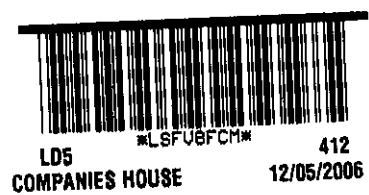


International Art and Antique Loss Register Limited

Annual Report

for the year ended 31 December 2004

Registration Number: 2455350



International Art and Antique Loss Register Limited

Annual Report for the year ended 31 December 2004

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International Art and Antique Loss Register Limited

**Chairman's Statement
for the year ended 31 December 2004**

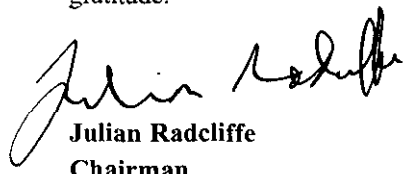
The result after tax for 2004 was a loss of £401,256 (2003 - £404,973), but I am pleased to report that the results for 2005 are expected to show a significant improvement, with the Company returning to a small profit.

As I reported in my last statement for 2003, the Company undertook a major reorganisation in November 2004, in which the Memorandum and Articles were revised so that the veto which could be exercised by any block of 10% holders of the equity was removed, and the Company adopted standard articles which has much simplified the ability of the Directors and Management to run the Company in the interests of all the shareholders. At that time the management of the Company purchased a majority of the shares and provided additional finance by way of a loan.

As we referred to in the previous year's report, we have made some major changes in the way in which we undertake our operations, which have improved our efficiency and reduced our costs by some £200,000 on 2003. The office which we established in India in 2003 has proved to be very successful and we are increasing the number of staff there and extending the support they provide to our offices.

We have also, as outlined previously, moved our management accounting and parts of our IT support to the offices of Loss Management Group in Bath. This has enabled us to handle an increasing number of searches for the trade, and far more sales and development activity.

The 2006 year has started well. We are fortunate to be served by a small and dedicated staff who deserve our gratitude.



Julian Radcliffe
Chairman

Dated:27/4/06..... 2006

International Art and Antique Loss Register Limited

Directors' Report for the year ended 31 December 2004

The directors present their annual report, together with the audited financial statements of the company and the group, for the year ended 31 December 2004.

Principal Activity and Review of the Business

The principal activity of the group is the continued development of an international register of stolen works of fine art, acting in relation to the recovery of fine art and providing expert services. There are subsidiary companies in New York and Cologne.

Results And Dividends

The results for the year are set out on page 6. The loss for the year after taxation was £401,256.

The directors do not recommend payment of a final dividend.

Employment Policy

The Board has a majority of non-executive directors who provide a remuneration committee. The position of Chairman and Chief Executive is combined, but this is not considered inappropriate in a company of this size.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

		'A'/'R1' Ord. shares		'B' / 'R2' Ord. shares	
		At	At	At	At
		31 Dec '04	1 Jan '04	31 Dec '04	1 Jan '04
JGY Radcliffe		53,793	-	6,347,362	1,645,603
JB Emson		-	-	-	237,000
PAT Davidson		-	-	-	117,546
G Nott	Resigned 25 November 2004	-	-	-	-
JA Josephson	Resigned 25 November 2004	-	-	-	-
R Neville	Resigned 25 November 2004	-	-	-	-
A. Golder		-	-	-	-

Additionally Mr. J.G.Y. Radcliffe owned 384,583 'R' Preference shares at 31 December 2004.

International Art and Antique Loss Register Limited

**Directors' Report
for the year ended 31 December 2004**

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 the affairs of the company and of the group and of the profit or loss of the company and of the group for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group 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 of the group 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 of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

MMBH Limited were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing their reappointment will be put to the Annual General Meeting.

This report was approved by the Board on 27 APRIL 2006 and signed on its behalf by:



**PM Clark
Secretary**

International Art and Antique Loss Register Limited

Independent auditors' report to the shareholders of International Art and Antique Loss Register Limited

We have audited the financial statements of International Art and Antique Loss Register Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheets, the cash flow statement, the statement of recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities 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 other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors report and chairman's statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

International Art and Antique Loss Register Limited


**Independent auditors' report to the shareholders of
International Art and Antique Loss Register Limited - continued**

Going Concern

In forming our opinion we have considered the adequacy of the disclosures in note 23 of the financial statements concerning the company and group's trading positions and the funding to be provided by Mr. J.G.Y. Radcliffe. As stated in note 23 the company and group's position as going concerns are dependent achieving the results set out in the 2006 projections and on the undertaking by Mr. Radcliffe to provide the necessary additional funding. In view of the significance of this uncertainty we consider it should be drawn to your attention but our opinion is not qualified in this respect.

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 2004 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**MMBH Limited
Chartered Accountants and
Registered Auditors**

**31 Harley Street
London
W1G 9QS.**

Dated:11/5/.....2006

International Art and Antique Loss Register Limited

**Group Profit and Loss Account
for the year ended 31 December 2004**

		2004	2003
	Notes	£	£
Turnover	2	693,671	876,694
Cost of sales		(83,946)	(39,562)
Gross profit		609,725	837,132
Administrative expenses		(1,011,472)	(1,247,217)
Group operating loss	3	(401,747)	(410,085)
Investment income	4	6,835	8,344
Interest receivable and similar income	5	1,680	873
Interest payable and similar charges	6	(7,683)	(8,363)
(Loss) / profit on ordinary activities before taxation		(400,915)	(409,231)
Tax on (loss) / profit on ordinary activities	8	(341)	4,258
Retained (loss) / profit for the group		<u>(401,256)</u>	<u>(404,973)</u>

The above results are derived solely from continuing operations.

The financial statements have been prepared on an unmodified cost basis.

The notes on pages 11 to 25 form an integral part of these financial statements.

International Art and Antique Loss Register Limited

Group Statement of total recognised gains and losses

	2004	2003
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	£	£
Loss on ordinary activities after taxation	(401,256)	(404,973)
Foreign exchange movement on net investment	<u>6,165</u>	<u>2,000</u>
Total recognised losses relating to the year	<u>(395,091)</u>	<u>(402,973)</u>

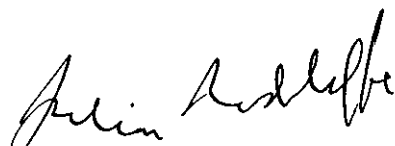
The notes on pages 11 to 25 form an integral part of these financial statements.

International Art and Antique Loss Register Limited

**Group Balance Sheet
as at 31 December 2004**

		2004		2003	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	11		52,429		135,325
Current Assets					
Debtors	13	139,980		298,498	
Cash at bank and in hand		30,886		116,868	
		<u>170,866</u>		<u>415,366</u>	
Creditors: amounts falling due within one year	14	<u>(433,980)</u>		<u>(366,282)</u>	
Net Current (Liabilities)/Assets			<u>(263,114)</u>		<u>49,084</u>
Net Assets			<u><u>(210,685)</u></u>		<u><u>184,409</u></u>
Capital and Reserves					
Called up share capital	15		812,317		812,317
Share premium account	16		83,378		83,378
Profit and loss account	16		<u>(1,106,380)</u>		<u>(711,286)</u>
Equity Shareholders' Funds	17		<u><u>(210,685)</u></u>		<u><u>184,409</u></u>
Equity interests			-		-
Non-equity interests			<u><u>(210,685)</u></u>		<u><u>184,409</u></u>

The financial statements were approved by the Board on 27/4/..... 2006 and signed on its behalf by:


JGY Radcliffe
Director


PAT Davidson
Director

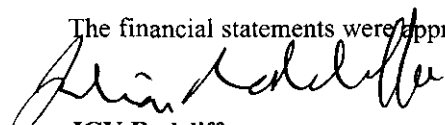
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International Art and Antique Loss Register Limited

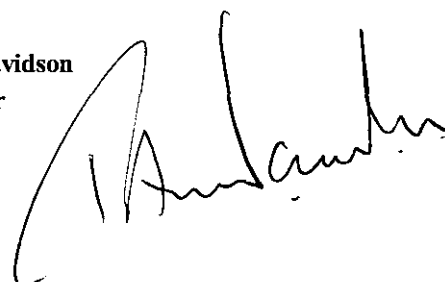
**Company Balance Sheet
as at 31 December 2004**

		2004		2003	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	11		32,233		108,468
Investments	12		-		3,053
			<u>32,233</u>		<u>111,521</u>
Current Assets					
Debtors	13	134,645		358,134	
Cash at bank and in hand		<u>15,123</u>		<u>50,146</u>	
		149,768		408,280	
Creditors: amounts falling due within one year	14	<u>(392,685)</u>		<u>(290,636)</u>	
Net Current (Liabilities)/Assets			<u>(242,917)</u>		<u>117,644</u>
Net Assets			<u>(210,684)</u>		<u>229,165</u>
Capital and Reserves					
Called up share capital	15		812,317		812,317
Share premium account	16		83,378		83,378
Profit and loss account	16		<u>(1,106,379)</u>		<u>(666,530)</u>
Shareholders' Funds	17		<u>(210,684)</u>		<u>229,165</u>
Equity interests			-		-
Non-equity interests			<u>(210,684)</u>		<u>229,165</u>

The financial statements were approved by the Board on 27/4/..... 2006 and signed on its behalf by:


JGY Radcliffe
Director

PAT Davidson
Director



The notes on pages 11 to 25 form an integral part of these financial statements.

International Art and Antique Loss Register Limited

**Group Cash Flow Statement
for the year ended 31 December 2004**

	Note	2004 £	2003 £
Reconciliation of operating loss to net cash outflow from operating activities			
Operating loss		(401,747)	(410,085)
Depreciation & amortisation		97,939	169,462
Decrease in debtors		158,406	128,939
Increase / (decrease) in creditors		82,759	(65,673)
Net cash (outflow) / inflow from operating activities		<u>(62,643)</u>	<u>(177,357)</u>

CASH FLOW STATEMENT

Net cash (outflow) / inflow from operating activities		(62,643)	(177,357)
Returns on investments and servicing of finance	21	832	854
Taxation	21	341	1,102
Capital expenditure	21	(16,871)	(8,899)
(Decrease) / increase in cash in the year		<u>(79,023)</u>	<u>(184,300)</u>

Reconciliation of net cash flow to movement in net debt (Note 22)

(Decrease) / increase in cash in the year		(79,023)	(184,300)
Net funds at 1 January 2004		<u>88,742</u>	<u>273,042</u>
Net funds at 31 December 2004		<u>9,719</u>	<u>88,742</u>

International Art and Antique Loss Register Limited

Notes to Financial Statements for the year ended 31 December 2004

1. Accounting policies

The following policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

1.1. Basis of preparation

The financial statements have been prepared in accordance with acceptable accounting standards and under the historical cost accounting rules.

1.2. Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2004 each year. Unless otherwise stated the acquisition method of accounting has been adopted. Under this method, the results of all subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 230 (4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

1.3. Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives, as follows:

Leasehold properties	-	Over the life of the lease until the first break clause.
Group software developments	-	See below.
Computers, equipment and furniture	-	5 Years.

Group software developments

The Group continues to develop software projects for its own use. The costs involved in developing these projects are capitalised in the accounts. The costs attributable to each project are then written off to the profit and loss account over a three year period starting with the date on which the project software is fully operational.

Any costs incurred in software projects which not considered to have any future value to the Group are written off to the profit and loss account as they are incurred or if later, on the date when the Group first recognises that the relevant project has no future value.

1.4. Leasing

Rentals charges for operating leases are charged in the profit and loss account on a straight line basis over the life of the lease.

International Art and Antique Loss Register Limited

Notes to Financial Statements for the year ended 31 December 2004

..... continued

1.5. Deferred taxation

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred assets are recognised only to the extent that the directors consider it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and the law enacted or substantively enacted at the balance sheet date.

1.6. Pensions

The group operates a defined contribution scheme. Contributions payable by the group are charged to the profit and loss account in the period to which they relate. The assets of the pension scheme are held separately from those of the group in an independently administered fund.

1.7. Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services to customers during the year.

Recovery fees are due to the Group when works of art are recovered. Recovery fee income is recognised in the following manner:

Amount taken to P & L Account

100%	Where the recovery has been made, the fee in relation to the recovery has been agreed with the client and in the company's view, the fee is collectible.
33%	Of the anticipated value where a recovery has been made and a contract is in place but an invoice cannot be issued because the item has not yet been sold or valued.

1.8. Deferred income

Deferred income represents subscriptions received which relate to a subsequent accounting period. These have been transferred to the balance sheet at the year end.

1.9. Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities and profit and loss accounts of overseas subsidiary undertakings are translated at the closing exchange rates. Gains and losses arising on these translation are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

International Art and Antique Loss Register Limited

**Notes to Financial Statements
for the year ended 31 December 2004**

..... continued

1.10. Cash and liquid resources

Cash for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying value or traded in an active market. Liquid resources comprise term deposits of one year or less.

2. Turnover	2004	2003
	£	£
Geographical market		
U.K.	549,925	685,569
Europe	82,766	115,162
U.S.A.	227,107	207,319
	<u>859,798</u>	<u>1,008,050</u>

3. Operating loss	2004	2003
	£	£
Operating loss is stated after charging:		
Depreciation and other amounts written off owned tangible assets and intangible assets	97,939	169,462
Research and development		
- expenditure in current year	-	913
Loss on foreign currencies	14,932	10,553
Operating lease rentals		
- Plant and machinery	7,928	7,831
- Land and buildings	83,460	79,740
Auditors' remuneration	<u>6,750</u>	<u>6,750</u>

Of the auditors remuneration, £6,750 relates to the audit of the parent company.

4. Income from investments	2004	2003
	£	£
Income from subsidiary undertakings	<u>6,835</u>	<u>8,344</u>

International Art and Antique Loss Register Limited

**Notes to Financial Statements
for the year ended 31 December 2004**

..... continued

5. Interest receivable and similar income	2004	2003
	£	£
Bank interest	<u>1,680</u>	<u>873</u>
6. Interest payable and similar charges	2004	2003
	£	£
On amounts payable to group companies	6,835	8,344
On bank loans and overdrafts	<u>848</u>	<u>19</u>
	<u>7,683</u>	<u>8,363</u>

7. Employees

Number of employees

The average monthly numbers of employees (including the directors) during the year were:

	2004	2003
Art historians and client liaison	7	9
Management and administration	<u>6</u>	<u>7</u>
	<u>13</u>	<u>16</u>

Employment costs

	2004	2003
	£	£
Wages and salaries	392,047	481,424
Social security costs	42,447	49,866
Other pension costs	<u>15,917</u>	<u>18,324</u>
	<u>450,411</u>	<u>549,614</u>

International Art and Antique Loss Register Limited

**Notes to Financial Statements
for the year ended 31 December 2004**

..... continued

7.1. Directors' emoluments	2004	2003
	£	£
Remuneration and other emoluments	92,442	92,824
Pension contributions	7,500	7,500
	<u>99,942</u>	<u>100,324</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>1</u>	<u>1</u>

International Art and Antique Loss Register Limited

**Notes to Financial Statements
for the year ended 31 December 2004**

..... continued

8. Tax on loss on ordinary activities

Analysis of charge in period	2004	2003
	£	£
Current tax		
Overseas tax (recovered)	341	(1,102)
Total current tax (recovery) / charge	341	(1,102)
Deferred tax		
Timing differences, origination and reversal	-	(3,156)
Total deferred tax	-	(3,156)
Tax on loss on ordinary activities	341	(4,258)

Factors affecting tax charge for period

The tax assessed for the period is than the standard rate of corporation tax in the UK (19%). The differences are explained below:

	2004	2003
	£	£
Loss on ordinary activities before taxation	(400,915)	(409,231)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2003 : 19%)	(76,174)	(77,754)
Effects of:		
Expenses not deductible for tax purposes	19,253	590
Depreciation in excess of capital allowances	14,270	6,352
Losses not utilised	42,992	69,710
Current tax charge for period	341	(1,102)

9. Loss for the year attributable to shareholders

As permitted by Section 230 of the Companies Act 1985 the Profit and Loss Account of International Art and Antique Loss Register Limited has not been presented with the financial statements.

The results after taxation of the parent undertaking for the year ended 2004 showed a loss of £439,850 (2003 - loss £384,596).

International Art and Antique Loss Register Limited

**Notes to Financial Statements
for the year ended 31 December 2004**

..... continued

10. Intangible fixed assets	Files of stolen fine art
	£
(a) Group	
Cost	
At 1 January 2004	
At 31 December 2004	<u>145,001</u>
Provision for diminution in value	
At 1 January 2004	
At 31 December 2004	<u>145,001</u>
 (b) Company	
Cost	
At 1 January 2004	
At 31 December 2004	<u>145,001</u>
Provision for diminution in value	
At 1 January 2004	
At 31 December 2004	<u>145,001</u>

International Art and Antique Loss Register Limited

**Notes to Financial Statements
for the year ended 31 December 2004**

..... continued

11. Tangible fixed assets

	Short leasehold property	Software	Computers, equipment & furniture	Total
	£	£	£	£
(a) The Group				
Cost				
At 1 January 2004	9,880	406,513	268,936	685,329
Additions	-	-	16,869	16,869
Disposals	-	-	(102,008)	(102,008)
Exchange difference		-	3,898	(3,898)
At 31 December 2004	<u>9,880</u>	<u>406,513</u>	<u>179,899</u>	<u>596,292</u>
Depreciation				
At 1 January 2004	3,657	339,136	207,211	550,004
On disposals	-	-	(102,008)	(102,008)
Charge for the year	3,108	66,411	28,422	97,941
Exchange difference		-	2,074	(2,074)
At 31 December 2004	<u>6,765</u>	<u>405,547</u>	<u>131,551</u>	<u>543,863</u>
Net book values				
At 31 December 2004	<u>3,115</u>	<u>966</u>	<u>48,348</u>	<u>52,429</u>
At 31 December 2003	<u>6,223</u>	<u>67,377</u>	<u>61,725</u>	<u>135,325</u>
 (b) The Company				
Cost				
At 1 January 2004	9,880	406,513	211,962	628,355
Additions	-	-	12,287	12,287
Disposals	-	-	(102,008)	(102,008)
At 31 December 2004	<u>9,880</u>	<u>406,513</u>	<u>122,241</u>	<u>538,634</u>
Depreciation				
At 1 January 2004	3,656	339,135	177,096	519,887
On disposals	-	-	(102,008)	(102,008)
Charge for the year	3,108	66,414	19,000	88,522
At 31 December 2004	<u>6,764</u>	<u>405,549</u>	<u>94,088</u>	<u>506,401</u>
Net book values				
At 31 December 2004	<u>3,116</u>	<u>964</u>	<u>28,153</u>	<u>32,233</u>
At 31 December 2003	<u>6,224</u>	<u>67,378</u>	<u>34,866</u>	<u>108,468</u>

International Art and Antique Loss Register Limited

**Notes to Financial Statements
for the year ended 31 December 2004**

..... continued

12. Fixed Asset Investments

The Company

	Subsidiary Undertakings Shares	Total
	£	£
Cost		
At 1 January 2004 and At 31 December 2004	<u>3,053</u>	<u>3,053</u>
Provisions for diminution in value:		
Movement	<u>3,053</u>	<u>3,053</u>
At 31 December 2004	<u>3,053</u>	<u>3,053</u>
Net book values		
At 31 December 2004	<u>-</u>	<u>-</u>
At 31 December 2003	<u>3,053</u>	<u>3,053</u>

12.1. Holdings of 20% or more

The group or the company holds 20% or more of the nominal value of the share capital of the following companies:

Company	Country of registration or incorporation	Holding	Shares held Class	Proportion
Subsidiary undertaking				
Art Loss Register Inc.	USA	1,000	Ords. \$1	100%
Art Loss Register (Deutschland) GmbH	Germany	25,565	Ords. Euro	100%

The subsidiaries carry on the same principal activity as the Company.

International Art and Antique Loss Register Limited

**Notes to Financial Statements
for the year ended 31 December 2004**

..... continued

13. Debtors	2004	2003
	£	£
(a) Group		
Trade debtors	58,565	140,456
Other debtors	28,642	65,627
Prepayments and accrued income	52,773	92,415
	<u>139,980</u>	<u>298,498</u>
(b) Company		
Trade debtors	27,393	123,433
Amounts owed by group undertakings	60,134	112,149
Other debtors	5,873	42,206
Prepayments and accrued income	41,245	80,346
	<u>134,645</u>	<u>358,134</u>
14. Creditors: amounts falling due within one year	2004	2003
	£	£
(a) Group		
Bank overdraft	21,167	28,128
Trade creditors	93,960	90,481
Other taxes and social security costs	18,959	38,547
Directors' accounts	130,230	-
Other creditors	71	556
Accruals and deferred income	169,593	208,570
	<u>433,980</u>	<u>366,282</u>
(b) Company		
Bank overdraft	20,897	27,146
Trade creditors	78,301	70,105
Other taxes and social security costs	-	31,440
Directors' accounts	130,230	-
Accruals and deferred income	163,257	161,945
	<u>392,685</u>	<u>290,636</u>

International Art and Antique Loss Register Limited

**Notes to Financial Statements
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15. Share capital	2004	2003
	£	£
Authorised		
125,003 'A'/'R1' Ord. shares of £1 each	125,003	125,003
50,000,000 'B' / 'R2' Ord. shares of 0.5p each	250,000	250,000
625,000 Redeemable preference shares of £1 each	625,000	625,000
	<u>1,000,003</u>	<u>1,000,003</u>
 Equity interest	 375,003	 375,003
Non-equity interest	<u>625,000</u>	<u>625,000</u>
 Allotted, called up and fully paid		
125,003 'A'/'R1' Ord. shares of £1 each	125,003	125,003
12,462,702 'B' / 'R2' Ord. shares of 0.5p each	62,314	62,314
625,000 Redeemable preference shares of £1 each	625,000	625,000
	<u>812,317</u>	<u>812,317</u>
 Equity interest	 187,317	 187,317
Non-equity interest	<u>625,000</u>	<u>625,000</u>

(a) Redeemable Preference Shares

The company may redeem the Preference Shares in multiples of 5,000 shares at any one time with the prior consent of not less than 75% in value of the holders of the Preference Shares. Any redemption will be at nominal value.

The Preference shares carry no voting rights. On winding-up the Preference Shares shall be entitled to repayment of the nominal value of their holdings plus all dividends declared but not yet paid in priority to any payment of capital or dividend to any other shareholder.

(b) 'A' and 'B' Ordinary shares

At 1 January 2004 the undermentioned 'B' Ordinary shares of 0.5p each were subject to options under the Executive Share Option Scheme. Each 'B' share has one vote and has the same rights as the 'A' shares. The options lapsed at 31 July 2004:-

<u>Date of Grant</u>	<u>Normal exercise period</u>	<u>No. of Shares</u>	<u>Option Price</u>
31 July 1997	July 2000 - 2004	<u>87,391</u>	<u>3.5p</u>

International Art and Antique Loss Register Limited

**Notes to Financial Statements
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16. Equity Reserves

Group	Share premium account £	Profit and loss account £	Total £
At 1 January 2004	83,378	(711,289)	(627,911)
Exchange adjustment	-	6,165	6,165
(Loss) for the year	-	(401,256)	(401,256)
At 31 December 2004	<u>83,378</u>	<u>(1,106,380)</u>	<u>(1,023,002)</u>
Company			
At 1 January 2004	83,378	(666,527)	(583,149)
Premium on issue of shares	-	-	-
(Loss) for the year	-	(439,852)	(439,852)
At 31 December 2004	<u>83,378</u>	<u>(1,106,379)</u>	<u>(1,023,001)</u>

17. Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Group		
Loss for the year	(401,256)	(404,973)
Other recognised gains or losses	6,170	2,000
Net addition to shareholders' funds	<u>(395,086)</u>	<u>(402,973)</u>
Opening shareholders' funds	184,409	587,382
	<u>(210,677)</u>	<u>184,409</u>
Company		
Loss for the year	(439,849)	(384,596)
Opening shareholders' funds	229,165	613,761
	<u>(210,684)</u>	<u>229,165</u>

International Art and Antique Loss Register Limited

**Notes to Financial Statements
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18. Financial commitments

	Land and buildings		Other	
Group	2004	2003	2004	2003
Expiry date:	£	£	£	£
Within one year	41,697	11,136	-	1,504
Between one and five years	-	78,680	-	-
	<u>41,697</u>	<u>89,816</u>	<u>-</u>	<u>1,504</u>
Company				
Expiry date:				
Within one year	-	11,136	-	1,295
Between one and five years	-	35,975	-	-
	<u>-</u>	<u>47,111</u>	<u>-</u>	<u>1,295</u>

19. Contingent liabilities

Risk management

The company regularly reviews its operational procedures and risk management profile with the view to limiting and eliminating any areas of possible concern. In the unlikely event of a claim being made against the company, the directors would consider the merits of such a claim and only if appropriate make a provision in the accounts.

20. Related party transactions

The Company transacts business on an arms length basis with a number of its shareholders providing logging of losses, searching for the art trade, recoveries and investigations. Additionally the Loss Management Group Limited provide support services to the company, charged at commercial rates. The total charged for the year was £11,353 (2003: £32,576)

International Art and Antique Loss Register Limited

**Notes to Financial Statements
for the year ended 31 December 2004**

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21. Gross Cash Flows

	2004	2003
	£	£
Returns on investments and servicing of finance		
Interest received	8,515	9,217
Interest paid	(7,683)	(8,363)
	<u>832</u>	<u>854</u>
Taxation		
Corporation tax repaid	<u>(341)</u>	<u>1,102</u>
Capital expenditure		
Payments to acquire tangible assets	<u>(16,871)</u>	<u>(8,899)</u>

22. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	116,868	(85,982)	30,886
Overdrafts	(28,128)	6,961	(21,167)
	<u>88,740</u>	<u>(79,021)</u>	<u>9,719</u>
Net funds	<u>88,740</u>	<u>(79,021)</u>	<u>9,719</u>

International Art and Antique Loss Register Limited

**Notes to Financial Statements
for the year ended 31 December 2004**

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23. Going concern

The group has incurred a loss of £401,256 in the year and has accumulated losses of £1,106,380 at the balance sheet date. Management accounts for the year ended 31 December 2005 indicate that the group made a small trading profit for the year. Projections for 2006 indicate that the group will incur a loss in the order of £80,000 for the year. On this basis it is projected that the group will require additional funding in the order of £275,000 by the end of 2006 and increasing to £350,000 by April 2007. The directors are however confident that based on the current level of trading in 2006, these results will be improved upon and the group may trade at a break-even level for the year. The Executive Chairman Mr. J.G.Y. Radcliffe has undertaken to provide during the next 12 months the additional funding necessary to finance the company's activities, in line with the potential requirements set out above.

The directors recognise the importance of achieving the results set out in the 2006 projections and at the time of signing the financial statements they are confident that the results will be improved upon. The directors also recognise the necessity for further funding and are confident that the financial undertaking provided by Mr. Radcliffe will be fulfilled. On this basis the directors consider the company a going concern at the balance sheet date.

24. Controlling interest

With effect from 24 November 2004 the Executive Chairman Mr. J.G.Y. Radcliffe owned 51% of the 'B'/'R2' Ordinary shares of 5p each, 43% of the 'A'/'R1' Ordinary shares of £1 each and 62% of the Preference/'R' Preference shares. From that date Mr. Radcliffe is considered to hold a controlling interest in the company.