

**MARTIN SUMMERS FINE ART LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2006**

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**MARTIN SUMMERS FINE ART LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

S.M. Summers  
A.T. Summers

**COMPANY SECRETARY**

R.V. Francis

**COMPANY NUMBER**

4371584

**REGISTERED OFFICE**

Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

**AUDITORS**

haysmacintyre  
Chartered Accountants & Registered Auditors  
Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

**BANKERS**

C. Hoare & Co  
32 Lowndes Street  
London  
SW1X 9HZ

**SOLICITORS**

Hunters  
9 New Square  
Lincolns Inn  
London  
WC2A 3QN

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**MARTIN SUMMERS FINE ART LIMITED**

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## **MARTIN SUMMERS FINE ART LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006**

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The directors present their report and the financial statements for the year ended 31 December 2006.

#### **PRINCIPAL ACTIVITIES**

The company's principal activity is that of a Fine Art Dealer. The company has had an unsatisfactory year of trading and incurred a loss of £285,814. As detailed in note 1.6 the directors have considered the company's ability to continue as a going concern and due to the banks willingness to continue to offer financial support, they have concluded that it is appropriate to prepare the financial statements on the going concern basis.

#### **DIRECTORS**

The directors who served during the year were:

S.M. Summers  
A.T. Summers

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

#### **AUDITORS**

The auditors, haysmacintyre, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

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**MARTIN SUMMERS FINE ART LIMITED**

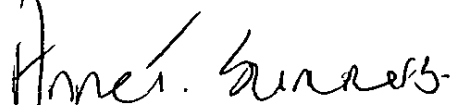
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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2006**

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

This report was approved by the board on 12 January 2009 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'A.T. Summers', is written over a horizontal line.

**A.T. Summers**  
Director

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## **MARTIN SUMMERS FINE ART LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MARTIN SUMMERS FINE ART LIMITED**

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We have audited the financial statements of Martin Summers Fine Art Limited for the year ended 31 December 2006, set out on pages 5 to 10. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **BASIS OF AUDIT OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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**MARTIN SUMMERS FINE ART LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MARTIN SUMMERS FINE ART LIMITED**

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**OPINION**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- have been properly prepared in accordance with the Companies Act 1985.

**EMPHASIS OF MATTER**

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure in note 1.6 of the financial statements concerning the company's ability to continue as a going concern.

The company incurred a net loss of £285,814 during the year ended 31 December 2006 and, at that date, the company's current liabilities exceeded its total assets by £224,075. The company is reliant upon the support of its bankers, with total bank loans and overdrafts at 31 December 2006 being £1,326,783. These conditions, indicate the existence of a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern. The financial statements do not include adjustments that would result if the company was unable to continue as a going concern.

*haysmacintyre.*

**haysmacintyre**  
Chartered Accountants  
Registered Auditors  
Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

12 January 2009

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**MARTIN SUMMERS FINE ART LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2006**

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	Note	2006 £	2005 £
<b>TURNOVER</b>		2,016,349	6,555,740
Cost of sales		(1,271,298)	(4,919,281)
<b>GROSS PROFIT</b>		745,051	1,636,459
Selling and distribution costs		(28,725)	(23,873)
Administrative expenses		(903,727)	(1,389,942)
<b>OPERATING (LOSS)/PROFIT</b>	2	(187,401)	222,644
Interest payable		(116,363)	(141,296)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(303,764)	81,348
Tax on (loss)/profit on ordinary activities	4	17,950	(17,810)
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	9	(285,814)	63,538

The notes on pages 7 to 10 form part of these financial statements.



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**MARTIN SUMMERS FINE ART LIMITED**

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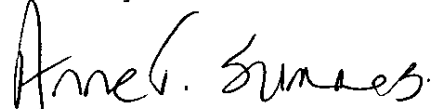
**BALANCE SHEET  
AS AT 31 DECEMBER 2006**

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	Note	2006 £	2005 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	5	139,416	180,027
<b>CURRENT ASSETS</b>			
Stocks		1,066,622	1,428,278
Debtors	6	111,025	202,740
Cash at bank and in hand		5,668	45,592
		<u>1,183,315</u>	<u>1,676,610</u>
<b>CREDITORS: amounts falling due within one year</b>	7	<u>(1,546,806)</u>	<u>(1,794,898)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(363,491)</u>	<u>(118,288)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(224,075)</u>	<u>61,739</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	101	101
Profit and loss account	9	<u>(224,176)</u>	<u>61,638</u>
<b>SHAREHOLDERS' (DEFICIT)/FUNDS</b>		<u>(224,075)</u>	<u>61,739</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 January 2009.



**A.T. Summers**  
Director

The notes on pages 7 to 10 form part of these financial statements.

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## MARTIN SUMMERS FINE ART LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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#### 1. ACCOUNTING POLICIES

##### 1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

##### 1.2 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

##### 1.3 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	25%	straight line
Motor vehicles	-	25%	straight line
Fixtures & fittings	-	25%	straight line

##### 1.4 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

##### 1.5 PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

##### 1.6 GOING CONCERN

The financial statements have been prepared on the going concern basis as the company's bankers have confirmed that they will continue to financially support the company, with such support being under regular review. The company's overdraft is secured on personal assets of the director, S M Summer.

#### 2. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	2006 £	2005 £
Depreciation of tangible fixed assets:		
- owned by the company	43,231	79,605
Auditors' remuneration	6,600	6,300
Pension costs	25,422	291,456
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**MARTIN SUMMERS FINE ART LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

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**3. DIRECTORS' REMUNERATION**

	2006 £	2005 £
Aggregate emoluments	20,000	580,000

During the year retirement benefits were accruing to no directors (2005 - 2) in respect of money purchase pension schemes.

**4. TAXATION**

	2006 £	2005 £
UK corporation tax (credit)/charge on (loss)/profit for the year	(17,950)	17,810

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

Taxable losses made in the year ended 31 December 2006 were carried back and set against last years profit, creating a tax credit shown above.

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges.

**5. TANGIBLE FIXED ASSETS**

	Other fixed assets £
<b>COST</b>	
At 1 January 2006	357,436
Additions	2,620
At 31 December 2006	360,056
<b>DEPRECIATION</b>	
At 1 January 2006	177,409
Charge for the year	43,231
At 31 December 2006	220,640
<b>NET BOOK VALUE</b>	
At 31 December 2006	139,416
At 31 December 2005	180,027

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**MARTIN SUMMERS FINE ART LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

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**6. DEBTORS**

	2006 £	2005 £
Trade debtors	33,685	172,749
Other debtors	58,840	29,991
Tax recoverable	18,500	-
	<u>111,025</u>	<u>202,740</u>

**7. CREDITORS:  
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2006 £	2005 £
Bank loans and overdrafts	1,326,783	1,456,036
Trade creditors	33,768	22,191
Corporation tax	-	17,950
Social security and other taxes	12,876	161,647
Other creditors	173,379	137,074
	<u>1,546,806</u>	<u>1,794,898</u>

**8. SHARE CAPITAL**

	2006 £	2005 £
<b>AUTHORISED</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
101 Ordinary shares of £1 each	<u>101</u>	<u>101</u>

**9. RESERVES**

	Profit and loss account £
At 1 January 2006	61,638
Loss for the year	(285,814)
At 31 December 2006	<u>(224,176)</u>

**10. PENSION COMMITMENTS**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge

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**MARTIN SUMMERS FINE ART LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

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**10. PENSION COMMITMENTS (continued)**

represents contributions payable by the company to the fund and amounted to £25,422 (2005 - £291,456. No contributions (2005 - £Nil) were payable to the fund at the balance sheet date.

**11. TRANSACTIONS WITH DIRECTORS**

During the year the company was charged rent of £140,000 (2005:£143,000) by Mr S.M. Summers, a director of the company. He owns the property out of which the company operates. At the year end , £150,783 was owed to Mr S.M. Summers (2005:£107,091).