
Ordinary of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

### 15 RELATED PARTY TRANSACTIONS

Exemption is taken in accordance with FRS 102 paragraph 33.1A not to disclose transactions and amounts due between undertakings wholly owned within the group.

At 31 December 2018 an amount of £389,493 (31 Jan 2018: £698,669) was due to a company over which the director and ultimate beneficial owner of the company is able to exert significant influence.

The company operates from a property leased from various parties including the director. The company does not pay rent in respect of its occupation.

### 16 FINANCIAL INSTRUMENTS

Categorisation of financial instruments

	31 December 2018 £	31 January 2018 £
Financial assets that are debt instruments measured at amortised cost	3,664,859	6,027,125
Financial assets that are equity instruments measured at cost less impairment	<u>874</u>	<u>874</u>
	<u>3,665,733</u>	<u>6,027,999</u>
Financial liabilities measured at amortised cost	<u>13,011,914</u>	<u>15,910,434</u>

### 17 PARENT AND ULTIMATE PARENT UNDERTAKING

The company's immediate parent and ultimate parent undertaking is Wainwright Invest Holdings Ltd, a company incorporated in the British Virgin Islands.

The ultimate controlling party is the director, M Voena.

## **OLD AND MODERN MASTERS LIMITED**

### **Notes to the Financial Statements for the Period from 1 February 2018 to 31 December 2018**

---

#### **18 PRIOR PERIOD ADJUSTMENT**

During the current year the director carried out an extensive review of the company's stock and identified that stock at 31 January 2018 was overstated by £395,327 in respect of items which had been sold in previous years and included stock at that date in error. This has been adjusted in the current year and the comparatives have been restated.

Net assets at 31 January 2018 are £395,327 less than previously stated and the profit after tax for the year ended 31 January 2018 is less than previously stated by £94,138.