

CRANE KALMAN GALLERY LIMITED

Company No: 912987

FINANCIAL STATEMENTS

- for the year ended -

31 JANUARY 1996

GOODMAN JONES

Chartered Accountants
29/30 Fitzroy Square
London, W1P 6LQ

Reference MPGA/5723/IAB



CRANE KALMAN GALLERY LIMITED

DIRECTORS

A.T. Kalman
S. Kalman
A. Kalman

SECRETARY

S. Kalman

BUSINESS ADDRESS

178 Brompton Road
London
SW3

REGISTERED OFFICE

29/30 Fitzroy Square
London
W1P 6LQ

AUDITORS

Goodman Jones
Chartered Accountants
29/30 Fitzroy Square
London
W1P 6LQ

PRINCIPAL BANKERS

Royal Bank of Scotland
46-48 Deansgate
Bolton
BL1 1BH

CRANE KALMAN GALLERY LIMITED

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CRANE KALMAN GALLERY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 January 1996.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the sale of fine paintings.

The directors are satisfied with the company's performance during the year and look forward to the future with confidence.

DIVIDEND AND TRANSFER TO RESERVES

The directors do not recommend payment of a dividend.

It is proposed that the retained profit of £32,506 is transferred to reserves.

FIXED ASSETS

Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors at the balance sheet date and their interests in the company at that date and at the beginning of the year (or on appointment if later), were as follows:

	<u>Class of share</u>	<u>Number of shares</u>	
		<u>1996</u>	<u>1995</u>
A.T. Kalman	Ordinary shares	45	45
S. Kalman	Ordinary shares	45	45
A. Kalman	Ordinary shares	-	-

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 the 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;
- 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.

CHARITABLE CONTRIBUTIONS

During the year the company made various charitable contributions totalling £451.

CRANE KALMAN GALLERY LIMITED

REPORT OF THE DIRECTORS (Continued)

CLOSE COMPANY

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

AUDITORS

The auditors, Goodman Jones, Chartered Accountants, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

By Order of the Board

Date: 29 November 1996

A T Kalman
Director

A handwritten signature in dark ink, appearing to read "Andrew Kalman", with a long horizontal flourish extending to the right.

CRANE KALMAN GALLERY LIMITED

AUDITORS' REPORT

AUDITORS' REPORT TO THE SHAREHOLDERS OF CRANE KALMAN GALLERY LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out in note 1 to the financial statements.

Respective responsibilities of the directors and auditors

As described on the Directors' Report the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to 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 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 full financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 January 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


GOODMAN JONES
Chartered Accountants
Registered Auditors

Date: 29 November 1996

29/30 Fitzroy Square
London
W1P 6LQ

CRANE KALMAN GALLERY LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 1996**

	Notes	1996 £	1995 £
TURNOVER		1,627,927	2,075,371
Cost of sales		(1,273,896)	(1,753,679)
GROSS PROFIT		354,031	321,692
Administrative expenses		(309,329)	(276,931)
		44,702	44,761
Other operating income		27	521
OPERATING PROFIT	2	44,729	45,282
Interest receivable	3	1,722	-
Interest payable	4	(535)	(636)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		45,916	44,646
Tax on profit on ordinary activities	6	(13,410)	(6,554)
PROFIT FOR THE FINANCIAL YEAR	11	32,506	38,092

None of the company's activities were acquired or discontinued during the above two financial years.

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 6 to 10 form part of these financial statements.

CRANE KALMAN GALLERY LIMITED

BALANCE SHEET AT 31 JANUARY 1996

	Notes	£	1996 £	1995 £	£
FIXED ASSETS					
Tangible assets	7		8,016		2,269
CURRENT ASSETS					
Stocks	8	366,922		303,793	
Debtors	9	90,629		40,621	
Cash at bank and in hand		33,425		160,787	
			<hr/> 490,976	<hr/> 505,201	
CREDITORS: Amounts falling due within one year					
	10	(438,987)		(479,971)	
			<hr/> 51,989	<hr/> 25,230	
NET CURRENT ASSETS					
			<hr/> 60,005	<hr/> 27,499	
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<hr/> <hr/> 60,005	<hr/> <hr/> 27,499	
CAPITAL AND RESERVES					
Called up share capital	11		100		100
Profit and loss account	12		59,905		27,399
			<hr/> 60,005	<hr/> 27,499	

The financial statements were approved
by the board on 29 November 1996 and
signed on its behalf by

A T Kalman

Director



The notes on pages 6 to 10 form part of these financial statements.

CRANE KALMAN GALLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 1996

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

1.2 TURNOVER

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

1.3 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

Fixtures and fittings 15% Reducing balance

1.4 STOCKS

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

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Rentals payable under operating leases are taken to the profit and loss account on a straight line basis over the lease term.

2. OPERATING PROFIT

The operating profit is stated after charging:

	1996 £	1995 £
Depreciation	1,415	401
Auditors' remuneration	2,950	2,500
Hire of equipment	-	1,445
Operating lease rentals:		
Land and buildings	36,250	30,000

3. INTEREST RECEIVABLE

	1996 £	1995 £
Bank and other interest receivable	1,722	-
	<hr/> 1,722	<hr/> -

CRANE KALMAN GALLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 1996

4. INTEREST PAYABLE	1996	1995
	£	£
On bank loans and overdrafts and on loans repayable in full within five years	535	542
On overdue tax	-	94
	<hr/> 535	<hr/> 636
	<hr/>	<hr/>
5. DIRECTORS AND EMPLOYEES	1996	1995
	£	£
Staff costs:		
Wages and salaries	120,105	118,164
Social security costs	11,808	11,547
	<hr/> 131,913	<hr/> 129,711
	<hr/>	<hr/>
The average number of employees during the year was made up as follows:	Number	Number
Administration	5	3
	<hr/>	<hr/>
	£	£
Directors' emoluments:		
Remuneration for management services	80,287	76,188
	<hr/>	<hr/>
The division of directors' emoluments, excluding pension contributions, is as follows:		
Chairman and highest paid director	35,200	38,400
	<hr/>	<hr/>
Other directors' remuneration fell within the following ranges:	Number	Number
£15,001 - £20,000	-	1
£20,001 - £25,000	1	1
£25,001 - £30,000	1	-
	<hr/>	<hr/>

CRANE KALMAN GALLERY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 1996****6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1996 £	1995 £
The taxation charge based on the profit before tax comprises:		
U.K. corporation tax at 25% (1995 - 25%)	13,410	6,144
	<hr/> 13,410	<hr/> 6,144
Adjustment in respect of prior years	-	410
	<hr/> 13,410	<hr/> 6,554
	<hr/> <hr/>	<hr/> <hr/>

7. TANGIBLE ASSETS

<u>Cost</u>	Beginning of year £	Additions £	End of year £
Fixtures and fittings	2,800	7,161	9,961
	<hr/> 2,800	<hr/> 7,161	<hr/> 9,961
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>Depreciation</u>	Beginning of year £	Charge for year £	End of year £
Fixtures and fittings	530	1,415	1,945
	<hr/> 530	<hr/> 1,415	<hr/> 1,945
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>Total net book values</u>	Beginning of year £		End of year £
	2,270		8,016
	<hr/> <hr/>		<hr/> <hr/>

8. STOCKS

	1996 £	1995 £
Finished goods and goods for resale	366,922	303,793
	<hr/> 366,922	<hr/> 303,793
	<hr/> <hr/>	<hr/> <hr/>

CRANE KALMAN GALLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 1996

9. DEBTORS	1996	1995
	£	£
Trade debtors	78,336	28,660
Prepayments and accrued income	12,293	11,961
	<hr/>	<hr/>
	90,629	40,621
	<hr/>	<hr/>
 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	 1996	 1995
	£	£
Payments received on account	-	31,500
Trade creditors	72,789	59,889
Corporation tax	19,554	6,144
Other taxes and social security costs	10,928	12,809
Directors' current accounts	278,094	271,179
Other creditors	2,280	-
Accruals and deferred income	55,342	98,450
	<hr/>	<hr/>
	438,987	479,971
	<hr/>	<hr/>
 11. SHARE CAPITAL	 1996	 1995
	£	£
<u>Authorised</u>		
Equity interests:		
100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<u>Allotted, called up and fully paid</u>		
Equity interests:		
100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
 12. PROFIT AND LOSS ACCOUNT	 1996	 1995
	£	£
Retained profits at 1 February 1995	27,399	(10,693)
Profit for the financial year	32,506	38,092
	<hr/>	<hr/>
Retained profits at 31 January 1996	59,905	27,399
	<hr/>	<hr/>

CRANE KALMAN GALLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 1996

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year	32,506	38,092
Shareholders' funds at 1 February 1995	27,499	(10,593)
Shareholders' funds at 31 January 1996	60,005	27,499
Represented by:-		
Equity interests	60,005	27,499
	60,005	27,499

14. REVENUE COMMITMENTS

The amounts payable in the next year in respect of operating leases are shown below, analysed according to the expiry date of the leases.

<u>Land and buildings</u>	1996 £	1995 £
Expiry date:		
Between one and five years	30,000	30,000
	30,000	30,000