

Company Registration No. 912987 (England and Wales)

**CRANE KALMAN GALLERY LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2004**



# CRANE KALMAN GALLERY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	A.T. Kalman S. Kalman A. Kalman R. Light
<b>Secretary</b>	S. Kalman
<b>Company number</b>	912987
<b>Registered office</b>	Goodman Jones 29/30 Fitzroy Square London W1T 6LQ
<b>Auditors</b>	Goodman Jones 29/30 Fitzroy Square London W1T 6LQ
<b>Business address</b>	178 Brompton Road London SW3 1HQ
<b>Bankers</b>	The Royal Bank of Scotland Argyll House 246 Regent Street London W1B 3PB

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# CRANE KALMAN GALLERY LIMITED

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# CRANE KALMAN GALLERY LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2004

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The directors present their report and financial statements for the year ended 30 June 2004.

### Principal activities and review of the business

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

The result for the year mirrors the general economic situation that has prevailed through out the year. The directors remain optimistic about the company's future trading prospects 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 2003:

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

### Directors' interests

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

	Ordinary shares of £ 1 each	
	30 June 2004	1 July 2003
A.T. Kalman	45	45
S. Kalman	45	45
A. Kalman	-	-
R. Light	-	-

Charitable donations	2004	2003
	£	£

During the year the company made the following payments:

Charitable donations	3,297	3,860
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### 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.

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# CRANE KALMAN GALLERY LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2004

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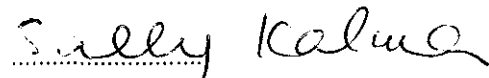
### Directors' responsibilities

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



5 May 2005

# 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 11 for the year ended 30 June 2004. 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

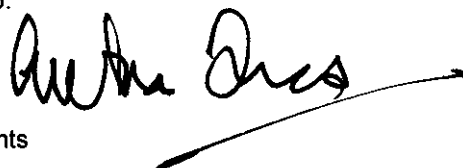
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Goodman Jones



5 May 2005

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 2004

	Notes	2004 £	2003 £
Turnover	2	6,580,467	3,094,269
Cost of sales		(5,535,720)	(2,507,492)
<b>Gross profit</b>		<u>1,044,747</u>	<u>586,777</u>
Administrative expenses		(734,126)	(725,578)
<b>Operating profit/(loss)</b>	3	<u>310,621</u>	<u>(138,801)</u>
Other interest receivable and similar income	4	79	92
Interest payable and similar charges	5	(6,500)	(8,243)
<b>Profit/(loss) on ordinary activities before taxation</b>		<u>304,200</u>	<u>(146,952)</u>
Tax on profit/(loss) on ordinary activities	6	(59,841)	18,850
<b>Profit/(loss) on ordinary activities after taxation</b>	14	<u><u>244,359</u></u>	<u><u>(128,102)</u></u>

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 2004

	Notes	2004 £	£	2003 £	£
<b>Fixed assets</b>					
Tangible assets	7		19,434		9,377
<b>Current assets</b>					
Stocks	8	1,594,058		1,674,092	
Debtors	9	1,788,952		269,392	
Cash at bank and in hand		16,820		61,300	
		<u>3,399,830</u>		<u>2,004,784</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(2,319,552)</u>		<u>(1,160,415)</u>	
<b>Net current assets</b>			1,080,278		844,369
<b>Total assets less current liabilities</b>			1,099,712		853,746
<b>Provisions for liabilities and charges</b>	11		(1,606)		-
			<u>1,098,106</u>		<u>853,746</u>
<b>Capital and reserves</b>					
Called up share capital	13		100		100
Profit and loss account	14		1,098,006		853,646
<b>Shareholders' funds - equity interests</b>	15		<u>1,098,106</u>		<u>853,746</u>

The financial statements were approved by the Board on 5 May 2005

*Sally Kalman*

Director

*[Signature]*

Director



# CRANE KALMAN GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

### 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 tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 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.

### 3 Operating profit/(loss)

	2004	2003
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	3,430	1,655
Loss on foreign exchange transactions	13,790	8,832
Operating lease rentals	57,509	47,286
Auditors' remuneration	12,000	5,000

# CRANE KALMAN GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2004

<b>4</b>	<b>Investment income</b>	<b>2004</b>	<b>2003</b>
		<b>£</b>	<b>£</b>
	Bank interest	79	92
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Interest payable</b>	<b>2004</b>	<b>2003</b>
		<b>£</b>	<b>£</b>
	On other loans wholly repayable within 5 years	6,500	8,243
		<u>          </u>	<u>          </u>
<b>6</b>	<b>Taxation</b>	<b>2004</b>	<b>2003</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U.K. corporation tax	58,235	-
	Adjustment for prior years	-	(18,850)
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	1,606	-
		<u>          </u>	<u>          </u>
		59,841	(18,850)
	<b>Factors affecting the tax charge for the year</b>		
	Profit/(loss) on ordinary activities before taxation	304,200	(146,952)
		<u>          </u>	<u>          </u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2003: 19.00%)	57,798	(27,921)
		<u>          </u>	<u>          </u>
	Effects of:		
	Non deductible expenses	4,866	4,629
	Depreciation add back	652	314
	Capital allowances	(1,279)	(276)
	Tax losses utilised	(6,735)	(16,879)
	Adjustments to previous periods	-	18,850
	Other tax adjustments	2,933	2,433
		<u>          </u>	<u>          </u>
		437	9,071
		<u>          </u>	<u>          </u>
	<b>Current tax charge</b>	58,235	(18,850)
		<u>          </u>	<u>          </u>

The company has estimated losses of £ nil (2003: £ 35,447) available for carry forward against future trading profits.

# CRANE KALMAN GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2004

### 7 Tangible fixed assets

	Fixtures, fittings & equipment £
<b>Cost</b>	
At 1 July 2003	24,043
Additions	13,487
	<hr/>
At 30 June 2004	37,530
	<hr/>
<b>Depreciation</b>	
At 1 July 2003	14,666
Charge for the year	3,430
	<hr/>
At 30 June 2004	18,096
	<hr/>
<b>Net book value</b>	
At 30 June 2004	19,434
	<hr/>
At 30 June 2003	9,377
	<hr/>

8 Stocks	2004 £	2003 £
Finished goods and goods for resale	1,594,058	1,674,092
	<hr/>	<hr/>

9 Debtors	2004 £	2003 £
Trade debtors	1,737,094	202,232
Other debtors	30,260	45,938
Prepayments and accrued income	21,598	21,222
	<hr/>	<hr/>
	1,788,952	269,392
	<hr/>	<hr/>

# CRANE KALMAN GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2004

10 Creditors: amounts falling due within one year	2004 £	2003 £
Bank loans and overdrafts	132,750	185,216
Payments received on account	-	33,996
Trade creditors	1,768,777	468,180
Corporation tax	55,886	33,560
Other taxes and social security costs	53,058	33,167
Directors' current accounts	136,427	200,000
Other creditors	132,756	113,188
Accruals and deferred income	39,898	93,108
	<u>2,319,552</u>	<u>1,160,415</u>

### 11 Provisions for liabilities and charges

	Deferred tax liability £
Profit and loss account	1,606
Balance at 30 June 2004	<u>1,606</u>

The deferred tax liability is made up as follows:

	2004 £	2003 £
Accelerated capital allowances	<u>1,606</u>	<u>-</u>

### 12 Pension costs

#### Defined contribution

	2004 £	2003 £
Contributions payable by the company for the year	<u>12,504</u>	<u>13,254</u>

# CRANE KALMAN GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2004

<b>13 Share capital</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
100 Ordinary shares of £1 each	100	100
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	100	100
	<u>          </u>	<u>          </u>
<b>14 Statement of movements on profit and loss account</b>		<b>Profit and loss account £</b>
Balance at 1 July 2003		853,647
Retained profit for the year		244,359
		<u>          </u>
Balance at 30 June 2004		1,098,006
		<u>          </u>
<b>15 Reconciliation of movements in shareholders' funds</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Profit/(Loss) for the financial year	244,359	(128,102)
Opening shareholders' funds	853,746	981,848
	<u>          </u>	<u>          </u>
Closing shareholders' funds	1,098,106	853,746
	<u>          </u>	<u>          </u>
<b>16 Financial commitments</b>		

At 30 June 2004 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Expiry date:		
Between two and five years	34,500	34,500
	<u>          </u>	<u>          </u>

# CRANE KALMAN GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2004

17 Directors' emoluments	2004 £	2003 £
Emoluments for qualifying services	206,241	211,657
Company pension contributions to money purchase schemes	12,504	13,254
	<u>218,745</u>	<u>224,911</u>

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

Emoluments for qualifying services	101,796	76,730
Company pension contributions to money purchase schemes	3,504	3,504
	<u>105,300</u>	<u>80,234</u>

### 18 Employees

#### Number of employees

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

	2004 Number	2003 Number
Administration	<u>6</u>	<u>6</u>

#### Employment costs

	£	£
Wages and salaries	260,873	256,954
Social security costs	29,847	28,972
Other pension costs	12,504	13,254
	<u>303,224</u>	<u>299,180</u>

### 19 Related party transactions

At the balance sheet date, and at the beginning of the year, the company owes £100,000 to the Crane Kalman Retirement Benefit Scheme. The loan is unsecured and bears interest at base plus 3%. Interest payable amounts to £6,500.