

**CHANTRY FINE ART LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2006**



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COMPANIES HOUSE

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631  
13/07/2006

Company Number: 4679401

**REPORT OF THE DIRECTORS**

The directors present their annual report with the accounts of the company for the year ended 31 March 2006.

**Principal activities**

The principal activity of the company in the year under review was the retail of fine art prints.

**Directors**

The directors in office in the year and their interests in the company's issued share capital, as shown in the register of directors' interests, were:

|                | <b><u>Number of Ordinary<br/>Shares of £1 each</u></b> |
|----------------|--|
| Mr A J Prince  | 50   |
| Mrs A E Prince | 50   |

This report is prepared in accordance with special provisions of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board

A handwritten signature in black ink, consisting of a long horizontal stroke with a vertical line intersecting it near the left end.

Secretary

**CHANTRY FINE ART LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2006**

|   | <u>Note</u> | <u>2006</u>             | <u>2005</u>          |
|---|-------------|-------------------------|----------------------|
| <b>Turnover</b>   | <b>1</b>    | 166726                  | 241271               |
| Cost of sales   |             | ( 122797)               | ( 143346)            |
| <b>Gross profit</b>   |             | 43929                   | 97925                |
| Administrative and other expenses                           |             | ( 72708)                | ( 95862)             |
| <b>Operating (loss)/profit</b>                              | <b>2</b>    | ( 28779)                | 2063                 |
| Bank interest receivable                                    |             | 135                     | 275                  |
| Interest payable  |             | ( 112)                  | ( 77)                |
| <b>(Loss)/profit on ordinary activities before taxation</b> |             | ( 28756)                | 2261                 |
| Taxation  | <b>4</b>    | 2331                    | ( 1142)              |
| <b>(Loss)/profit for the financial year after taxation</b>  | <b>11</b>   | <b><u>£( 26425)</u></b> | <b><u>£ 1119</u></b> |

There are no recognised gains or losses other than the loss for the year.

The notes on pages 5 to 8 form an integral part of these accounts.

**BALANCE SHEET**

**31 MARCH 2006**

|   | <u>Note</u> | <u>2006</u>      | <u>2005</u>    |
|---|-------------|------------------|----------------|
| <b>Fixed assets</b>                                   |             |                  |                |
| Intangible assets                                     | 5           | 63750            | 67500          |
| Tangible assets                                       | 6           | <u>10671</u>     | <u>13659</u>   |
|   |             | 74421            | 81159          |
| <b>Current assets</b>                                 |             |                  |                |
| Stock   | 1           | 115823           | 112806         |
| Debtors   | 7           | 42796            | 62152          |
| Cash at bank  |             | <u>2117</u>      | <u>7437</u>    |
|   |             | 160736           | 182395         |
| <b>Creditors: amounts falling due within one year</b> | 8           | ( 245914)        | ( 247706)      |
| <b>Net current liabilities</b>                        |             | ( 85178)         | ( 65311)       |
| <b>Total assets less current liabilities</b>          |             | ( 10757)         | 15848          |
| <b>Provisions for liabilities and charges</b>         |             |                  |                |
| Deferred taxation                                     | 9           | <u>0</u>         | ( 180)         |
|   |             | ( 10757)         | <u>15668</u>   |
| <b>Capital and reserves</b>                           |             |                  |                |
| Called up share capital                               | 10          | 100              | 100            |
| Profit and loss account                               |             | ( 10857)         | <u>15568</u>   |
| <b>Shareholders' (deficit)/funds</b>                  | 11          | <u>£( 10757)</u> | <u>£ 15668</u> |

The notes on pages 5 to 8 form an integral part of these accounts.

The financial statements were approved by the Board of Directors on 7.7.2006

For the year in question, the company was entitled to exemption from an audit under section 249A(1) of the Companies Act 1985. No notice has been deposited under section 249B(2) of the Act in relation to the accounts for the financial year. The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985; and
- preparing accounts which give a true and fair view of the state of affairs of the company, as at the end of the financial year, and of its profit or loss for the financial year in accordance with the requirements of section 226 of the Companies Act 1985, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities 2005.

Signed on Behalf of the Board of Directors:

..... Director

**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2006**

**1. Accounting policies****Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities 2005.

**Turnover**

Turnover is the total amount, excluding Value Added Tax, receivable by the company for goods and services provided.

**Stock**

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

**Tangible and intangible fixed assets**

Depreciation is provided to write off the cost of tangible fixed assets less their estimated residual value over their expected useful lives at the following annual rates:

|                                |                         |
|--------------------------------|-------------------------|
| Fixtures and fittings          | 25% on reducing balance |
| Plant and machinery            | 25% on reducing balance |
| Motor vehicle                  | 25% on reducing balance |
| Office furniture and equipment | 25% on reducing balance |
| Computer equipment             | 50% on cost             |

Goodwill arising on the purchase of the business is being amortised by equal instalments over a 20-year period.

**Deferred taxation**

Deferred taxation arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing difference reverse, based on current tax rates and laws.

Deferred tax assets arising from tax losses are not provided for because their recoverability is uncertain.

**Going concern**

The company was insolvent at the balance sheet date, however, the directors are the principal creditors of the company (see note 8) and have given an undertaking not to request repayment of their loan for the foreseeable future. They also consider that the company will return to profitability in the future and therefore it is considered appropriate to present these accounts using the 'going concern' concept.

**2. Operating profit**

The operating profit is stated after charging:

|   | <b><u>2006</u></b> | <b><u>2005</u></b> |
|---|--------------------|--------------------|
| Amortisation of intangible fixed assets | £ 3750             | £ 3750             |
| Depreciation of tangible fixed assets   | £ 3773             | £ 10477            |

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2006 Continued/**

|  | <u>2006</u>                        | <u>2005</u>                      |                          |   |                               |                |
|--|------------------------------------|----------------------------------|--------------------------|---|-------------------------------|----------------|
| 3. Directors' emoluments                       | <u>£ 9313</u>                      | <u>£ 14018</u>                   |                          |   |                               |                |
| 4. Taxation                                    |                                    |                                  |                          |   |                               |                |
| Corporation tax due                            | ( 2151)                            | 2151                             |                          |   |                               |                |
| Deferred taxation (see note 9):                |                                    |                                  |                          |   |                               |                |
| Origination and reversal of timing differences | ( 180)                             | ( 1009)                          |                          |   |                               |                |
|  | <u>£( 2331)</u>                    | <u>£ 1142</u>                    |                          |   |                               |                |
| 5. Intangible fixed assets                     |                                    | <u>Goodwill</u>                  |                          |   |                               |                |
| Cost.  |                                    |                                  |                          |   |                               |                |
| As at 1 April 2005 and 31 March 2006           |                                    | <u>£ 75000</u>                   |                          |   |                               |                |
| Amortisation.                                  |                                    |                                  |                          |   |                               |                |
| As at 1 April 2005                             |                                    | 7500                             |                          |   |                               |                |
| Charge for year                                |                                    | <u>3750</u>                      |                          |   |                               |                |
| As at 31 March 2006                            |                                    | <u>£ 11250</u>                   |                          |   |                               |                |
| Net Book Value.                                |                                    |                                  |                          |   |                               |                |
| As t 31 March 2006                             |                                    | <u>£ 63750</u>                   |                          |   |                               |                |
| As at 31 March 2005                            |                                    | <u>£ 67500</u>                   |                          |   |                               |                |
| 6. Tangible fixed assets                       |                                    |                                  |                          |   |                               |                |
|  | <u>Fixtures<br/>&amp; Fittings</u> | <u>Plant &amp;<br/>Machinery</u> | <u>Motor<br/>Vehicle</u> | <u>Office<br/>Furniture &amp;<br/>Equipment</u> | <u>Computer<br/>Equipment</u> | <u>TOTAL</u>   |
| Cost.  |                                    |                                  |                          |   |                               |                |
| As at 1 April 2005                             | 12904                              | 4128                             | 1100                     | 5214  | 11855                         | 35201          |
| Additions in year                              | <u>0</u>                           | <u>0</u>                         | <u>0</u>                 | <u>136</u>                                      | <u>649</u>                    | <u>785</u>     |
| As at 31 March 2006                            | <u>£ 12904</u>                     | <u>£ 4128</u>                    | <u>£ 1100</u>            | <u>£ 5350</u>                                   | <u>£ 12504</u>                | <u>£ 35986</u> |
| Depreciation.                                  |                                    |                                  |                          |   |                               |                |
| As at 1 April 2005                             | 5189                               | 1806                             | 481                      | 2212  | 11854                         | 21542          |
| Charge for year                                | <u>1929</u>                        | <u>580</u>                       | <u>155</u>               | <u>784</u>                                      | <u>325</u>                    | <u>3773</u>    |
| As at 31 March 2006                            | <u>£ 7118</u>                      | <u>£ 2386</u>                    | <u>£ 636</u>             | <u>£ 2996</u>                                   | <u>£ 12179</u>                | <u>£ 25315</u> |
| Net Book Value.                                |                                    |                                  |                          |   |                               |                |
| As at 31 March 2006                            | <u>£ 5786</u>                      | <u>£ 1742</u>                    | <u>£ 464</u>             | <u>£ 2354</u>                                   | <u>£ 325</u>                  | <u>£ 10671</u> |
| As at 31 March 2005                            | <u>£ 7715</u>                      | <u>£ 2322</u>                    | <u>£ 619</u>             | <u>£ 3002</u>                                   | <u>£ 1</u>                    | <u>£ 13659</u> |

**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31 MARCH 2006 Continued/**

|  | <b><u>2006</u></b>                       | <b><u>2005</u></b>     |
|--|--|------------------------|
| <b>7. Debtors</b>  |  |                        |
| Trade debtors  | 39404                                    | 57760                  |
| Other debtors  | <u>3392</u>                              | <u>4392</u>            |
|  | <b><u>£ 42796</u></b>                    | <b><u>£ 62152</u></b>  |
| <b>8. Creditors: amounts falling due within one year</b> |  |                        |
| Bank overdraft   | 4863                                     | 5501                   |
| Trade creditors  | 29997                                    | 23625                  |
| Directors' loan account                                  | 193955                                   | 201155                 |
| Taxation   | 3608                                     | 3208                   |
| Other creditors  | <u>13491</u>                             | <u>14217</u>           |
|  | <b><u>£ 245914</u></b>                   | <b><u>£ 247706</u></b> |
| <b>9. Deferred taxation</b>                              |  |                        |
| Accelerated capital allowances:                          |  |                        |
| Balance at start of year                                 | 180                                      | 1189                   |
| Release for year (note 4)                                | <u>( 180)</u>                            | <u>( 1009)</u>         |
|  | <b><u>£ 0</u></b>                        | <b><u>£ 180</u></b>    |
| <b>10. Called up share capital</b>                       | <b><u>Ordinary Shares of £1 Each</u></b> |                        |
| Authorised   | <b><u>£ 100</u></b>                      | <b><u>£ 100</u></b>    |
| Allotted, called up and fully paid                       | <b><u>£ 100</u></b>                      | <b><u>£ 100</u></b>    |
| 100 shares were issued during the period, at par.        |  |                        |
| <b>11. Shareholders' funds</b>                           | <b><u>2006</u></b>                       | <b><u>2005</u></b>     |
| (Loss)/profit for the financial year after taxation      | ( 26425)                                 | 1119                   |
| Shareholders' funds at 1 April 2005                      | <u>15668</u>                             | <u>27749</u>           |
|  | ( 10757)                                 | 28868                  |
| Dividends paid   | <u>0</u>                                 | <u>( 13200)</u>        |
| Shareholders' (deficit)/funds at 31 March 2006           | <b><u>£( 10757)</u></b>                  | <b><u>£ 15668</u></b>  |

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2006 Continued/**

**12. Related party transactions**

**Controlling party**

Mr A J Prince and Mrs A E Prince, directors of the company, each hold 50% of the company's issued share capital.

**Material interests of directors**

The company leases its trading premises from Mr A J Prince and Mrs A E Prince for an annual rent of £10000.

In addition, at 31 March 2006 the company owed Studio Prints (Frome) Limited, a company of which Mr and Mrs Prince are the directors and sole shareholders, the sum of £12116 (2005 - £12517) under an informal loan arrangement; the loan is included in 'Other creditors' (see note 8).

During the year, Mr and Mrs Prince operated a loan account with the company, as shown in note 8 above; the loan is interest free and repayable on demand.