

**KALLOS GALLERY LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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## KALLOS GALLERY LIMITED

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### Company Information

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|----------------------------|---|
| <b>Directors</b>           | Mr M E Solomon<br>Mrs I A Harvey<br>Mr L J Thyssen-Bornemisza de Kaszon                           |
| <b>Company secretary</b>   | Ms B A Morrow   |
| <b>Registered number</b>   | 08633299  |
| <b>Registered office</b>   | 14-16 Davies Street<br>London<br>W1K 3DR  |
| <b>Independent auditor</b> | Sayers Butterworth LLP<br>Statutory Auditor<br>3rd Floor<br>12 Gough Square<br>London<br>EC4A 3DW |

**KALLOS GALLERY LIMITED**  
Registered number: 08633299

**Balance sheet**  
**As at 31 December 2019**

|  | Note | 2019<br>£          | 2018<br>£          |
|--|------|--------------------|--------------------|
| <b>Fixed assets</b>                            |      |                    |                    |
| Tangible assets                                | 4    | 907,771            | 1,133,681          |
|  |      | <u>907,771</u>     | <u>1,133,681</u>   |
| <b>Current assets</b>                          |      |                    |                    |
| Stocks   | 5    | 777,659            | 182,074            |
| Debtors  | 6    | 1,158,958          | 702,804            |
| Cash at bank and in hand                       |      | 118,905            | 28,920             |
|  |      | <u>2,055,522</u>   | <u>913,798</u>     |
| Creditors: amounts falling due within one year | 7    | (11,973,505)       | (10,489,632)       |
| <b>Net current liabilities</b>                 |      | <u>(9,917,983)</u> | <u>(9,575,834)</u> |
| <b>Total assets less current liabilities</b>   |      | <u>(9,010,212)</u> | <u>(8,442,153)</u> |
| <b>Net liabilities</b>                         |      | <u>(9,010,212)</u> | <u>(8,442,153)</u> |
| <b>Capital and reserves</b>                    |      |                    |                    |
| Called up share capital                        |      | 1                  | 1                  |
| Profit and loss account                        |      | (9,010,213)        | (8,442,154)        |
|  |      | <u>(9,010,212)</u> | <u>(8,442,153)</u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4 November 2020.

**Mrs I A Harvey**  
Director

The notes on pages 2 to 7 form part of these financial statements.

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## KALLOS GALLERY LIMITED

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### Notes to the financial statements For the Year Ended 31 December 2019

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#### 1. General information

Kallos Gallery Limited is a private limited company incorporated in the United Kingdom and registered in England and Wales. The company's registered office and principal place of business is 14-16 Davies Street, London, W1K 3DR.

The company's principal activity is the display and sale of ancient antiquities.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

##### 2.2 Going concern

The financial statements have been prepared on a going concern basis despite an excess of liabilities over total assets of £9,010,212 and the company is reliant upon continued funding from its parent company. The directors consider the going concern basis to be appropriate as the immediate parent undertaking, Augustus Limited, has confirmed in writing that it will provide any necessary financial support and funding required in order to enable the company to meet its liabilities and commitments as they fall due, and will not seek repayment of any amounts owed to it by the company, for at least the next twelve months from the date of approval of these financial statements. These financial statements do not include any adjustments that would be necessary should the financial support required from the parent company be withdrawn.

##### 2.3 Turnover

Turnover comprises commission receivable by the company in respect of artwork sold under consignment during the year, and the sale of artwork held as stock, exclusive of value added tax. Turnover is recognised as soon as the artwork held under consignment or as stock is sold and full payment is received.

##### 2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**Notes to the financial statements**  
**For the Year Ended 31 December 2019**

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**2. Accounting policies (continued)**

**2.4 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

|                                 |                          |
|---------------------------------|--------------------------|
| Leasehold Property improvements | - 10 years straight line |
| Fixtures & fittings             | - 5 years straight line  |
| Office equipment                | - 3 years straight line  |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Other fixed assets comprise of library books which have not been depreciated, on the basis that the depreciation is considered by the directors to be immaterial.

**2.5 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to sell. Cost is based on the cost of purchase on an individual basis given the nature of the stock held.

Artwork being sold under consignment is not an asset of the Company and is therefore not included as stock on the balance sheet.

**2.6 Debtors**

Short term debtors are measured at transaction price, less any impairment.

**2.7 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**2.8 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

**Notes to the financial statements**  
**For the Year Ended 31 December 2019**

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**2. Accounting policies (continued)**

**2.9 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.10 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss

**2.11 Operating leases**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.12 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.13 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

# KALLOS GALLERY LIMITED

## Notes to the financial statements For the Year Ended 31 December 2019

### 2. Accounting policies (continued)

#### 2.14 Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date

### 3. Employees

The average monthly number of employees, including directors, during the year was 6 (2018 - 6).

### 4. Tangible fixed assets

|                            | Leasehold<br>Property<br>improve-ments<br>£ | Fixtures &<br>fittings<br>£ | Office<br>equipment<br>£ | Other fixed<br>assets<br>£ | Total<br>£ |
|----------------------------|---|-----------------------------|--------------------------|----------------------------|------------|
| <b>Cost or valuation</b>   |   |                             |                          |                            |            |
| At 1 January 2019          | 2,057,500                                   | 348,765                     | 21,026                   | 40,884                     | 2,468,175  |
| Additions                  | -   | -                           | 418                      | -                          | 418        |
| At 31 December 2019        | 2,057,500                                   | 348,765                     | 21,444                   | 40,884                     | 2,468,593  |
| <b>Depreciation</b>        |   |                             |                          |                            |            |
| At 1 January 2019          | 991,345                                     | 322,123                     | 21,026                   | -                          | 1,334,494  |
| Charge for the year        | 205,750                                     | 20,522                      | 56                       | -                          | 226,328    |
| At 31 December 2019        | 1,197,095                                   | 342,645                     | 21,082                   | -                          | 1,560,822  |
| <b>Net book value</b>      |   |                             |                          |                            |            |
| At 31 December 2019        | 860,405                                     | 6,120                       | 362                      | 40,884                     | 907,771    |
| <b>At 31 December 2018</b> | 1,066,155                                   | 26,642                      | -                        | 40,884                     | 1,133,681  |

# KALLOS GALLERY LIMITED

## Notes to the financial statements For the Year Ended 31 December 2019

### 5. Stocks

|                          | 2019<br>£      | 2018<br>£      |
|--------------------------|----------------|----------------|
| Artworks held for resale | 777,659        | 182,074        |
|                          | <u>777,659</u> | <u>182,074</u> |

### 6. Debtors

|                                     | 2019<br>£        | 2018<br>£      |
|-------------------------------------|------------------|----------------|
| <b>Due after more than one year</b> |                  |                |
| Other debtors                       | 270,000          | 270,000        |
|                                     | <u>270,000</u>   | <u>270,000</u> |
| <b>Due within one year</b>          |                  |                |
| Trade debtors                       | 247,462          | 35,400         |
| Other debtors                       | 244,882          | 269,791        |
| Called up share capital not paid    | 1                | 1              |
| Prepayments and accrued income      | 396,613          | 127,612        |
|                                     | <u>1,158,958</u> | <u>702,804</u> |

### 7. Creditors: Amounts falling due within one year

|                                    | 2019<br>£         | 2018<br>£         |
|------------------------------------|-------------------|-------------------|
| Bank overdrafts                    | -                 | 5                 |
| Trade creditors                    | 623,861           | 46,618            |
| Amounts owed to group undertakings | 10,984,617        | 10,415,127        |
| Other taxation and social security | 4,522             | 5,159             |
| Other creditors                    | 5,717             | 4,715             |
| Accruals and deferred income       | 354,788           | 18,008            |
|                                    | <u>11,973,505</u> | <u>10,489,632</u> |



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## KALLOS GALLERY LIMITED

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### Notes to the financial statements For the Year Ended 31 December 2019

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#### 8. Significant post balance sheet events

After the year end the UK economy has been significantly impacted by the COVID-19 virus. This resulted in the gallery being shut for a period of time due to a nationwide lockdown. However, government support has been utilised and the Company has worked to expand it's online presence and ability to process distance sales in order to mitigate the loss of income.

#### 9. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2019 was unqualified.

However, without qualifying the opinion, attention was drawn to the preparation of the accounts on a going concern basis, as the company had an excess of liabilities over assets at the year end. The immediate parent undertaking has stated that it will provide any necessary financial support and funding required in order to enable the company to meet its' liabilities and commitments as they fall due for at least the next twelve months. Without this support the ability of the company to continue as a going concern is not certain. Please refer to note 2.2.

The audit report was signed on 5 November 2020 by Martin Dunne (Senior statutory auditor) on behalf of Sayers Butterworth LLP.

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.