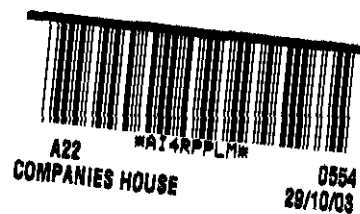


MARTIN SUMMERS FINE ART LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM
INCORPORATION (12TH FEBRUARY 2002) TO 31ST DECEMBER 2002

Registered Number: 4371584



MARTIN SUMMERS FINE ART LIMITED
REPORT AND FINANCIAL STATEMENTS
PERIOD ENDED 31ST DECEMBER 2002

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MARTIN SUMMERS FINE ART LIMITED

COMPANY INFORMATION

DIRECTORS

S M Summers
Mrs A T Summers

SECRETARY

R V Francis

AUDITORS

haysmacintyre
Fairfax House
15 Fulwood Place
London WC1V 6AY

LEGAL ADVISORS

Hunters Solicitors
9 New Square
Lincoln's Inn
London WC2A 3QN

BANKERS

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

REGISTERED OFFICE

Fairfax House
15 Fulwood Place
London
WC1V 6AY

MARTIN SUMMERS FINE ART LIMITED

DIRECTORS' REPORT

PERIOD ENDED 31ST DECEMBER 2002

The directors have pleasure in submitting their report and the audited financial statements for the period ended 31st December 2002.

INCORPORATION

The company was incorporated on 12th February 2002 and commenced trading on 25th June 2002.

PRINCIPAL ACTIVITY

The principal activity of the company during the period was that of Fine Art Dealer.

DIRECTORS

Directors who served during the period and their interests in the company's shares at 31st December 2002 were as follows:

	Ordinary
S M Summers (appointed 28th February 2002)	101
Mrs A T Summers (appointed 3rd April 2002)	-
CDF Formations Limited (appointed 12th February 2002, resigned 28th February 2002)	-

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to;

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

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

MARTIN SUMMERS FINE ART LIMITED

DIRECTORS' REPORT (continued)

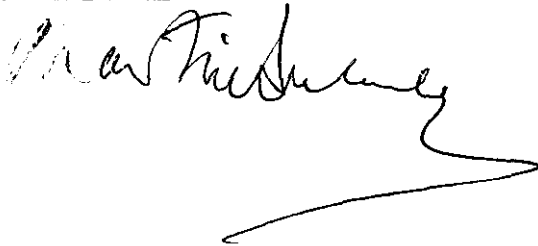
PERIOD ENDED 31ST DECEMBER 2002

AUDITORS

A resolution to reappoint haysmacintyre as auditors will be represented to the members at the A.G.M.

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.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'S M Summers', with a long, sweeping horizontal line extending to the right.

S M Summers
Director

24th October 2003

Registered Office:

Fairfax House
15 Fulwood Place
London WC1V 6AY

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

MARTIN SUMMERS FINE ART LIMITED

We have audited the financial statements of Martin Summers Fine Art Limited for the period ended 31st December 2002 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 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.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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


Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


haysmacintyre
Chartered Accountants
Registered Auditors

Fairfax House
15 Fulwood Place
London
WC1V 6AY

24th October 2003

MARTIN SUMMERS FINE ART LIMITED**PROFIT AND LOSS ACCOUNT****PERIOD ENDED 31ST DECEMBER 2002**

		Period ended 31st December 2002	
	Note	£	£
TURNOVER	2	1,135,467	
Cost of sales		(786,093)	
GROSS PROFIT			349,374
Distribution costs		7,526	
Administrative expenses		125,836	
Other operating expenses		165,348	
			(298,710)
OPERATING PROFIT			50,664
Interest receivable			574
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			51,238
Taxation charge on profit on ordinary activities	5		(16,000)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			35,238
PROFIT FOR THE YEAR			35,238
RETAINED PROFIT carried forward			£35,238

All turnover and operating profit is derived from continuing operations.

All recognised gains and losses are included in the profit and loss account.

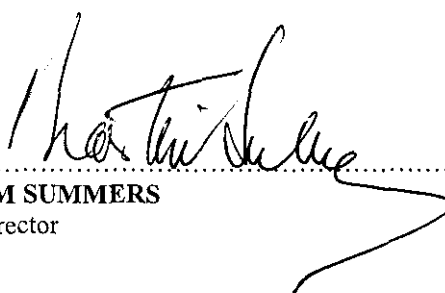
A separate movement of shareholders' funds statement is not provided as there are no changes for the current or previous periods other than the retained profit in the profit and loss account.

MARTIN SUMMERS FINE ART LIMITED**BALANCE SHEET****AT 31ST DECEMBER 2002**

	Note	2002 £	£
FIXED ASSETS			
Tangible assets	6		94,434
CURRENT ASSETS			
Stock	7	695,660	
Debtors	8	27,835	
Cash at bank and in hand		298,500	
		<u>1,021,995</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(1,081,090)</u>	
NET CURRENT LIABILITIES			<u>(59,095)</u>
NET ASSETS			<u>£35,339</u>
CAPITAL AND RESERVES			
Called up share capital	10		101
Profit and loss account			<u>35,238</u>
EQUITY SHAREHOLDERS' FUNDS			<u>£35,339</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 June 2002).

Approved by the Board of Directors on 24th October 2003 and signed on its behalf by:



.....
S M SUMMERS
Director

MARTIN SUMMERS FINE ART LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 31ST DECEMBER 2002

1. ACCOUNTING POLICIES

(i) Basis of preparation

The financial statements have been prepared on the historical cost basis and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

(ii) Cashflow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1.

(iii) Depreciation

Depreciation is provided at the following annual rates:

Computer equipment	25% straight line
Furniture and fittings	25% straight line
Motor vehicles	25% straight line

(iv) Foreign currency

Transactions denominated in foreign currencies are recorded at the rate ruling on the day on which the transaction took place. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

(v) Deferred taxation

Full provision is made for deferred tax in respect of all material non-permanent timing differences that have originated but not reversed at the balance sheet date.

(vi) Stocks

Stocks are stated at the lower of cost and net realisable value.

(vii) Pensions

The expected cost of providing pension benefits is charged in the profit and loss account.

2. TURNOVER

Turnover is derived from direct sales and commission receivable thereon, which are earned for acting as a fine art dealer.

MARTIN SUMMERS FINE ART LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

PERIOD ENDED 31ST DECEMBER 2002

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	Period ended 31st December 2002 £
Profit on ordinary activities before taxation is stated after charging:	
Auditors' remuneration – audit	5,000
- non-audit services	3,350
Depreciation	<u>31,478</u>

4. DIRECTORS' EMOLUMENTS	£
Emoluments	<u>£10,000</u>

5. TAXATION	
UK corporation tax at 30%	<u>£16,000</u>

There were no significant timing differences at 31st December 2002 and therefore no deferred taxation provision is required.

6. FIXED ASSETS				
	Computers	Furniture and	Motor	
	£	Fittings	Vehicles	Total
COST		£	£	£
Additions	32,624	84,433	8,855	125,912
At 31st December 2002	<u>32,624</u>	<u>84,433</u>	<u>8,855</u>	<u>125,912</u>
DEPRECIATION				
Charge for year	8,156	21,108	2,214	31,478
At 31st December 2002	<u>8,156</u>	<u>21,108</u>	<u>2,214</u>	<u>31,478</u>
NET BOOK VALUE				
At 31st December 2002	<u>£24,468</u>	<u>£63,325</u>	<u>£6,641</u>	<u>£94,434</u>

7. STOCKS	2002 £
Goods for re-sale	<u>£695,660</u>

MARTIN SUMMERS FINE ART LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****PERIOD ENDED 31ST DECEMBER 2002**

8. DEBTORS	2002
	£
Trade debtors	3,579
Other debtors	14,521
Prepayments and accrued income	9,735
	<u>£27,835</u>

Included within other debtors is a director's loan of £11,776. This was repaid in full subsequent to the year end.

9. CREDITORS: Amounts falling due within one year

Bank overdraft	1,017,678
Trade creditors	18,204
Corporation tax	16,000
Other taxes and social security	6,439
Accruals and deferred income	22,769
	<u>£1,081,090</u>

10. CALLED UP SHARE CAPITAL**Authorised:**

1,000 ordinary shares of £1 each	<u>£1,000</u>
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Allotted, issued and fully paid:

101 ordinary shares at £1 each	<u>£101</u>
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On 12th February 2002, 1 ordinary share of £1 was issued at par to the subscriber. On 14th March 2002, a further 100 shares of £1 each were issued at par.

11. RELATED PARTY TRANSACTIONS

The company purchased stock and sundry fixed assets on 24 June 2002 for £1,033,100 and £15,000 respectively (exclusive of VAT) from Alex Reid & Lefevre Limited. Mr S M Summers owned 35% of the issued ordinary shares of that company which was placed in members' voluntary liquidation on 10th July 2002, its name subsequently being changed to AR&L Limited.