

**REGISTRAR
OF COMPANIES**

**WILLIAM WALTER ANTIQUES LTD
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1998**



WILLIAM WALTER ANTIQUES LTD

COMPANY INFORMATION

Directors

Mr R. W. Walter
Mr J.W. Walter
Mrs M.C. Walter

Secretary

Miss E.A. Simpson

Company Number

841011

Registered Office

The London Silver Vaults
Chancery House
Chancery lane
London
WC2A 1QS

Auditors

MacIntyre Hudson
Greenwood House
4/7 Salisbury Court
London
EC4Y 8BT

Bankers

Midland Bank
High Holborn
210 High Holborn
London
WC1V 7BZ

WILLIAM WALTER ANTIQUES LTD

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WILLIAM WALTER ANTIQUES LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1998

The directors present their report together with the audited accounts for the year ended 31st December 1998.

Principal Activities

The company's principal activity continued to be that of dealing in antique and modern silverware.

Year 2000 Disclosure

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own year 2000 issues.

The company is well advanced in the phase of assessing the risks to our business resulting from the date change to the Year 2000. Once this phase is completed we can assess the likely impact on our activities and develop prioritised action plans to deal with the key risks.

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary Shares	
	31st December 1998	1st January 1998
Mr R. W. Walter	10,000	10,000
Mr J.W. Walter	3,750	3,750
Mrs M.C. Walter	7,500	7,500

Auditors

Following the merger on 1 April 1999 of the company's auditors, Hughes Allen, with MacIntyre Hudson, it is proposed that the merged firm MacIntyre Hudson be re-appointed in accordance with section 384 of the Companies Act 1985.

Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of the company's affairs and of the profit or loss for that year. In preparing these accounts the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

Prepare the accounts 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 enable them to ensure that the accounts 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.

WILLIAM WALTER ANTIQUES LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1998

Small company exemptions

The report of the Directors' has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 and was approved by the board on 7th July 1999, and signed on its behalf.



Miss E.A. Simpson, Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS OF WILLIAM WALTER ANTIQUES LTD

We have audited the accounts on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described on page 1 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 the information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

MacIntyre Hudson

MacIntyre Hudson
Chartered Accountants and Registered Auditors
Greenwood House
4/7 Salisbury Court
London
EC4Y 8BT
Date: 7th July 1999

WILLIAM WALTER ANTIQUES LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1998

	Notes	1998 £	1997 £
Turnover	2	1,005,329	1,118,532
Cost of Sales		(440,467)	(526,250)
Gross Profit		564,862	592,282
Distribution Costs		(4,874)	(5,751)
Administrative Expenses		(322,474)	(395,782)
		237,514	190,749
Interest receivable and similar income		36,980	25,736
Profit on Ordinary Activities before Taxation	3	274,494	216,485
Tax on profit on ordinary activities	5	(57,026)	(48,637)
Profit for the Financial Year		217,468	167,848
Dividends	6	70,000	70,000
Retained Profit for the Year	14	147,468	97,848
Retained Profit Brought Forward		1,654,752	1,556,904
Retained Profit Carried Forward		1,802,220	1,654,752

There were no recognised gains or losses for 1998 or 1997 other than those included in the profit and loss account.

WILLIAM WALTER ANTIQUES LTD

BALANCE SHEET

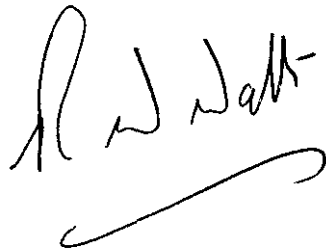
AS AT 31ST DECEMBER 1998

	Notes	£	1998 £	£	1997 £
Fixed Assets					
Tangible assets	7		98,786		45,308
Current Assets					
Stocks	8	852,084		601,086	
Debtors	9	30,598		41,952	
Current asset investments	10	815,042		556,602	
Cash at bank and in hand		247,532		689,820	
		<u>1,945,256</u>		<u>1,889,460</u>	
Creditors: Amounts Falling Due Within One Year	11	<u>(216,822)</u>		<u>(255,016)</u>	
Net Current Assets			<u>1,728,434</u>		<u>1,634,444</u>
Total Assets Less Current Liabilities			<u>1,827,220</u>		<u>1,679,752</u>
Capital and Reserves					
Share capital	12	25,000		25,000	
Profit and loss account	14	1,802,220		1,654,752	
Shareholders' Funds	15		<u>1,827,220</u>		<u>1,679,752</u>

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

These accounts were approved by the board on 7th July 1999 and signed on its behalf.

Mr R. W. Walter
Director



WILLIAM WALTER ANTIQUES LTD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

1 Accounting Policies

Basis of Accounting

The Accounts have been prepared under the historical cost convention.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is provided using the following rates and bases to write off of all tangible fixed assets over their expected useful lives. The rates and periods generally applicable are:

Leasehold properties	Straight line over life of the lease
Motor vehicles	25% Written down value
Fixtures and fittings	15% Written down value

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of current asset investments are treated as part of the result from ordinary activities.

Stocks

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

Deferred Taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advanced corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

Contribution to Pension Funds

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

WILLIAM WALTER ANTIQUES LTD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Profit and Loss Account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Profit and Loss Account on a straight line basis over the lease term.

2 Turnover

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

3 Operating Profit

The operating profit is arrived at after charging or crediting:

	1998	1997
	£	£
Depreciation of owned assets	31,662	16,769
Operating leases - land and buildings	51,467	51,793
Auditors' remuneration	7,550	7,130

4 Directors and Employees

Staff costs, including directors' remuneration, were as follows:

	1998	1997
	£	£
Wages and salaries	231,142	227,684
Social security costs	26,018	25,979
Other pension costs	25,500	25,000
Other costs	3,092	4,313
	285,752	282,976

The average monthly number of employees, including directors, during the year was as follows:

	1998	1997
	Number	Number
Sale and Purchase	3	3
Administration	2	2
	5	5

WILLIAM WALTER ANTIQUES LTD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

Directors' emoluments

	1998	1997
	£	£
Emoluments	160,629	159,565
Directors' pension contributions under defined contribution schemes	21,000	21,000
	<u>181,629</u>	<u>180,565</u>

Retirement benefits were accruing to directors under schemes as follows:-

	1998	1997
	Number	Number
Money purchase schemes	2	2

5 Taxation

	1998	1997
	£	£
Based on the profit for the year		
UK corporation tax at 21% (1997: 21%)	52,710	48,635
Tax attributable to franked investment income	4,314	-
	<u>57,024</u>	<u>48,635</u>
Prior periods		
UK corporation tax	2	2
	<u>57,026</u>	<u>48,637</u>

6 Dividends

	1998	1997
	£	£
Ordinary dividends - proposed	70,000	70,000

WILLIAM WALTER ANTIQUES LTD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

7 Tangible Fixed Assets

	Short Leasehold Property	Motor Vehicles	Fixtures and Fittings	Total
Cost	£	£	£	£
At 1st January 1998	7,500	66,067	44,076	117,643
Additions	-	85,324	16,902	102,226
Disposals	-	(40,500)	-	(40,500)
At 31st December 1998	7,500	110,891	60,978	179,369
Depreciation				
At 1st January 1998	5,000	34,600	32,735	72,335
Charge for the year	2,500	24,926	4,236	31,662
Disposals	-	(23,414)	-	(23,414)
At 31st December 1998	7,500	36,112	36,971	80,583
Net Book Value				
At 31st December 1998	-	74,779	24,007	98,786
<i>At 31st December 1997</i>	<i>2,500</i>	<i>31,467</i>	<i>11,341</i>	<i>45,308</i>

8 Stocks	1998	1997
	£	£
Finished goods	852,084	601,086

9 Debtors	1998	1997
	£	£
Trade debtors	11,615	6,781
Other debtors	-	17,827
Prepayments and accrued income	18,983	17,344
	30,598	41,952

10 Current Asset Investments	1998	1997
	£	£
Short term investments - other investments	815,042	556,602

Included in the above are listed investments valued at a cost of £258,440 (1997:£Nil). The aggregate market value of these investment at the year end was £276,726. (1997: £Nil).

WILLIAM WALTER ANTIQUES LTD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

11	Creditors: Amounts Falling Due Within One Year	1998	1997
		£	£
	Bank loans and overdrafts	-	36,932
	Trade creditors	23,251	7,711
	Corporation tax	35,210	57,385
	Other taxes and social security	24,361	22,122
	Proposed dividends	70,000	70,000
	Accruals and deferred income	64,000	60,866
		216,822	255,016

The bank overdrafts are secured by a fixed and floating charge over all of the company's assets.

12	Share Capital	1998	1997
		£	£
	Authorised		
	50,000 Ordinary shares of £1.00 each	50,000	50,000
	Allotted		
	25,000 Allotted, called up and fully paid ordinary shares of £1.00 each	25,000	25,000

13 Pension Scheme

The company operates a defined contribution pension scheme for the benefit of its employees and directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £25,500 (1997 £25,000).

14 Reserves

	Profit and Loss Account
	£
At 1st January 1998	1,654,752
Profit for the year	147,468
At 31st December 1998	1,802,220

WILLIAM WALTER ANTIQUES LTD

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

15 Reconciliation of Shareholders' Funds

	1998 £	1997 £
Profit for the financial year	217,468	167,848
Dividends	(70,000)	(70,000)
Increase in the shareholders' funds	147,468	97,848
Opening shareholders' funds	1,679,752	1,581,904
Closing shareholders' funds	1,827,220	1,679,752

16 Operating Lease Commitments

At 31 December 1998 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	1998 £	1997 £
Operating leases which expire:		
Within one year	32,957	32,957
Between two and five years	838	33,795
	33,795	66,752

17 Related Parties

The company is controlled by Mr R. W. Walter the director, by virtue of being the largest individual shareholder.