

**CRANE KALMAN GALLERY LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2001**



# CRANE KALMAN GALLERY LIMITED

## COMPANY INFORMATION

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**Directors**

A.T. Kalman  
S. Kalman  
A. Kalman  
R. Light (Appointed 1 August 2000)

**Secretary**

S. Kalman

**Company number**

912987

**Registered office**

29/30 Fitzroy Square  
London  
W1T 6LQ

**Auditors**

Goodman Jones  
29/30 Fitzroy Square  
London  
W1T 6LQ

**Business address**

178 Brompton Road  
London  
SW3 1HQ

**Bankers**

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

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# CRANE KALMAN GALLERY LIMITED

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# CRANE KALMAN GALLERY LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2001

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The directors present their report and financial statements for the year ended 30 June 2001.

### Principal activities and review of the business

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.

### Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of a dividend.

### Directors

The following directors have held office since 1 July 2000:

A.T. Kalman  
S. Kalman  
A. Kalman  
R. Light

(Appointed 1 August 2000)

### Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	30 June 2001	1 July 2000
A.T. Kalman	45	45
S. Kalman	45	45
A. Kalman	-	-
R. Light	-	-

### Charitable contributions

The company made charitable donations amounting to £3,017 during the year (2000 £762).

### Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Goodman Jones be reappointed as auditors of the company will be put to the Annual General Meeting.

# CRANE KALMAN GALLERY LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2001

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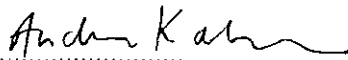
### Directors' responsibilities

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.

On behalf of the board

  
.....

Date: 14.04.03

# CRANE KALMAN GALLERY LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CRANE KALMAN GALLERY LIMITED

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We have audited the financial statements of Crane Kalman Gallery Limited on pages 4 to 13 for the year ended 30 June 2001. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

### **Respective responsibilities of the directors and auditors**

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

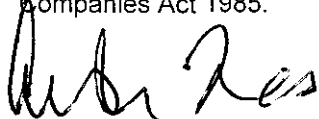
### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 the company's affairs as at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Goodman Jones**

1 May 2003

Chartered Accountants  
**Registered Auditor**

29/30 Fitzroy Square  
London  
W1T 6LQ

# CRANE KALMAN GALLERY LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2001

	Notes	2001 £	2000 £
Turnover	2	4,876,863	5,641,631
Cost of sales		(4,024,424)	(4,608,620)
<b>Gross profit</b>		852,439	1,033,011
Administrative expenses		(722,620)	(811,952)
<b>Operating profit</b>	3	129,819	221,059
Other interest receivable and similar income		4,326	8,976
Interest payable and similar charges	4	(601)	-
<b>Profit on ordinary activities before taxation</b>		133,544	230,035
Tax on profit on ordinary activities	5	(28,634)	(55,500)
<b>Profit on ordinary activities after taxation</b>	12	104,910	174,535

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

# CRANE KALMAN GALLERY LIMITED

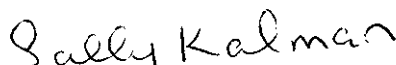
## BALANCE SHEET AS AT 30 JUNE 2001

	Notes	2001 £	£	2000 £	£
<b>Fixed assets</b>					
Tangible assets	6		10,730		12,623
<b>Current assets</b>					
Stocks	7	1,187,143		1,240,624	
Debtors	8	773,942		321,345	
Cash at bank and in hand		15,547		489,956	
		<u>1,976,632</u>		<u>2,051,925</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(1,061,177)</u>		<u>(1,243,273)</u>	
<b>Net current assets</b>			<u>915,455</u>		<u>808,652</u>
<b>Total assets less current liabilities</b>			<u><u>926,185</u></u>		<u><u>821,275</u></u>
<b>Capital and reserves</b>					
Called up share capital	11		100		100
Profit and loss account	12		926,085		821,175
<b>Shareholders' funds - equity interests</b>	13		<u><u>926,185</u></u>		<u><u>821,275</u></u>

The financial statements were approved by the Board on 14.04.03



Director



Director



# CRANE KALMAN GALLERY LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2001

	2001		2000	
	£	£	£	£
Net cash (outflow)/inflow from operating activities		(303,000)		69,127
<b>Returns on investments and servicing of finance</b>				
Interest received	4,326		8,976	
Interest paid	(601)		-	
<b>Net cash inflow for returns on investments and servicing of finance</b>		3,725		8,976
<b>Taxation</b>		(65,000)		(49,999)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	-		(4,360)	
<b>Net cash outflow for capital expenditure</b>		-		(4,360)
<b>Net cash (outflow)/inflow before management of liquid resources and financing</b>		(364,275)		23,744
<b>(Decrease)/increase in cash in the year</b>		(364,275)		23,744

# CRANE KALMAN GALLERY LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2001

1	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities	2001	2000
		£	£
	Operating profit	129,819	221,059
	Depreciation of tangible assets	1,893	2,228
	Decrease/(increase) in stocks	53,481	(396,184)
	Increase in debtors	(452,597)	(198,590)
	(Decrease)/Increase in creditors within one year	(35,596)	440,614
	Net cash (outflow)/inflow from operating activities	(303,000)	69,127

2	Analysis of net (debt)/funds	1 July 2000	Cash flow	Other non-cash changes	30 June 2001
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	489,956	(474,409)	-	15,547
	Bank overdrafts	(279,602)	110,134	-	(169,468)
		210,354	(364,275)	-	(153,921)
	Net funds/(debt)	210,354	(364,275)	-	(153,921)

3	Reconciliation of net cash flow to movement in net (debt)/funds	2001	2000
		£	£
	(Decrease)/increase in cash in the year	(364,275)	23,744
	Movement in net (debt)/funds in the year	(364,275)	23,744
	Opening net funds	210,354	186,610
	Closing net (debt)/funds	(153,921)	210,354

# CRANE KALMAN GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are 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 period.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	15% Reducing balance
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#### 1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.5 Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.6 Pensions

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

#### 1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

#### 1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

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# CRANE KALMAN GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

<b>3</b>	<b>Operating profit</b>	<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging:		
	Depreciation of tangible assets	1,893	2,228
	Operating lease rentals	44,768	43,224
	Auditors' remuneration	7,500	6,000
	and after crediting:		
	Profit on foreign exchange transactions	(7,662)	(27,968)
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Interest payable</b>	<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	601	-
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Taxation</b>	<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U.K. corporation tax	28,634	55,500
		<u>          </u>	<u>          </u>
	<b>Current tax charge</b>	<b>28,634</b>	<b>55,500</b>
		<u>          </u>	<u>          </u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	133,544	230,035
		<u>          </u>	<u>          </u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2000 : 20.00%)	26,709	46,007
		<u>          </u>	<u>          </u>
	Effects of:		
	Depreciation	379	446
	Other tax adjustments	1,546	9,047
		<u>          </u>	<u>          </u>
		1,925	9,493
		<u>          </u>	<u>          </u>
	<b>Current tax charge</b>	<b>28,634</b>	<b>55,500</b>
		<u>          </u>	<u>          </u>

# CRANE KALMAN GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

### 6 Tangible fixed assets

	Fixtures, fittings & equipment £
<b>Cost</b>	
At 1 July 2000 & at 30 June 2001	21,831
<b>Depreciation</b>	
At 1 July 2000	9,208
Charge for the year	1,893
At 30 June 2001	11,101
<b>Net book value</b>	
At 30 June 2001	10,730
At 30 June 2000	12,623

7 Stocks	2001 £	2000 £
Finished goods and goods for resale	1,187,143	1,240,624

8 Debtors	2001 £	2000 £
Trade debtors	694,923	242,034
Other debtors	36,174	20,395
Prepayments and accrued income	42,845	58,916
	773,942	321,345

# CRANE KALMAN GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

<b>9</b>	<b>Creditors: amounts falling due within one year</b>	<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	Bank loans and overdrafts	169,468	279,602
	Payments received on account	76,451	-
	Trade creditors	359,595	506,505
	Corporation tax	89,489	125,855
	Other taxes and social security costs	66,032	79,104
	Directors' current accounts	220,604	202,806
	Other creditors	55,638	33,996
	Accruals and deferred income	23,900	15,405
		<u>1,061,177</u>	<u>1,243,273</u>
<b>10</b>	<b>Pension costs</b>		
	<b>Defined contribution</b>		
		<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	Contributions payable by the company for the year	<u>13,254</u>	<u>212,504</u>
<b>11</b>	<b>Share capital</b>	<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	<b>Authorised</b>		
	100 Ordinary shares of £ 1 each	<u>100</u>	<u>100</u>
	<b>Allotted, called up and fully paid</b>		
	100 Ordinary shares of £ 1 each	<u>100</u>	<u>100</u>
<b>12</b>	<b>Statement of movements on profit and loss account</b>		<b>Profit and loss account</b>
			<b>£</b>
	Balance at 1 July 2000		821,175
	Retained profit for the year		<u>104,910</u>
	Balance at 30 June 2001		<u>926,085</u>

# CRANE KALMAN GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

13 Reconciliation of movements in shareholders' funds	2001 £	2000 £
Profit for the financial year	104,910	174,535
Opening shareholders' funds	821,275	646,740
	<u>          </u>	<u>          </u>
Closing shareholders' funds	926,185	821,275
	<u>          </u>	<u>          </u>

### 14 Financial commitments

At 30 June 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2001 £	2000 £
Expiry date:		
Between two and five years	34,500	34,500
	<u>          </u>	<u>          </u>

15 Directors' emoluments	2001 £	2000 £
Emoluments for qualifying services	205,930	165,643
Company pension contributions to money purchase schemes	9,750	209,000
	<u>          </u>	<u>          </u>
	215,680	374,643
	<u>          </u>	<u>          </u>

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	65,328	-
Company pension contributions to money purchase schemes	4,875	-
	<u>          </u>	<u>          </u>

# CRANE KALMAN GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

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### 16 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2001 Number	2000 Number
Administration	6	6

#### Employment costs

	£	£
Wages and salaries	252,440	254,620
Social security costs	27,677	29,808
Other pension costs	13,254	212,504
	<u>293,371</u>	<u>496,932</u>