

**Old And Modern Masters Limited**  
Annual Report and Financial Statements  
for the Period from 1 January 2019 to 30 June 2020

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

# Old And Modern Masters Limited

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# Old And Modern Masters Limited

## Company Information

<b>Director</b>	M Voena
<b>Registered office</b>	38 Dover Street London W1S 4NL
<b>Auditor</b>	Brebners Chartered Accountants & Statutory Auditor 130 Shaftesbury Avenue W1D 5AR

# **Old And Modern Masters Limited**

## **Strategic Report for the Period from 1 January 2019 to 30 June 2020**

The director presents the strategic report for the period from 1 January 2019 to 30 June 2020.

### **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. 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. The company continued to trade and take part in the international art fairs in line with previous years up to February 2020. However, the COVID-19 pandemic outbreak resulted in travel restrictions and the cancellation of art fairs and auctions had a severe impact on the ability of the company to make sales in the later part of the 18 month period.

The director has relied on their personal relationships with existing clients to generate enough business to ensure the survival of the company throughout this challenging period.

### **Key performance indicators**

The company showed a decrease in overall performance during the period, when compared to the previous period. This was partly due to the pandemic, and partly because 2019 was an exceptional year with a number of strategic sales and a buoyant market. Turnover for the 18 month period was £38,208,075 (11 months to 31 December 2018: £28,351,731). The gross profit for was £2,219,805 (11 months to 31 December 2018: £2,595,695). The company made a loss of £152,369 in the period (11 months to December 2018: profit of £474,941).

Net current assets have decreased from £1,562,103 to £1,415,159, largely through an increase in Creditors (increase of £3,843,216 to £16,972,264. Stock increased by £4,925,902 to £15,223,978, despite an increase in sales by £9,856,344 as detailed above, due to purchases increasing by £15,639,475 to £38,281,278. The stock increase has been offset by a decrease in debtors by £907,131 to £2,912,327.

The company worked with its advisors during the period and subsequent to 30 June 2020. Post period end the company has made significant changes to ensure that the financial reporting and stock management systems for the company 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 January 2019 to 30 June 2020**

### **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 30 June 2020, the company 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 continues to review the status of the market very carefully, taking into consideration the COVID-19 pandemic and Brexit. As travel restrictions are lifted and international art fairs are taking place the company is cautiously confident of an improvement in its financial performance.

### **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 £15,223,978 at 30 June 2020 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 £15,223,978 at 30 June 2020. 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 30 June 2020 the company held £251,118 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 COVID-19 and Brexit proving to have direct impacts on Sterling value.

### **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 30 June 2020, 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. Trade debtors reduced from £3,600,315 to £2,772,828.

# **Old And Modern Masters Limited**

## **Strategic Report for the Period from 1 January 2019 to 30 June 2020**

### **Shareholder loan**

During the period the loan due from the shareholder reduced from £3,919,321 to £2,361,770 due to repayments being made.

### **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. This has had a significant impact on the business over the last year. However, the company's long-standing private relationships with a number of highly reputable private collectors has ensured the success of the company along with the organic business that comes from these relationships. The directors are confident that this will continue to ensure to be the case. As the travel restrictions are lifted and art fairs the COVID-19 risks are diminishing.

### **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 registered with HMRC as required and adopted new procedures when purchasing and selling pieces of art to identify and hold due diligence information on the seller/purchaser. 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 extend the current accounting period from 31 December 2019 to 30 June 2020 and therefore these accounts relate to a lengthened 18 month period.

Approved by the director on 3 September 2021 and signed on its behalf by:

.....  
M Voena  
Director

# **Old And Modern Masters Limited**

## **Director's Report for the Period from 1 January 2019 to 30 June 2020**

The report and the financial statements for the period from 1 January 2019 to 30 June 2020.

### **Director of the company**

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

M Voena

### **Dividends**

No interim dividends were paid in the period. No final dividend is proposed.

### **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 auditor**

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 3 September 2021 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 January 2019 to 30 June 2020**

### **Disclaimer of opinion**

We were engaged to audit the financial statements of Old And Modern Masters Limited (the 'company') for the period from 1 January 2019 to 30 June 2020, 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 appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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

In respect of the previous period, 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 previous accounting period. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 31 January 2018 and 31 December 2018. 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, and the completeness or accuracy of trade creditors at 31 December 2018.

In the current period the director carried out a strategic review of the company's accounting systems and records and transactional recording practices to rectify inherited and historic system deficiencies. Where errors and differences were identified they were corrected in the current period ended 30 June 2020.

As a result of the work on the accounting environment we have been able to carry out sufficient audit testing to enable us to obtain reasonable assurance that, the Statement of Financial Position at 30 June 2020 is free from material misstatement.

However due to the issues identified above and the significance of the figures included within the previous period's Statement of Financial Position which may have a material effect upon figures included within the current period's Statement of Income and Retained Earnings, we have been unable to confirm or verify by alternative means that the figures in the current period's Income Statement, Statement of Changes in Equity or Statement of Cash Flows are free from misstatement.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# **Old And Modern Masters Limited**

## **Independent Auditor's Report to the Members of Old And Modern Masters Limited for the Period from 1 January 2019 to 30 June 2020**

### **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 6), 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# **Old And Modern Masters Limited**

## **Independent Auditor's Report to the Members of Old And Modern Masters Limited for the Period from 1 January 2019 to 30 June 2020**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company and the industry in which it operates, we determined that the principal risks of non-compliance with laws and regulations related to the reporting framework (FRS 102 and the Companies Act 2006), UK corporate taxation laws, data protection legislation, Proceeds of Crime Act 2002 (POCA), VAT Act 1994 and Money Laundering Regulations 2017. These risks were communicated to our audit team and we remained alert to any indications of non-compliance throughout our audit.

We understood how the company is complying with relevant legislation by making enquiries of management. We also considered the results of our audit procedures and to what extent these corroborate this understanding and assessed the susceptibility of the company's financial statements to material misstatement. This included consideration of how fraud might occur and evaluation of management's incentives and opportunities for fraudulent manipulation of the financial statements.

We designed our audit procedures to identify any non-compliance with laws and regulations. Such procedures included, but were not limited to, inspection of any regulatory or legal correspondence; challenging assumptions and judgements made by management; identifying and testing journal entries with a focus on large or unusual transactions as determined based on our understanding of the business; and identifying and assessing the effectiveness of controls in place to prevent and detect fraud.

Owing to the inherent limitations of an audit, there remains a risk that a material misstatement may not have been detected, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance with laws and regulations and cannot be expected to detect all instances of non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **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 January 2019 to 30 June 2020**

### **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

W1D 5AR

3 September 2021

# Old And Modern Masters Limited

## Income Statement for the Period from 1 January 2019 to 30 June 2020

	Note	2020 £	2018 £
Turnover	<u>3</u>	38,208,075	28,351,731
Cost of sales		<u>(35,988,270)</u>	<u>(23,939,758)</u>
<b>Gross profit</b>		<b>2,219,805</b>	<b>4,411,973</b>
Administrative expenses		<u>(2,376,408)</u>	<u>(3,638,342)</u>
<b>Operating (loss)/profit</b>	<u>5</u>	<b><u>(156,603)</u></b>	<b><u>773,631</u></b>
Other interest receivable and similar income	<u>6</u>	5,114	2,861
Amounts written off investments		(874)	-
Interest payable and similar expenses		<u>(6)</u>	<u>-</u>
		<b>4,234</b>	<b>2,861</b>
<b>(Loss)/profit before tax</b>		<b>(152,369)</b>	<b>776,492</b>
Tax on (loss)/profit	<u>9</u>	<u>(43,410)</u>	<u>(110,718)</u>
<b>(Loss)/profit for the financial period</b>		<b><u>(195,779)</u></b>	<b><u>665,774</u></b>

The notes on pages 15 to 25 form an integral part of these financial statements.

# Old And Modern Masters Limited

## Statement of Financial Position as at 30 June 2020

	Note	30 June 2020 £	31 December 2018 £
<b>Fixed assets</b>			
Tangible assets	<u>10</u>	29,167	33,728
Investments	<u>11</u>	10	-
Other financial assets	<u>12</u>	-	874
	<u>11</u>	<u>29,177</u>	<u>34,602</u>
<b>Current assets</b>			
Stocks	<u>13</u>	15,223,978	10,298,076
Debtors	<u>14</u>	2,912,327	3,819,458
Cash at bank and in hand		251,118	573,617
		<u>18,387,423</u>	<u>14,691,151</u>
<b>Creditors:</b> Amounts falling due within one year	<u>15</u>	<u>(17,015,674)</u>	<u>(13,129,048)</u>
<b>Net current assets</b>		<u>1,371,749</u>	<u>1,562,103</u>
<b>Total assets less current liabilities</b>		<b>1,400,926</b>	<b>1,596,705</b>
<b>Provisions for liabilities</b>	<u>16</u>	<u>(5,569)</u>	<u>(5,569)</u>
<b>Net assets</b>		<u><u>1,395,357</u></u>	<u><u>1,591,136</u></u>
<b>Capital and reserves</b>			
Called up share capital	<u>17</u>	100	100
Profit and loss account		<u>1,395,257</u>	<u>1,591,036</u>
<b>Total equity</b>		<u><u>1,395,357</u></u>	<u><u>1,591,136</u></u>

Approved and authorised by the director on 3 September 2021

.....  
M Voena

Director

Company registration number: 04348253

The notes on pages 15 to 25 form an integral part of these financial statements.

# Old And Modern Masters Limited

## Statement of Changes in Equity for the Period from 1 January 2019 to 30 June 2020

	Share capital £	Profit and loss account £	Total £
At 1 January 2019	100	1,591,036	1,591,136
Loss for the period	-	(195,779)	(195,779)
Total comprehensive income	-	(195,779)	(195,779)
<b>At 30 June 2020</b>	<b>100</b>	<b>1,395,257</b>	<b>1,395,357</b>

	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
<b>At 31 December 2018</b>	<b>100</b>	<b>1,591,036</b>	<b>1,591,136</b>

The notes on pages 15 to 25 form an integral part of these financial statements.

# Old And Modern Masters Limited

## Statement of Cash Flows for the Period from 1 January 2019 to 30 June 2020

	Note	1 January 2019 to 30 June 2020 £	1 February 2018 to 31 December 2018 £
<b>Cash flows from operating activities</b>			
(Loss)/profit for the period		(195,779)	665,774
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	6,377	6,756
Financial instrument net gains (losses) through profit and loss		259,381	617
Finance income	6	(5,114)	(2,861)
Finance costs		880	-
Income tax expense	9	43,410	110,718
Foreign exchange (gains) / losses		(259,381)	(617)
		<b>(150,226)</b>	<b>780,387</b>
Working capital adjustments			
(Increase)/decrease in stocks	13	(4,925,902)	118,640
Decrease in trade and other debtors	14	907,131	2,228,019
Increase/(decrease) in trade and other creditors	15	3,843,316	(2,963,465)
<b>Cash generated from operations</b>		<b>(325,681)</b>	<b>163,581</b>
Income taxes paid	9	(100)	(106,975)
<b>Net cash flow from operating activities</b>		<b>(325,781)</b>	<b>56,606</b>
<b>Cash flows from investing activities</b>			
Interest received	6	5,114	2,861
Acquisition of subsidiaries	11	(10)	-
Acquisitions of tangible assets		(1,816)	-
Net cash flows from investing activities		3,288	2,861
<b>Cash flows from financing activities</b>			
Interest paid		(6)	-
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(322,499)</b>	<b>59,467</b>
Cash and cash equivalents at 1 January 2019		573,617	514,150
<b>Cash and cash equivalents at 30 June 2020</b>		<b>251,118</b>	<b>573,617</b>

The notes on pages 15 to 25 form an integral part of these financial statements.



# Old And Modern Masters Limited

## Notes to the Financial Statements for the Period from 1 January 2019 to 30 June 2020

### 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:

38 Dover Street  
London  
W1S 4NL

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

### 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.

#### Long period of accounts

The financial statements have been prepared for the 18 months from 1 January 2019 to 30 June 2020. The comparatives relate to the 11 months from 1 February 2018 to 31 December 2018.

#### Significant judgements and estimates

The preparation of financial statements 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 January 2019 to 30 June 2020**

### **Group accounts not prepared**

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in paragraph 9.9A of FRS 102, on the basis that the subsidiary can be excluded from consolidation when its inclusion is not material for the purpose of giving a true and fair view.

The financial statements therefore include information about the company as an entity only.

### **Going concern**

Although the company made a loss for the period ended 30 June 2020, it had net assets of £1,395,357 at that date including cash at bank of £251,118.

The company's management accounts show that the company has been profitable for the year ended 30 June 2021, and remains profitable for the two months to August 2021 with sufficient working capital.

The company has had a challenging year due to the COVID-19 pandemic, in line with most businesses. However, the company's long-standing private relationships with a number of highly reputable private collectors has ensured the success of the company. At the date of these financial statements the effects of COVID-19 pandemic on travel and art fairs continue to lessen. The director believes, to the best of his knowledge and belief, that the impact of the virus will not have a material impact upon the ability of the company to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements.

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 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 January 2019 to 30 June 2020

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

### Investments

Investments in equity share which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

### 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 January 2019 to 30 June 2020**

### **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.

# Old And Modern Masters Limited

## Notes to the Financial Statements for the Period from 1 January 2019 to 30 June 2020

### 3 Revenue

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

	1 January 2019 to 30 June 2020 £	1 February 2018 to 31 December 2018 £
Sale of artwork	<u>38,208,075</u>	<u>28,351,731</u>

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

### 4 Exceptional costs

	1 January 2019 to 30 June 2020 £	1 February 2018 to 31 December 2018 £
Exceptional item	<u>(1,302,703)</u>	<u>-</u>

During the period the director carried out a strategic review of the company's stock records and identified a number of items which had been sold in previous years but erroneously remained in the stock records. As it was not always possible to identify in which year the sale took place a prior year adjustment has not been made but these errors have been corrected in the current period and reflected within cost of sales.

### 5 Operating (loss)/profit

Arrived at after charging/(crediting)

	1 January 2019 to 30 June 2020 £	1 February 2018 to 31 December 2018 £
Depreciation expense	6,377	6,756
Foreign exchange gains	<u>(259,381)</u>	<u>(617)</u>

### 6 Other interest receivable and similar income

	1 January 2019 to 30 June 2020 £	1 February 2018 to 31 December 2018 £
Interest income	<u>5,114</u>	<u>2,861</u>

# Old And Modern Masters Limited

## Notes to the Financial Statements for the Period from 1 January 2019 to 30 June 2020

### 7 Staff numbers

The average number of persons employed by the company during the year, was 0 (2018 - 0).

### 8 Auditor's remuneration

	1 January 2019 to 30 June 2020 £	1 February 2018 to 31 December 2018 £
Audit of the financial statements	18,000	18,000
<b>Other fees to auditors</b>		
Taxation compliance services	2,500	-

### 9 Taxation

Tax charged/(credited) in the income statement

	1 January 2019 to 30 June 2020 £	1 February 2018 to 31 December 2018 £
<b>Current taxation</b>		
UK corporation tax	43,410	168,058
Adjustment in respect of prior periods	-	(50,110)
	43,410	117,948
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	-	(7,230)
<b>Tax expense in the income statement</b>	<b>43,410</b>	<b>110,718</b>

# Old And Modern Masters Limited

## Notes to the Financial Statements for the Period from 1 January 2019 to 30 June 2020

The tax on profit before tax for the period is higher 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:

	30 June 2020 £	31 December 2018 £
(Loss)/profit before tax	<u>(152,369)</u>	<u>776,492</u>
Corporation tax at standard rate	(28,950)	147,533
Effect of expense not deductible in determining taxable profit (tax loss)	76,428	19,278
Deferred tax credit from unrecognised temporary difference from a prior period	-	(7,230)
Decrease in UK and foreign current tax from adjustment for prior periods	-	(50,110)
Tax increase from effect of capital allowances and depreciation	682	1,247
Tax decrease from other short-term timing differences	<u>(4,750)</u>	<u>-</u>
<b>Total tax charge</b>	<u><b>43,410</b></u>	<u><b>110,718</b></u>

# Old And Modern Masters Limited

## Notes to the Financial Statements for the Period from 1 January 2019 to 30 June 2020

### 10 Tangible assets

	Furniture, fittings and equipment £	Total £
<b>Cost</b>		
At 1 January 2019	113,634	113,634
Additions	1,816	1,816
At 30 June 2020	115,450	115,450
<b>Depreciation</b>		
At 1 January 2019	79,906	79,906
Charge for the period	6,377	6,377
At 30 June 2020	86,283	86,283
<b>Carrying amount</b>		
<b>At 30 June 2020</b>	<b>29,167</b>	<b>29,167</b>
At 31 December 2018	<b>33,728</b>	<b>33,728</b>

### 11 Investments

	30 June 2020 £	31 December 2018 £
Investments in subsidiaries	10	-
<b>Cost</b>		
At 1 January 2019		-
Additions		10
At 30 June 2020		10
<b>Carrying amount</b>		
<b>At 30 June 2020</b>		<b>10</b>



# Old And Modern Masters Limited

## Notes to the Financial Statements for the Period from 1 January 2019 to 30 June 2020

### Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2020	2018
Subsidiary undertakings				
Old and Modern Masters Asia Limited	20/F, 88 Gloucester Road, Wanchai Hong Kong	Ordinary	100%	0%

### *Old and Modern Masters Asia Limited*

The principal activity of Old and Modern Masters Asia Limited is that of a dealer and agent for the sale of works of art and antiques.

### 12 Fixed asset investments

	Investments other than loans £	Total £
<b>Unlisted investments</b>		
<b>Cost</b>		
At 1 January 2019	874	874
Disposals	(874)	(874)
At 30 June 2020	-	-
<b>Carrying amount</b>		
At 30 June 2020	-	-

### 13 Stocks

	30 June 2020 £	31 December 2018 £
Stock	15,223,978	10,298,076

Stock is stated after a provision for diminution in value has been made of £608,304 (2018: £Nil).

# Old And Modern Masters Limited

## Notes to the Financial Statements for the Period from 1 January 2019 to 30 June 2020

### 14 Debtors

	30 June 2020 £	31 December 2018 £
<b>Due within one year</b>		
Trade debtors	2,772,828	3,600,315
Other debtors	130,001	172,816
Prepayments	-	46,327
Accrued income	9,498	-
<b>Total current trade and other debtors</b>	<b>2,912,327</b>	<b>3,819,458</b>

### 15 Creditors

	30 June 2020 £	31 December 2018 £
<b>Due within one year</b>		
Trade creditors	9,359,344	9,026,303
Amounts due to group undertakings	2,382,628	3,919,321
Social security and other taxes	80,172	-
Other creditors	45,832	420
Accruals	4,987,254	65,870
Corporation tax liability	160,444	117,134
	<b>17,015,674</b>	<b>13,129,048</b>

### 16 Provisions for liabilities

	Deferred tax £	Total £
At 1 January 2019	5,569	5,569
At 30 June 2020	<b>5,569</b>	<b>5,569</b>

### 17 Share capital

#### Allotted, called up and fully paid shares

	30 June 2020		31 December 2018	
	No.	£	No.	£
Ordinary of £1 each	100	100	100	100

There are no restrictions on the repayment of capital or the distribution of dividends.

# Old And Modern Masters Limited

## Notes to the Financial Statements for the Period from 1 January 2019 to 30 June 2020

### 18 Analysis of changes in net debt

	At 1 January 2019 £	Financing cash flows £	Acquisition of subsidiaries £	Other non-cash changes £	At 30 June 2020 £
<b>Cash and cash equivalents</b>					
Cash	573,617	(6)	(10)	(322,483)	251,118
	<u>573,617</u>	<u>(6)</u>	<u>(10)</u>	<u>(322,483)</u>	<u>251,118</u>

### 19 Related party transactions

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

At 30 June 2020 an amount of £46,236 was due from a company (31 Dec 2018: amount due to the company of £389,493) over which the director is able to exert significant influence. During the period, there were was a management recharge of £50,000 (2018: £Nil) from this company.

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

### 20 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, whose registered office is located at 54/58 Athol Street, Douglas, Isle of Man, IM1 1JD.

The ultimate controlling party is M Voena.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.