

**CRANE KALMAN GALLERY LIMITED**

**Company No: 912987**

**FINANCIAL STATEMENTS**

**- for the period ended -**

**30TH JUNE 1999**

**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  
46-48 Deansgate  
Bolton  
BL1 1BH

**CRANE KALMAN GALLERY LIMITED**

**INDEX TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 1999**

**Page**

- |          |                                   |
|----------|-----------------------------------|
| <b>1</b> | Report of the directors           |
| <b>2</b> | Auditors' report                  |
| <b>3</b> | Profit and loss account           |
| <b>4</b> | Balance sheet                     |
| <b>5</b> | 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 1999.

### **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>1999</u>	<u>1998</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 £13,500.

### **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:**

6.11.2000

**Director**

Suey Kalman

**CRANE KALMAN GALLERY LIMITED**

**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
CRANE KALMAN GALLERY LIMITED**

We have audited the financial statements on pages 3 to 9 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.

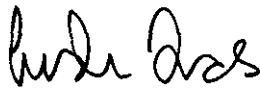
**Basis of opinion**

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 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



GOODMAN JONES  
Chartered Accountants  
Registered Auditors

29/30 Fitzroy Square  
London  
W1T 6LQ

Date: 6 November 2000

**CRANE KALMAN GALLERY LIMITED****PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30TH JUNE 1999**

	Notes	1999 £	1998 £
<b>TURNOVER</b>		8,008,710	2,934,713
Cost of sales		(6,783,036)	(2,304,589)
<b>GROSS PROFIT</b>		1,225,674	630,124
Administrative expenses		(743,984)	(454,172)
<b>OPERATING PROFIT</b>	<b>2</b>	481,690	175,952
Interest receivable	<b>3</b>	12,263	7,570
Interest payable	<b>4</b>	(3,208)	(842)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		490,745	182,680
Tax on profit on ordinary activities	<b>7</b>	(120,352)	(40,866)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	<b>13</b>	370,393	141,814

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 5 to 9 form part of these financial statements.

**CRANE KALMAN GALLERY LIMITED**

**BALANCE SHEET AT 30TH JUNE 1999**

	Notes	£	1999	£	1998	£
<b>FIXED ASSETS</b>						
Tangible assets	8		10,489		8,044	
<b>CURRENT ASSETS</b>						
Stocks	9	844,440		421,160		
Debtors	10	122,755		374,620		
Cash at bank and in hand		186,610		276,944		
			1,153,805		1,072,724	
<b>CREDITORS: Amounts falling due within one year</b>	11	(517,556)		(804,423)		
<b>NET CURRENT ASSETS</b>			636,249		268,301	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			646,738		276,345	
<b>CAPITAL AND RESERVES</b>						
Called up share capital	12		100		100	
Profit and loss account	13		646,638		276,245	
<b>SHAREHOLDERS FUNDS</b>	14		646,738		276,345	

The financial statements were approved  
by the board on 6/11/00  
and signed on its behalf by

*Sally Kalman* )  
*Alan Kalman* ) Directors

The notes on pages 5 to 9 form part of these financial statements.

## **CRANE KALMAN GALLERY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 1999**

#### **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 period.

##### **1.3 COMPARATIVES**

The comparative figures are for the year to 31 January 1998.

##### **1.4 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
-----------------------	----------------------

##### **1.5 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.

##### **1.6 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.

##### **1.7 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.

##### **1.8 PENSIONS**

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

#### **2. OPERATING PROFIT**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
The operating profit is stated after charging:		
Depreciation	2,414	1,420
Auditors' remuneration	3,100	3,100
Loss on foreign currencies	5,250	2,836
Operating lease rentals:		
Land and buildings	58,823	37,350



# **CRANE KALMAN GALLERY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 1999**

### **3. INTEREST RECEIVABLE**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Bank and other interest receivable	12,263	7,570

### **4. INTEREST PAYABLE**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	710	-
On overdue tax	2,498	842
	3,208	842

### **5. DIRECTORS AND EMPLOYEES**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Staff costs:		
Wages and salaries	159,030	166,416
Social security costs	19,147	16,124
Other pension costs	20,714	2,084
	198,891	184,624

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

	<b>Number</b>	<b>Number</b>
Administration	5	5

Directors' emoluments:

	<b>£</b>	<b>£</b>
Remuneration for management services	95,733	117,520
Pension contributions	15,750	1,500
	111,483	119,020

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

	<b>Number</b>	<b>Number</b>
Money purchase	2	2
	2	2

### **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 £20,714 (1998: 2,084). All contributions were paid in the period.

**CRANE KALMAN GALLERY LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 1999****7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1999 £	1998 £
The taxation charge comprises:		
U.K. corporation tax at 21% (1998 - 24%)	120,226	40,866
	120,226	40,866
Adjustment in respect of prior years	126	-
	120,352	40,866

**8. TANGIBLE ASSETS**

	Fixtures and fittings £
<u>Cost</u>	
At 1 February 1998	12,611
Additions	4,859
At 30 June 1999	17,470
<u>Depreciation</u>	
At 1 February 1998	4,567
Charge for period	2,414
At 30 June 1999	6,981
<u>Net book value at 30 June 1999</u>	10,489
<u>Net book value at 31 January 1998</u>	8,044

**9. STOCKS**

	1999 £	1998 £
Finished goods and goods for resale	844,440	421,160

**10. DEBTORS**

	1999 £	1998 £
Trade debtors	57,768	359,974
Other debtors	20,395	126
Prepayments and accrued income	44,592	14,520
	122,755	374,620

**CRANE KALMAN GALLERY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 1999**

**11. CREDITORS: AMOUNTS FALLING DUE  
WITHIN ONE YEAR**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Trade creditors	125,384	110,041
Corporation tax	120,354	53,079
Other taxes and social security costs	46,695	62,464
Directors' current accounts	216,278	319,713
Other creditors	-	8,778
Accruals and deferred income	8,845	250,348
	<u>517,556</u>	<u>804,423</u>

**12. SHARE CAPITAL**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
<u>Authorised</u>		
<b>Equity interests:</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<u>Allotted, called up and fully paid</u>		
<b>Equity interests:</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**13. PROFIT AND LOSS ACCOUNT**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Retained profits at 1 February 1998	276,245	134,431
Profit for the financial period	370,393	141,814
Retained profits at 30 June 1999	<u>646,638</u>	<u>276,245</u>

**14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Profit for the financial period	370,393	141,814
Shareholders' funds at 1 February 1998	276,345	134,531
Shareholders' funds at 30 June 1999	<u>646,738</u>	<u>276,345</u>
Represented by:-		
Equity interests	<u>646,738</u>	<u>276,345</u>
	<u>646,738</u>	<u>276,345</u>

**CRANE KALMAN GALLERY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH JUNE 1999**

**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>	<b>1999 £</b>	<b>1998 £</b>
Expiry date:		
Between one and		
five years	30,000	30,000
	<u>30,000</u>	<u>30,000</u>

**16. CONTROL**

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