

Company Registration No. 2246807 (England and Wales)

DRUMMONDS ARCHITECTURAL ANTIQUES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999



DRUMMONDS ARCHITECTURAL ANTIQUES LIMITED

COMPANY INFORMATION

Director	D J H Shaw
Secretary	A S Shaw
Company number	2246807
Registered office	Kirkpatrick House, 25 London Road Hindhead Surrey GU26 6AB
Auditors	Smith & Williamson Onslow Bridge Chambers Bridge Street Guildford GU1 4RA
Business address	Kirkpatrick House, 25 London Road Hindhead Surrey GU26 6AB
Bankers	Bank of Scotland 14/16 Cockspur Street London SW1Y 5BL

DRUMMONDS ARCHITECTURAL ANTIQUES LIMITED

CONTENTS

	Page
Director's report	1 - 2
Auditors' report	3
Profit and loss account	4
Statement of total recognised gains and losses	5
Balance sheet	6
Notes to the financial statements	7 - 14

DRUMMONDS ARCHITECTURAL ANTIQUES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

The director presents his report and financial statements for the year ended 31 December 1999.

Principal activities and review of the business

The principal activity of the business continues to be the sale of architectural antiques and garden statuary.

Disposal of the Bramley property early in the year enabled the company to significantly reduce borrowings. The relocation to Hindhead disrupted trade in the first half of 1999 leading to a reduction in turnover and operating profit.

Sales trends are improving in the year 2000 and the director expects a resumption of growth in the current financial year.

The results for the year and the financial position at the year end were considered satisfactory by the director. The relocation project has disrupted trade in the early part of 1999, but the director expects continued growth in the future.

Results and dividends

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

Director

The following director has held office since 1 January 1999:

D J H Shaw

Director's interests

The director's interest in the shares of the company, including spouse's interest as required by the Companies Act, was as stated below:

	Ordinary shares of £ 1 each	
	31 December 1999	1 January 1999
D J H Shaw	202,501	202,501

Auditors

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

DRUMMONDS ARCHITECTURAL ANTIQUES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

Director's responsibilities

Company law requires the director 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

By order of the board



A S Shaw

Secretary

26 September 2000

DRUMMONDS ARCHITECTURAL ANTIQUES LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF DRUMMONDS ARCHITECTURAL ANTIQUES LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 7.

Respective responsibilities of the director and auditors

As described on page 2 the company's director is 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.

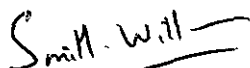
Basis of opinion

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 director 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 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Smith & Williamson

26 September 2000

Chartered Accountants
Registered Auditors

Onslow Bridge Chambers
Bridge Street
Guildford GU1 4RA

DRUMMONDS ARCHITECTURAL ANTIQUES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

	Notes	1999 £	1998 £
Turnover	2	1,311,422	1,535,361
Cost of sales		(596,890)	(776,947)
Gross profit		<u>714,532</u>	<u>758,414</u>
Establishment expenses		(57,247)	(81,990)
Administrative expenses		(525,622)	(503,495)
Operating profit	3	<u>131,663</u>	<u>172,929</u>
Exceptional Item - Sale of property	6	<u>203,929</u>	<u>-</u>
Profit on ordinary activities before interest		<u>335,592</u>	<u>172,929</u>
Interest payable and similar charges	4	(81,643)	(96,958)
Profit on ordinary activities before taxation		<u>253,949</u>	<u>75,971</u>
Tax on profit on ordinary activities	5	(14,359)	(25,290)
Profit on ordinary activities after taxation	13	<u><u>239,590</u></u>	<u><u>50,681</u></u>

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

DRUMMONDS ARCHITECTURAL ANTIQUES LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1999

	1999 £	1998 £
Profit for the financial year	239,590	50,681
Unrealised surplus on revaluation of properties	325,000	-
Total recognised gains and losses relating to the year	<u>564,590</u>	<u>50,681</u>

Note of historical cost profits and losses

	1999 £	1998 £
Reported profit on ordinary activities before taxation	253,949	75,971
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	(11,750)	-
Historical cost profit on ordinary activities before taxation	<u>242,199</u>	<u>75,971</u>
Historical cost profit for the year retained after taxation, extraordinary items and dividends	<u>227,840</u>	<u>50,681</u>

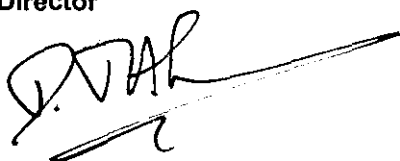
DRUMMONDS ARCHITECTURAL ANTIQUES LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1999

	Notes	1999 £	£	1998 £	£
Fixed assets					
Tangible assets	7		1,226,069		1,224,604
Current assets					
Stocks	8	1,201,968		1,027,890	
Debtors	9	90,093		182,995	
Cash at bank and in hand		128,287		-	
		<u>1,420,348</u>		<u>1,210,885</u>	
Creditors: amounts falling due within one year	10	<u>(574,451)</u>		<u>(1,378,113)</u>	
Net current assets/(liabilities)			<u>845,897</u>		<u>(167,228)</u>
Total assets less current liabilities			<u>2,071,966</u>		<u>1,057,376</u>
Creditors: amounts falling due after more than one year	11		<u>(552,500)</u>		<u>(102,500)</u>
			<u>1,519,466</u>		<u>954,876</u>
Capital and reserves					
Called up share capital	12		332,110		332,110
Share premium account	13		320,014		320,014
Revaluation reserve	13		325,000		-
Profit and loss account	13		542,342		302,752
Shareholders' funds - equity interests	14		<u>1,519,466</u>		<u>954,876</u>

The financial statements were approved by the Board on 26 September 2000

D J H Shaw
Director



DRUMMONDS ARCHITECTURAL ANTIQUES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

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

Land and buildings Freehold	50 years on buildings only
Fixtures, fittings & equipment	5 years
Motor vehicles	4 years

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account.

1.5 Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

1.6 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 director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.7 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.

DRUMMONDS ARCHITECTURAL ANTIQUES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

2 Turnover

The total turnover of the company for the year has been derived from its principal activity in the following markets:

Geographical market

	1999 £	1998 £
United Kingdom	1,036,064	1,170,657
Europe	35,934	5,770
U.S.A	81,139	297,161
Japan	137,223	43,776
Other	21,062	17,997
	<u>1,311,422</u>	<u>1,535,361</u>

3 Operating profit

	1999 £	1998 £
Operating profit is stated after charging:		
Depreciation of tangible assets	16,560	18,177
Auditors' remuneration	5,500	5,500
	<u>22,060</u>	<u>23,677</u>

4 Interest payable

	1999 £	1998 £
On bank loans and overdrafts	67,143	82,102
On other loans	14,500	14,500
On overdue tax	-	356
	<u>81,643</u>	<u>96,958</u>

5 Taxation

	1999 £	1998 £
U.K. current year taxation		
U.K. corporation tax at 20% (1998 - 21%)	14,359	19,000
Prior years		
U.K. corporation tax	-	6,290
	<u>14,359</u>	<u>25,290</u>

DRUMMONDS ARCHITECTURAL ANTIQUES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

6	Exceptional items	1999 £	1998 £
	Exceptional Item - Sale of property	203,929	-
		<u>203,929</u>	<u>-</u>

An exceptional profit arose on the disposal of the premises from which the company previously traded at Birtley Farm, Bramley. A further overage payment is due in 2000 which is not provided in these accounts (see note 17).

DRUMMONDS ARCHITECTURAL ANTIQUES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

7 Tangible fixed assets

	Land and buildings Freehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 January 1999	1,406,528	10,674	101,022	1,518,224
Additions	87,324	3,001	2,700	93,025
Revaluation	325,000	-	-	325,000
Disposals	(618,852)	-	(3,783)	(622,635)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	1,200,000	13,675	99,939	1,313,614
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 1999	218,852	1,648	73,120	293,620
On disposals	(218,852)	-	(3,783)	(222,635)
Charge for the year	-	5,340	11,220	16,560
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	-	6,988	80,557	87,545
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 1999	1,200,000	6,687	19,382	1,226,069
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1998	1,187,676	9,026	27,902	1,224,604
	<hr/>	<hr/>	<hr/>	<hr/>

The freehold property was valued by Gascoignes Chartered Surveyors in December 1999 on the basis of open market value. The valuation of £1,200,000 is divided between £625,000 for the bare site and £575,000 for the buildings.

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
Historical cost at 31 December 1999	875,000
	<hr/>
Depreciation based on cost	
Charge for the year	11,750
	<hr/>
At 31 December 1999	11,750
	<hr/>
Net book values	
At 31 December 1999	863,250
	<hr/>

DRUMMONDS ARCHITECTURAL ANTIQUES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

8	Stocks	1999 £	1998 £
	Finished goods and goods for resale	1,201,968	1,027,890
		<u> </u>	<u> </u>
9	Debtors	1999 £	1998 £
	Trade debtors	84,639	170,659
	Other debtors	5,454	12,336
		<u> </u>	<u> </u>
		90,093	182,995
		<u> </u>	<u> </u>
10	Creditors: amounts falling due within one year	1999 £	1998 £
	Loan stock	42,500	42,500
	Bank loans and overdrafts	431,549	1,161,769
	Corporation tax	14,179	25,290
	Other taxes and social security costs	5,893	2,900
	Director's current accounts	39,291	32,031
	Accruals and deferred income	41,039	113,623
		<u> </u>	<u> </u>
		574,451	1,378,113
		<u> </u>	<u> </u>

The bank overdraft is secured by an all monies debenture dated 10th May 1989 incorporating first legal charges over the company's freehold property.

DRUMMONDS ARCHITECTURAL ANTIQUES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

11 Creditors: amounts falling due after more than one year	1999	1998
	£	£
Loan stock	102,500	102,500
Bank loans	450,000	-
	<u>552,500</u>	<u>102,500</u>
Analysis of loans		
Not wholly repayable within five years by instalments:		
Bank Loan	487,500	-
Wholly repayable within five years:		
Loan stock	145,000	145,000
	<u>632,500</u>	<u>145,000</u>
Included in current liabilities	(80,000)	(42,500)
	<u>552,500</u>	<u>102,500</u>
Loan maturity analysis		
Between one and two years	102,500	102,500
Between two and five years	250,000	-
In five years or more	200,000	-
	<u>552,500</u>	<u>352,500</u>
The 10% loan stock can be redeemed at any time after 15 May 1994 in whole or in part at par, subject to the company giving at least three months notice of its intention to do so. The remaining loan stock in creditors falling due after more than one year will not be redeemed before 31 December 2001.		
12 Share capital	1999	1998
	£	£
Authorised		
500,000 Ordinary shares of £ 1 each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid		
332,110 Ordinary shares of £ 1 each	332,110	332,110
	<u>332,110</u>	<u>332,110</u>

DRUMMONDS ARCHITECTURAL ANTIQUES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

13 Statement of movements on reserves

	Share premium account	Revaluation reserve	Profit and loss account
	£	£	£
Balance at 1 January 1999	320,014	-	302,752
Retained profit for the year	-	-	239,590
Revaluation during the year	-	325,000	-
Balance at 31 December 1999	<u>320,014</u>	<u>325,000</u>	<u>542,342</u>

14 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Profit for the financial year	239,590	50,681
Other recognised gains and losses	325,000	-
Net addition to shareholders' funds	<u>564,590</u>	<u>50,681</u>
Opening shareholders' funds	954,876	904,195
Closing shareholders' funds	<u>1,519,466</u>	<u>954,876</u>

15 Director's emoluments

	1999 £	1998 £
Emoluments for qualifying services	<u>60,000</u>	<u>60,000</u>

DRUMMONDS ARCHITECTURAL ANTIQUES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

16 Employees

Number of employees

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

	1999 Number	1998 Number
Management and administration	15	14
Sales	1	1
	<u>16</u>	<u>15</u>

Employment costs

	£	£
Wages and salaries	290,813	286,998
Social security costs	28,635	28,067
	<u>319,448</u>	<u>315,065</u>

17 Post balance sheet events

The sale contract of Birtley Farm completed on 28 February 1999 stipulated a basic price of £410,000, together with "overage" payments in the event the purchaser was able to improve planning consents. An overage payment was agreed at £190,042 and paid in September 1999. A further overage payment of circa £40,000 is expected in 2000.