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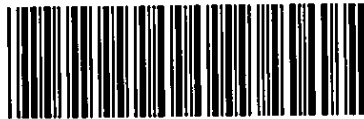
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**THE CITY GALLERY LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**30TH JUNE, 2006**

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COMPANIES HOUSE

**THE CITY GALLERY LIMITED****COMPANY INFORMATION****DIRECTORS**

J A Thompson  
S M P Thompson

**SECRETARY**

S M P Thompson

**REGISTERED OFFICE**

136 Kensington Church Street,  
London,  
W8 4BH

**COMPANY NUMBER**

2936390

**BANKERS**

National Westminster Bank PLC,  
Ashton-under-Lyne Branch,  
Warrington Street,  
Ashton-under-Lyne,  
Lancashire,  
OL6 6JL

## **THE CITY GALLERY LIMITED**

### **REPORT OF THE DIRECTORS**

The directors present their report and the financial statements for the year ended 30th June, 2006

#### **PRINCIPAL ACTIVITY**

The company carries on business as dealers in fine art and antiques

#### **REVIEW OF THE BUSINESS**

The directors consider that both the level of business and the year end financial position were as anticipated

#### **RESULTS**

The results for the year are as set out in the profit and loss account on page 4

#### **DIRECTORS**

The directors of the company who served during the year and their beneficial interests in the shares of the company were as follows -

	Ordinary shares of £1 each At 30 6 2006 and 2005
J A Thompson	51
S M P Thompson	49

#### **TAXATION STATUS**

In the opinion of the directors, the company is a close company within the meaning of the Income and Corporation Taxes Act 1988

#### **CHANGES IN FIXED ASSETS**

The movement in fixed assets during the year are set out in the notes to these financial statements

#### **AUDIT EXEMPTION**

The directors have taken advantage of the provisions of Section 249A of the Companies Act 1985 and therefore an audit has not been carried out for the year under review

**THE CITY GALLERY LIMITED**

**REPORT OF THE DIRECTORS**

**SMALL COMPANY EXEMPTIONS**

The directors have taken advantage of the special exemptions conferred by Part VII of the Companies Act 1985 applicable to small companies

By Order of the Board



S M P Thompson

Secretary

26th March, 2007

Registered Office

136 Kensington Church Street,  
London,  
W8 4BH

**THE CITY GALLERY LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2006**

	<b>Note</b>	<b>2006</b>	<b>2005</b>
<b>TURNOVER</b>	2	31,938	453,671
Cost of sales		(27,013)	(277,776)
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		4,925	175,895
Administrative expenses		(114,189)	(220,218)
		<hr/>	<hr/>
<b>OPERATING LOSS</b>	3	(109,264)	(44,323)
Loss on disposal of tangible fixed assets		(1,935)	-
		<hr/>	<hr/>
<b>LOSS BEFORE RENT AND INTEREST</b>		(111,199)	(44,323)
Rents receivable		69,480	62,610
Interest payable		(14,337)	(14,591)
		<hr/>	<hr/>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(56,056)	3,696
Tax on (loss)/profit on ordinary activities	4	386	(603)
		<hr/>	<hr/>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	12	(55,670)	3,093
<b>BALANCE BROUGHT FORWARD</b>		270,292	267,199
		<hr/>	<hr/>
<b>BALANCE CARRIED FORWARD</b>		£214,622	£270,292
		<hr/>	<hr/>

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

The accompanying notes form an integral part of these financial statements

**THE CITY GALLERY LIMITED**

**BALANCE SHEET - 30TH JUNE, 2006**

	Note	2006	2005
<b>FIXED ASSETS</b>			
Tangible assets	5	480,023	486,913
<b>CURRENT ASSETS</b>			
Stocks	6	-	22,700
Debtors	7	6,037	6,806
Cash at bank and in hand		24,269	14,656
		<hr/>	<hr/>
		30,306	44,162
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	8	(61,607)	(98,683)
		<hr/>	<hr/>
<b>NET CURRENT LIABILITIES</b>		(31,301)	(54,521)
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		448,722	432,392
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	9	(234,000)	(162,000)
		<hr/>	<hr/>
<b>NET ASSETS</b>		£214,722	£270,392
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
<b>CALLED UP SHARE CAPITAL</b>	11	100	100
<b>RESERVES</b>			
Profit and loss account		214,622	270,292
		<hr/>	<hr/>
<b>SHAREHOLDERS' FUNDS</b>	12	£214,722	£270,392
		<hr/>	<hr/>

The directors are satisfied that the company was entitled to exemption under subsection (1) of Section 249A of the Companies Act 1985 and that no member or members have requested an audit pursuant to subsection (2) of Section 249B 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 and for 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 result for the financial year in accordance with the requirements of Section 226, and which otherwise comply with requirements of this Act relating to accounts, so far as applicable to the company

The directors have taken advantage of the special exemptions conferred by Part VII of the Companies Act 1985 applicable to small companies on the grounds that the company is entitled to the benefit of those exemptions as a small company

J A Thompson

)   
) Directors

S M P Thompson

) 

These financial statements  
were approved by the Board  
on 26th March, 2007

The accompanying notes form an integral part of these financial statements

# **THE CITY GALLERY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**30TH JUNE, 2006**

### **1 ACCOUNTING POLICIES**

#### **a Basis of accounting**

These financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention

#### **b Turnover**

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities after deduction of trade discounts and VAT

#### **c Tangible fixed assets and depreciation**

Tangible fixed assets are shown at cost which comprises the direct purchase cost with any incidental expenses of acquisition

Depreciation is provided to write down the cost of tangible fixed assets to their estimated residual values over the period of their expected useful economic lives which are considered to be -

Furniture, fixtures and fittings	- Gallery	4 years
	- Rental premises	3 years
Freehold buildings		50 years

No depreciation is provided on the freehold land

#### **d Stocks**

Stocks have been valued at the lower of cost and net realisable value

#### **e Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred

#### **f Taxation**

The charge for taxation is based on the result for the year after adjusting for available allowances and reliefs

# THE CITY GALLERY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

30TH JUNE, 2006

### 1 ACCOUNTING POLICIES (continued)

#### g 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 tax assets are recognised only to the extent that the directors consider that 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.

### 2 ANALYSIS OF TURNOVER

The company's turnover is derived from dealing in fine art and antiques in the United Kingdom.

### 3 OPERATING LOSS

	2006	2005
Operating loss is arrived at after charging -		
Depreciation	£5,543	£9,324
	—	—

### 4 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

No provision for corporation tax is required in view of the loss incurred for the year. The credit in the profit and loss account is comprised as follows -

	2006	2005
U K corporation tax	-	505
Adjustment in respect of prior year	(504)	-
	—	—
	(504)	505
Deferred tax charge (note 10)	118	98
	—	—
	£(386)	£603
	—	—



**THE CITY GALLERY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30TH JUNE, 2006**

**4 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (continued)**

The tax assessed for the year ended 30th June, 2005 is higher than the rate of U K taxation applicable to the company of 4% The differences are explained below -

	<b>2006</b>	<b>2005</b>
Profit on ordinary activities before taxation	-	£3,696
U K corporation tax	-	154
Expenses not deductible for tax purposes	-	35
Depreciation in excess of capital allowances	-	316
Adjustment in respect of prior year	(504)	-
Current tax (credit)/charge for the year	£(504)	£505

**5 TANGIBLE ASSETS**

	<b>Furniture, fixtures and fittings</b>				
	<b>Freehold land</b>	<b>Freehold buildings</b>	<b>Gallery</b>	<b>Rental premises</b>	<b>Total</b>
<b>Cost</b>					
At 30th June, 2005	235,000	267,355	9,009	5,682	517,046
Additions	-	-	-	588	588
Disposals	-	-	(9,009)	-	(9,009)
At 30th June, 2006	235,000	267,355	-	6,270	508,625
<b>Depreciation</b>					
At 30th June, 2005	-	17,378	7,074	5,681	30,133
Charge for year	-	5,347	-	196	5,543
Disposals	-	-	(7,074)	-	(7,074)
At 30th June, 2006	-	22,725	-	5,877	28,602
<b>Net book values</b>					
At 30th June, 2006	£235,000	£244,630	-	£393	£480,023
At 30th June, 2005	£235,000	£249,977	£1,935	£1	£486,913

**THE CITY GALLERY LIMITED****NOTES TO THE FINANCIAL STATEMENTS****30TH JUNE, 2006****6 STOCKS**

	<b>2006</b>	<b>2005</b>
Stocks of pictures and sculptures	-	£22,700
	<hr/>	<hr/>

**7 DEBTORS**

	<b>2006</b>	<b>2005</b>
Corporation tax recoverable	504	-
Deferred tax asset (note 10)	-	118
Trade debtors	2,121	4,575
Prepayments and accrued income	3,412	2,113
	<hr/>	<hr/>
	£6,037	£6,806
	<hr/>	<hr/>

**8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2006</b>	<b>2005</b>
Bank overdrafts	-	33,609
Corporation tax payable	-	505
Other taxation and social security	4,878	9,923
Trade creditors	-	7,953
Accruals	15,471	13,465
Instalments of bank loan due within one year (note 9)	35,000	27,000
Other creditors	6,258	6,228
	<hr/>	<hr/>
	£61,607	£98,683
	<hr/>	<hr/>

**THE CITY GALLERY LIMITED****NOTES TO THE FINANCIAL STATEMENTS****30TH JUNE, 2006****9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2006</b>	<b>2005</b>
Instalments of bank loan due		
• within one year and on demand	35,000	27,000
• between one and two years	35,000	27,000
• between two and five years	105,000	81,000
• after more than five years	94,000	54,000
	<hr/>	<hr/>
	269,000	189,000
Less Instalments due within one year (note 8)	(35,000)	(27,000)
	<hr/>	<hr/>
	£234,000	£162,000
	<hr/>	<hr/>

The bank loan is secured by a legal mortgage over the freehold land and buildings

**10 DEFERRED TAXATION**

	<b>2006</b>	<b>2005</b>
At 30th June, 2005	118	216
Charge for the year (note 4)	(118)	(98)
	<hr/>	<hr/>
	-	118
Transfer to debtors (note 7)	-	(118)
	<hr/>	<hr/>
At 30th June, 2006	-	-
	<hr/>	<hr/>

**11 CALLED UP SHARE CAPITAL**

	<b>2006</b>	<b>2005</b>
<b>Authorised, allotted, called up and fully paid</b>		
100 ordinary shares of £1 each	£100	£100
	<hr/>	<hr/>

• **THE CITY GALLERY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**30TH JUNE, 2006**

**12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2006</b>	<b>2005</b>
(Loss)/profit on ordinary activities after taxation	(55,670)	3,093
Opening shareholders' funds	270,392	267,299
	<hr/>	<hr/>
Closing shareholders' funds	£214,722	£270,392
	<hr/>	<hr/>