

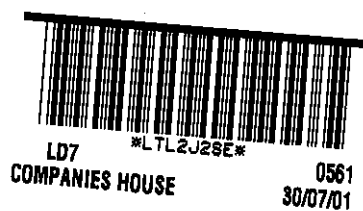
CRANE KALMAN GALLERY LIMITED

Company No: 912987

FINANCIAL STATEMENTS

- for the period ended -

30TH JUNE 2000



GOODMAN JONES
Chartered Accountants
29/30 Fitzroy Square
London, W1T 6LQ

Reference PHW/5723/MPGA

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
W1T 6LQ

AUDITORS

Goodman Jones
Chartered Accountants
29/30 Fitzroy Square
London
W1T 6LQ

PRINCIPAL BANKERS

Royal Bank of Scotland
West End Commercial Centre
28 Cavendish Square
London
W1M 0DB

CRANE KALMAN GALLERY LIMITED

INDEX TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2000

Page

1	Report of the directors
3	Auditors' report
4	Profit and loss account
5	Balance sheet
6	Notes to the financial statements

CRANE KALMAN GALLERY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and audited financial statements for the period ended 30 June 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The directors are satisfied with the results for the period under review, and look to the future with confidence.

DIVIDENDS

The directors do not recommend payment of a dividend.

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 period (or on appointment if later), were as follows:

	<u>Class of shares</u>	<u>Number of shares</u>	
		<u>2000</u>	<u>1999</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 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 period the company made various charitable contributions totalling £762.

CLOSE COMPANY

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

CRANE KALMAN GALLERY LIMITED

REPORT OF THE DIRECTORS (Continued)


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: 30.7.2001

Director



A. T. Kalman

CRANE KALMAN GALLERY LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF
CRANE KALMAN GALLERY LIMITED

We have audited the financial statements on pages 4 to 11 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 in 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 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 30 June 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditors

Date: 30/7/01

29/30 Fitzroy Square
London
W1T 6LQ

CRANE KALMAN GALLERY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30TH JUNE 2000

	Notes	2000 £	1999 £
TURNOVER		5,641,631	8,008,710
Cost of sales		(4,608,620)	(6,783,036)
GROSS PROFIT		1,033,011	1,225,674
Administrative expenses		(811,952)	(743,984)
OPERATING PROFIT	2	221,059	481,690
Interest receivable	3	8,976	12,263
Interest payable	4	-	(3,208)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		230,035	490,745
Tax on profit on ordinary activities	7	(55,500)	(120,352)
PROFIT FOR THE FINANCIAL PERIOD	13	174,535	370,393

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 11 form part of these financial statements.

CRANE KALMAN GALLERY LIMITED

BALANCE SHEET AT 30TH JUNE 2000

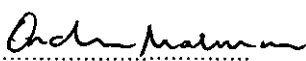
	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible assets	8	12,623	10,489
CURRENT ASSETS			
Stocks	9	1,240,624	844,440
Debtors	10	321,345	122,755
Cash at bank and in hand		489,956	186,610
		2,051,925	1,153,805
CREDITORS: Amounts falling due within one year	11	(1,243,273)	(517,556)
NET CURRENT ASSETS		808,652	636,249
TOTAL ASSETS LESS CURRENT LIABILITIES		821,275	646,738
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account	13	821,175	646,638
SHAREHOLDERS FUNDS	14	821,275	646,738

The financial statements were approved
by the board on 30/6/01
and signed on its behalf by



) A.T. Kalman

) Directors



) A. Kalman

The notes on pages 6 to 11 form part of these financial statements.

CRANE KALMAN GALLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2000

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

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

The comparative figures are for the 17 month period to 30 June 1999.

1.2 TURNOVER

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

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
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1.4 STOCKS

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

Net realisable value is based on estimated selling price.

1.5 FOREIGN EXCHANGE

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the profit and loss account.

1.6 LEASING AND HIRE PURCHASE

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

1.7 PENSIONS

Pension contributions are charged to the profit and loss account as incurred. These contributions are invested separately from the company's assets.

CRANE KALMAN GALLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2000

2. OPERATING PROFIT

	2000	1999
	£	£
The operating profit is stated after charging:		
Depreciation	2,228	2,414
Auditors' remuneration	6,000	3,100
Operating lease rentals:		
Land and buildings	43,224	58,823
and after crediting:		
Profit on foreign currencies	27,968	(5,250)

3. INTEREST RECEIVABLE

	2000	1999
	£	£
Bank and other interest receivable	8,976	12,263

4. INTEREST PAYABLE

	2000	1999
	£	£
On bank loans and overdrafts	-	710
On overdue tax	-	2,498
	-	3,208

CRANE KALMAN GALLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2000

5. DIRECTORS AND EMPLOYEES

	2000	1999
	£	£
Staff costs:		
Wages and salaries	254,620	159,030
Social security costs	29,808	19,147
Other pension costs	212,504	20,714
	496,932	198,891

The average number of employees during the period was made up as follows:

	Number	Number
Administration	6	5

Directors' emoluments:

	£	£
Remuneration for management services	165,643	95,733
Pension contributions	209,000	15,750
	374,643	111,483

The number of directors for whom payments have been made into the following pension schemes:

	Number	Number
Money purchase	2	2
	2	2

The division of directors' emoluments is as follows:

£	£
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6. PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable by the company amounted to £212,504 (1999: 20,714). All contributions were paid in the period.

CRANE KALMAN GALLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2000

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
The taxation charge comprises:		
U.K. corporation tax at 20% (1999 - 20%)	55,500	120,226
	55,500	120,226
Adjustment in respect of prior years	-	126
	55,500	120,352

8. TANGIBLE ASSETS

	Fixtures and fittings £
<u>Cost</u>	
At 1 February 1999	17,469
Additions	4,362
At 30 June 2000	21,831
<u>Depreciation</u>	
At 1 February 1999	6,980
Charge for period	2,228
At 30 June 2000	9,208
<u>Net book value at 30 June 2000</u>	12,623
<u>Net book value at 31 January 1999</u>	10,489

9. STOCKS

	2000	1999
	£	£
Finished goods and goods for resale	1,240,624	844,440

CRANE KALMAN GALLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2000

10. DEBTORS

	2000	1999
	£	£
Trade debtors	242,034	57,768
Other debtors	20,395	20,395
Prepayments and accrued income	58,916	44,592
	<hr/>	<hr/>
	321,345	122,755

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£	£
Bank loans and overdrafts	279,602	-
Trade creditors	506,505	125,384
Corporation tax	125,855	120,354
Other taxes and social security costs	79,104	46,695
Directors' current accounts	202,806	216,278
Other creditors	33,996	-
Accruals and deferred income	15,405	8,845
	<hr/>	<hr/>
	1,243,273	517,556

12. SHARE CAPITAL

	2000	1999
	£	£
<u>Authorised</u>		
Equity interests:		
100 Ordinary shares of £1 each	100	100
<u>Allotted, called up and fully paid</u>		
Equity interests:		
100 Ordinary shares of £1 each	100	100

13. PROFIT AND LOSS ACCOUNT

	2000	1999
	£	£
Retained profits at 1 February 1999	646,640	276,245
Profit for the financial period	174,535	370,393
	<hr/>	<hr/>
Retained profits at 30 June 2000	821,175	646,638

CRANE KALMAN GALLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 2000

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Profit for the financial period	174,535	370,393
Shareholders' funds at 1 February 1999	646,740	276,345
Shareholders' funds at 30 June 2000	821,275	646,738
Represented by:-		
Equity interests	821,275	646,738
	821,275	646,738

15. 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>	2000	1999
	£	£
Expiry date:		
Between one and five years	34,500	30,000
	34,500	30,000

16. CONTROL

The company is under the control of its directors as shown in the directors report.