Registered number: 00872520

WADDINGTON CUSTOT GALLERIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

COMPANY INFORMATION

Directors	Jacob Twyford Nizar Kanji Roxana Afshar (resigned 1 September 2022)
Company secretary	Nizar Kanji
Registered number	00872520
Registered office	11 Cork Street London W1S 3LT
Independent auditors	Greenback Alan LLP Chartered Accountants 89 Spa Road London SE16 3SG

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Fair review of the business

Waddington Custot Galleries Limited ('the company') continues its activities as art dealers.
The company continued to perform well with turnover in 2021 of £18.5m (2020: £14.4m) and profit before tax of £1.2m (2020: £1.7m).

Key performance indicators

The company's directors believe that analysis using key performance indicators, whilst useful for the company, is not the primary source of information leading to an understanding of the development, performance or position of the business. The board continues to monitor the financial performance closely.

Principal risks and uncertainties

2022 proved to be a more chaotic year than expected; the knock-on effects of the Russian invasion of Ukraine have impacted on economies around the world and the reverberations of Brexit and the pandemic have both caused changes in trading patterns and opportunities in Britain and abroad. Globally, however, the art market remains strong at the moment and the Gallery has traded well throughout 2022, despite two very disruptive events; a planned project in Belgium, with an expectation of high sales was brought to a halt by a political fight between the organisers and the local authorities and the re-branding of the October art fair in Paris brought a suspension to our participation in what has always been one of our most reliable trading venues. After 3 or 4 years of concentrated effort to improve the schedule of exhibitions at the gallery, we are now experiencing higher levels of trading at our London Gallery. In general, the environment for art dealing in London seems very healthy, despite some commentators predicting a fall-off post Brexit. The young team at the gallery have weathered the last three turbulent years with aplomb and are really shaping into a potent force. We have managed to keep all the key staff in post throughout.
The gallery is on the point of signing a new 10 year lease on the current premises, on much improved terms and a lower rent. Cork Street is returning to its former position as a key street for art dealing in London and the long tenure in the current premises is a great asset to the business. We have also negotiated a rent free period, to cover the cost of significant external and internal improvements, which will help to keep the galleries looking sharp and up to date.
The rises in inflation, fuel prices and corporation tax are all of concern, and the knock-on effect on wages and running costs are of course of consequence, but we continue to keep a very tight control of costs and cashflow and do not feel that these issues will cause us significant problems. There is some anxiety around the medium term strength of the art market in general, due to weakness and volatility in stock markets and economies globally, but our portfolio of artworks and our strong direct lines of supply are very diverse at all levels of the market, so we are confident that we can be flexible and that we have the ability to find business, even in difficult times. Trading through the pandemic has done much to strengthen our faith, ability and confidence.

This report was approved by the board on 10 November 2022 and signed on its behalf.

Jacob Twyford
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are 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 directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Results and dividends

The profit for the year, after taxation, amounted to £948,000 *(2020 - £1,363,000)*.

There was a tax charge of £280,000 (2020: charge of £325,000). The directors do not recommend a final dividend (2020: £nil).

Directors

The directors who served during the year were:

Jacob Twyford
Nizar Kanji
Roxana Afshar (resigned 1 September 2022)

Future developments

The future developments have been discussed in the Strategic Report on Page 1.

Post balance sheet events

The directors have declared that there have been no material post balance sheet events that would require disclosure or adjustment to these financial statements.

Cash flow risk

The Company's activities expose it to financial risks of changes in foreign currency exchange rates, but by holding accounts in all the currencies dealt in, the exposure is hedged to a large extent. There is also sufficient cash at bank to manage any short term debts.

Credit risk

The credit risk is low with no bad debts, due to the majority of clients not receiving their art until full settlement has been received.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

Disclosure 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 the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Greenback Alan LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 10 November 2022 and signed on its behalf.

Jacob Twyford
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WADDINGTON CUSTOT GALLERIES LIMITED

Opinion

We have audited the financial statements of Waddington Custot Galleries Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WADDINGTON CUSTOT GALLERIES LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are 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 directors determine 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 directors are 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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.

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:

We obtained a general understanding of the company's legal and regulatory framework through enquiry of management concerning: their understanding of relevant laws and regulations; the entity's policies and procedures regarding compliance; and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the company's industry and regulation.
We understand that the company complies with the framework through having in place robust procedures and policies and by outsourcing and taking external professional legal, tax and accounting advice on relevant specialist functions and areas including the preparation of financial statements and corporate tax compliance.
In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements; those which are central to the company's ability to conduct its business; and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the company:
The Companies Act 2006, FRS 102, UK corporate tax laws
The senior statutory auditor led a discussion with all members of the engagement team regarding the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:
- Manipulation or error of stock existence arising from the omission or inappropriate inclusion of significant individual artworks in stock leading to over or understatement of profits and assets;
- Manipulation or error in stock valuation arising from obsolescence or market trends leading to overstatement of profits and assets;
- Manipulation or error in ensuring that the corresponding artwork purchase is recognised in the same year as the artwork sale, leading to overstated profits.
- Manipulation or error in raising accruals in respect of artwork and other costs incurred but not invoiced before the balance sheet date that include a significant element of judgement, leading to overstated profits.

The procedures we carried out to gain sufficient appropriate audit evidence in the above areas included:
- Identifying and assessing the design effectiveness of controls which management has in place to prevent and detect fraud and error;
- Understanding the potential for override of these controls on the financial reporting process, and how those charged with governance address these override potentials;
- Performing tests of controls and substantive testing on appropriate samples, attending the stock count and investigating any discrepancies identified;
- The verification of a sample of sales made in the year, ensuring that recognition was in line with the company's accounting policy and the corresponding artwork purchase was recognised in the same year.
- Documenting the assumptions and judgements made by management in their significant accounting estimates and challenging these with management;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WADDINGTON CUSTOT GALLERIES LIMITED (CONTINUED)

- Identifying and testing journal entries, in particular those around the year-end, and those involving unusual postings, account combinations or amounts.

Overall, the senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities. In particular, the senior statutory auditor has a number of years' experience in dealing with similar Art Dealer businesses and preparing accounts under FRS 102.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

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 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.

Ian Rowe (Senior Statutory Auditor)

for and on behalf of
Greenback Alan LLP

Chartered Accountants

89 Spa Road
London
SE16 3SG

10 November 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	*2020 £000*
Turnover		**18,469**	*14,413*
Cost of sales		**(13,458)**	*(9,451)*
Gross profit		**5,011**	*4,962*
Distribution costs		**(3,312)**	*(2,851)*
Administrative expenses		**(458)**	*(420)*
Other operating income		**44**	*-*
Operating profit	6	**1,285**	*1,691*
Amounts written off investments		**(30)**	*-*
Interest receivable and similar income	10	**1**	*3*
Interest payable and similar expenses	11	**(28)**	*(6)*
Profit before tax		**1,228**	*1,688*
Tax on profit	12	**(280)**	*(325)*
Profit for the financial year		**948**	*1,363*
Other comprehensive income for the year			
Total comprehensive income for the year		**948**	*1,363*

The notes on pages 13 to 29 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note		2021 £000		2020 £000
Fixed assets					
Tangible fixed assets			**42**		*82*
			42		*82*
Current assets					
Stocks	15	**23,018**		*20,582*	
Debtors: amounts falling due after more than one year	16	**-**		*183*	
Debtors: amounts falling due within one year	16	**1,477**		*1,600*	
Cash at bank and in hand	17	**3,208**		*3,296*	
		27,703		*25,661*	
Creditors: amounts falling due within one year	18	**(5,476)**		*(3,417)*	
Net current assets			**22,227**		*22,244*
Total assets less current liabilities			**22,269**		*22,326*
Creditors: amounts falling due after more than one year	19		**(500)**		*(1,500)*
Provisions for liabilities					
Deferred tax	21	**-**		*(5)*	
			-		*(5)*
Net assets			**21,769**		*20,821*
Capital and reserves					
Called up share capital			**252**		*252*
Capital redemption reserve			**257**		*257*
Profit and loss account			**21,260**		*20,312*
			21,769		*20,821*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 November 2022.

Jacob Twyford
Director

The notes on pages 13 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2020	252	257	18,949	19,458
Comprehensive income for the year				
Profit for the year	-	-	1,363	1,363
At 1 January 2021	252	257	20,312	20,821
Comprehensive income for the year				
Profit for the year	-	-	948	948
At 31 December 2021	252	257	21,260	21,769

The notes on pages 13 to 29 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	£000	£000
Cash flows from operating activities		
Profit for the financial year	948	1,363
Adjustments for:		
Depreciation of tangible assets	40	69
Interest paid	28	6
Interest received	(1)	(3)
Taxation charge	280	325
(Increase) in stocks	(2,069)	(300)
(Increase)/decrease in debtors	(61)	1,395
Increase/(decrease) in creditors	1,662	(3,038)
Increase in provisions	30	-
Corporation tax (paid)	(388)	(285)
Net cash generated from operating activities	469	(468)
Cash flows from investing activities		
Purchase of tangible fixed assets	-	(31)
Purchase of share in associates	(30)	-
Interest received	1	3
Net cash from investing activities	(29)	(28)
Cash flows from financing activities		
New secured loans	-	2,000
Repayment of loans	(500)	(344)
Interest paid	(28)	(6)
Net cash used in financing activities	(528)	1,650
Net (decrease)/increase in cash and cash equivalents	(88)	1,154
Cash and cash equivalents at beginning of year	3,296	2,142
Cash and cash equivalents at the end of year	3,208	3,296
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,208	3,296
	3,208	3,296

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021

	At 1 January 2021 £000	Cash flows £000	At 31 December 2021 £000
Cash at bank and in hand	3,296	(88)	3,208
Debt due after 1 year	(1,500)	500	(1,000)
Debt due within 1 year	(500)	-	(500)
	1,296	412	1,708

The notes on pages 13 to 29 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Waddington Custot Galleries Limited is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales under the Companies Act. The registered office is 11 Cork Street, London, W1S 3LT.

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 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 (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adquate resources to continue in operational existence for the forseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 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 except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2. Accounting policies (continued)

2.4 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Interest income

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

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.8 Employee benefits

The costs of short-term employee benefits are recognised as a liablity and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Termination benefits are recognised immediately as an expense when the company is demonstrably commited to terminate the employment of an employee or to provide termination benefits.

2.9 Retirement benefits

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.

2. Accounting policies (continued)

2.10 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to the profit and loss account on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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 balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Accounting policies (continued)

2.12 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:

Land and building Leasehold	-		Over the term of the leases
Motor vehicles	-	20%	per annum
Computer equipment & furniture	-	20%	per annum

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.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.14 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 cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment, by a director of the company. 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.

2.15 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2. Accounting policies (continued)

2.16 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.17 Creditors

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

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.19 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.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each

2. Accounting policies (continued)

2.19 Financial instruments (continued)

reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

2.20 Equity instruments

Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liablities once they are no longer at the discretion of the company.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

In the course of preparing the financial statements, no judgements have been made in the process of applying the company's accounting policies, other than those as discussed below that have had a significant effect on the amounts recognised in the financial statements.

Stock is valued at the lower of cost and net realisable value of individual works of art. In determining an estimate of net realisable value, management has made judgements in respect the quality of the works and the current art market using extensive art expertise.

4. Turnover

	2021	2020
	£000	£000
Sales of art works	18,469	14,413
	18,469	14,413

5. Other operating income

	2021	2020
	£000	£000
Other operating income	44	-
	44	-

6. Operating profit

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

	2021	2020
	£000	£000
Exchange differences	26	109
Depreciation of owned tangible fixed assets	40	69
Inventory impairment	114	150
Other operating lease rentals	464	464

7. Auditors' remuneration

	2021	2020
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	17	17

8. Employees

Staff costs were as follows:

	2021 £000	2020 £000
Wages and salaries	775	859
Social security costs	85	88
Cost of defined contribution scheme	43	50
	903	997

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

	2021 No.	2020 No.
Sales and administration	14	14

9. Director's remuneration

	2021 £000	2020 £000
Remuneration for qualifying services	285	301
	285	301

The highest paid director received remuneration of £147,050 (2020: £171,825).
The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,131 (2020: £11,000).
The number of directors with retirement benefits accrued under defined contribution pension scheme is 2 (2020: 2).
None of the directors received awards under long-term incentive schemes in the current or prior year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10. Interest receivable and similar income

	2021 £000	2020 £000
Other interest receivable	1	3
	1	3

11. Interest payable and similar expenses

	2021 £000	2020 £000
Other loan interest payable	28	2
Other interest payable	-	4
	28	6

12. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	285	327
	285	327
Total current tax	285	327
Deferred tax		
Origination and reversal of timing differences	(5)	(2)
Total deferred tax	(5)	(2)
Taxation on profit on ordinary activities	280	325

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as *(2020 - the same as)* the standard rate of corporation tax in the UK of 19% *(2020 - 19%)* as set out below:

	2021 £000	*2020* *£000*
Profit on ordinary activities before tax	**1,228**	*1,688*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**233**	*321*
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	**6**	*-*
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**40**	*6*
Capital allowances for year in excess of depreciation	**6**	*-*
Deferred tax adjustment	**(5)**	*(2)*
Total tax charge for the year	**280**	*325*

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

13. Tangible fixed assets

	Land and buildings leasehold	Motor vehicles	Computer equipment & furniture	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 January 2021	**918**	**16**	**1,646**	**2,580**
At 31 December 2021	**918**	**16**	**1,646**	**2,580**
Depreciation				
At 1 January 2021	**901**	**12**	**1,585**	**2,498**
Charge for the year on owned assets	**10**	**4**	**26**	**40**
At 31 December 2021	**911**	**16**	**1,611**	**2,538**
Net book value				
At 31 December 2021	**7**	**-**	**35**	**42**
At 31 December 2020	*17*	*4*	*61*	*82*

14. Fixed asset investments

	Investments in associates £000
Cost or valuation	
Additions	**30**
At 31 December 2021	**30**
Impairment	
Charge for the period	**30**
At 31 December 2021	**30**
Net book value	
At 31 December 2021	**-**
At 31 December 2020	**-**

15. Stocks

	2021 £000	*2020 £000*
Finished goods and goods for resale	**23,018**	*20,582*
	23,018	*20,582*

The carrying value of stocks are stated net of impairment losses totalling £2,332,000 *(2020 - £2,446,000)* . Impairment (credits)/ losses totalling £(114,000) *(2020 - £150,000* were recognised in the profit and loss account.

16. Debtors

	2021 £000	*2020 £000*
Due after more than one year		
Other debtors	**-**	*183*
	-	*183*

	2021 £000	*2020 £000*
Due within one year		
Trade debtors	**1,118**	*1,386*
Other debtors	**126**	*35*
Prepayments and accrued income	**233**	*179*
	1,477	*1,600*

17. Cash and cash equivalents

	2021 £000	*2020 £000*
Cash at bank and in hand	**3,208**	*3,296*
	3,208	*3,296*

18. Creditors: Amounts falling due within one year

	2021 £000	*2020 £000*
Bank loans	1,000	*500*
Trade creditors	1,852	*1,913*
Corporation tax	310	*413*
Other taxation and social security	82	*90*
Other creditors	336	*329*
Accruals and deferred income	1,896	*172*
	5,476	*3,417*

19. Creditors: Amounts falling due after more than one year

	2021 £000	*2020 £000*
Bank loans	500	*1,500*
	500	*1,500*

20. Financial instruments

	2021 £000	*2020 £000*
Financial assets		
Financial assets measured at fair value through profit or loss	3,208	*3,296*

21. Deferred taxation

	2021 £000	2020 £000
At beginning of year	(5)	(7)
Charged to profit or loss	5	2
At end of year	-	(5)

The deferred taxation balance is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	-	(5)
	-	(5)

22. Retirement benefit schemes

The Company operates a defined contributions pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £64,287 (2020 - £49,964) . Contributions totalling £nil (2020 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

23. Share capital and Reserves

	2021 £000	*2020 £000*
Ordinary share capital authorised		
595,000 Ordinary shares of £1 each	**595**	*595*
	595	*595*
Issued and fully paid		
252,000 Ordinary shares of £1 each	**252**	*252*
	252	*252*
Capital redemption reserve made up of:		
252,000 Ordinary shares of £1 each	**252**	*252*
5,000 authorised 6.3% cumulative preference shares of £1 each	**5**	*5*
	257	*257*
Authorised		
5,000 6.3% cumulative preference shares of £1 each	**5**	*5*
	5	*5*

24. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £000	*2020 £000*
Not later than 1 year	**466**	*466*
Later than 1 year and not later than 5 years	**312**	*778*
	778	*1,244*

The lease for the rental of the premises where the company operates from runs to the end of August 2023. The lease for photocopy machine runs to end of November 2023.

25. Related party transactions

At the year-end, a balance of £4,054 (2020: £4,054) was owed by the company to Stephane Custot who controls the company. Nizar Kanji & Co, a company owed by Nizar Kanji, rendered accounting and tax services of £15,414 (2020: £23,397), to the company. At the year-end, a balance of £nil (2020: £10,132) was owed by the company.

26. Controlling party

Sole control of the company is held by Stephane Custot.