

# The Fine Art Group Limited

## FINANCIAL STATEMENTS

for the year ended

31 December 1999



Company Registration No. 00289529

# The Fine Art Group Limited

## DIRECTOR AND OFFICERS

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### DIRECTOR

G B Jones

### SECRETARY

A E Birch

### COMPANY NUMBER

00289529 (England and Wales)

### REGISTERED OFFICE

Lynn Lane  
Shenstone  
Lichfield  
Staffordshire  
WS14 ODX

### AUDITORS

Baker Tilly  
Chartered Accountants  
Scottish Life House  
154 Great Charles Street  
Birmingham B3 3HN

# The Fine Art Group Limited

## DIRECTOR'S REPORT

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The director submits the report and the financial statements of The Fine Art Group Limited for the year ended 31 December 1999. These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

### PRINCIPAL ACTIVITY

The principal activity of the company during the year was that of providing management services to subsidiary companies.

### YEAR 2000 COMPLIANCE

The programme commissioned by the company was carried out during 1999 and appears to have been successfully implemented. It is not possible for any organisation yet to guarantee that no Year 2000 problems will remain. Nevertheless, the director believes that the company has achieved an acceptable state of readiness to deal promptly with any significant subsequent failures or issues that might arise at minimal further cost.

### INTRODUCTION OF THE EURO

The director does not expect the introduction of the Euro to have a significant impact on the business.

### DIRECTOR

The following director has held office since 1 January 1999:-

G B Jones

### DIRECTOR'S INTERESTS IN SHARES AND DEBENTURES

The director had no interests in the shares of The Fine Art Group Limited.

The director's interests in the shares of the ultimate holding company, including family interests, were as follows:

	<i>Ordinary shares of 50p each</i>	
	31.12.99	1.1.99
G B Jones	80,000	80,000

### AUDITORS

A resolution to re-appoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board

A E Birch

Secretary

31st May 2000

# The Fine Art Group Limited

## DIRECTOR'S RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of 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.

## AUDITORS' REPORT TO THE MEMBERS OF THE FINE ART GROUP LIMITED

We have audited the financial statements on pages 5 to 12.

### **Respective responsibilities of the director and auditors**

As described on page 3 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 of 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 at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with those provisions of the Companies Act 1985 applicable to small companies.

BAKER TILLY

Registered Auditor  
Chartered Accountants  
Scottish Life House  
154 Great Charles Street  
Birmingham  
B3 3HN

1 June 2000

**The Fine Art Group Limited**  
**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 1999

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	<i>Notes</i>	1999 £	1998 £
TURNOVER		80,000	137,000
Other operating expenses (net)	1	78,462	128,280
		<hr/>	<hr/>
OPERATING PROFIT		1,538	8,720
Interest payable		1,130	4,287
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	408	4,433
Taxation		765	-
		<hr/>	<hr/>
RETAINED PROFIT FOR THE YEAR	10	1,173	4,433
		<hr/>	<hr/>

The operating profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

# The Fine Art Group Limited

## BALANCE SHEET

31 December 1999

	Notes	1999 £	1998 £
<b>FIXED ASSETS</b>			
Tangible assets	4	22,962	25,050
Investments	5	9,282	18,057
		<u>32,244</u>	<u>43,107</u>
<b>CURRENT ASSETS</b>			
Debtors	6	168,831	263,158
Cash at bank and in hand		4,755	-
		<u>173,586</u>	<u>263,158</u>
<b>CREDITORS: Amounts falling due within one year</b>	7	31,814	124,255
		<u>141,772</u>	<u>138,903</u>
<b>NET CURRENT ASSETS</b>			
		<u>174,016</u>	<u>182,010</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>CREDITORS: Amounts falling due after more than one year</b>	8	-	9,167
		<u>174,016</u>	<u>172,843</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	100,000	100,000
Profit and loss account	10	74,016	72,843
		<u>174,016</u>	<u>172,843</u>
<b>SHAREHOLDERS' FUNDS</b>	11	174,016	172,843

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on 31st May 2000

G B Jones

Director

# The Fine Art Group Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

### TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at historical cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Motor vehicles

over 5 years

### INVESTMENTS

Long term investments are described as participating interests and are classified as fixed assets.

Participating interests are stated at cost and provision is made for any permanent diminution in the value of fixed asset investments.

### DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

### PENSION CONTRIBUTIONS

The company makes contributions into the personal pension scheme of eligible employees. The costs are charged to the profit and loss account as incurred.

### LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

### TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.



The Fine Art Group Limited  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 31 December 1999

1	OTHER OPERATING EXPENSES (NET)	1999 £	1998 £
	Administrative expenses	81,468	132,819
	Other operating income	( 3,006)	( 4,539)
		<u>78,462</u>	<u>128,280</u>
2	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1999 £	1998 £
	Profit on ordinary activities before taxation is stated after charging:		
	Depreciation and amounts written off tangible fixed assets:		
	Charge for the year:		
	leased assets	2,088	6,262
	Operating lease rentals:		
	Plant and machinery	-	8,276
	Auditors' remuneration	3,060	3,000
		<u>          </u>	<u>          </u>
3	DIRECTORS' REMUNERATION	1999 £	1998 £
	Amounts paid to directors	64,965	116,124
		<u>          </u>	<u>          </u>

During the year the sole director accrued benefits under a defined contributions pension scheme.

The Fine Art Group Limited  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 31 December 1999

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4 TANGIBLE FIXED ASSETS

	<i>Motor vehicles £</i>
Cost	
1 January 1999 and 31 December 1999	42,102
Depreciation	
1 January 1999	17,052
Charged in the year	2,088
31 December 1999	19,140
Net book value	
31 December 1999	22,962
31 December 1998	25,050

The net book value of motor vehicles includes £22,962 (1998 £25,050) in respect of assets held under finance leases.

# The Fine Art Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1999

5	FIXED ASSETS INVESTMENTS	1999 £	1998 £
	Shares in subsidiary undertakings at cost less amounts provided: 1 January 1999 and 31 December 1999	100	100
	Loans to subsidiary undertakings less amounts provided: 1 January 1999	17,957	18,048
	Additional provision	( 8,755)	( 91)
	Net loans at 31 December 1999	9,182	17,957
	Net investment at 31 December 1999	9,282	18,057

The company holds 100% of the ordinary share capital of the following companies:

<i>Name</i>	<i>Country of registration</i>	<i>Aggregate capital and reserves</i> £	<i>Results for the year</i> £
Solomon & Whitehead Limited	England	914,232	( 806)
Artistick Limited	England	( 160,818)	( 8,775)

These companies are both involved in fine art print publishing, distribution and retailing.

6	DEBTORS	1999 £	1998 £
	Due within one year		
	Other debtors	5,867	4,369
	Amounts owed by group undertakings	162,964	258,789
		168,831	263,158

**The Fine Art Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 1999

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7	CREDITORS: Amounts falling due within one year	1999 £	1998 £
	Bank overdraft	-	89,840
	Trade creditors	3,434	2,795
	Corporation tax	750	-
	Other creditors	27,630	31,620
		<hr/>	<hr/>
		31,814	124,255
		<hr/>	<hr/>
8	CREDITORS: Amounts falling due in more than one year		
	Other creditors	-	9,167
		<hr/>	<hr/>
	Repayable by instalments: between 2 and 5 years	-	9,167
		<hr/>	<hr/>
9	CALLED UP SHARE CAPITAL	1999 £	1998 £
	Authorised: 200,000 ordinary shares of £1 each	200,000	200,000
		<hr/>	<hr/>
	Allotted, issued and fully paid: 100,000 ordinary shares of £1 each	100,000	100,000
		<hr/>	<hr/>
10	PROFIT AND LOSS ACCOUNT	1999 £	1998 £
	1 January 1999	72,843	68,410
	Profit for the financial year	1,173	4,433
		<hr/>	<hr/>
	31 December 1999	74,016	72,843
		<hr/>	<hr/>

# The Fine Art Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1999

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11	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	1999	1998
		£	£
	Net addition to shareholders' funds	1,173	4,433
	Opening shareholders' funds	172,843	168,410
		<hr/>	<hr/>
	Closing shareholders' funds	174,016	172,843
		<hr/>	<hr/>

Shareholders' funds are entirely attributable to equity interests.

## 12 RELATED PARTIES

The ultimate holding company is Purechance Limited, a company incorporated in England and Wales. The ultimate controlling party is the majority shareholder of that company, Mr G B Jones.

During the year ended 31 December 1999 the company incurred interest and charges of £Nil (1998 £1,923) in respect of a bank loan taken out by Purechance Limited.

During the year the company received management charges of £78,000 (1998 £135,000) from Solomon & Whitehead Limited, and £2,000 (1998 £2,000) from Artistick Limited, being wholly owned subsidiary undertakings of the company (see note 5).

The company is owed £170,000 (1998 £170,000) by Artistick Limited, a direct subsidiary undertaking. This debt has been provided against to the extent of the deficit of funds in its balance sheet, £160,818 (1998 £152,043). The net balance of £9,182 (1998 £17,957) is disclosed in note 5 to these financial statements.

## 13 OTHER FINANCIAL COMMITMENTS

There is an unlimited multilateral guarantee given in respect of group bank borrowings. At 31 December 1999 the extent of this potential liability was £30,921 (1998 £89,840).

The bank overdraft is secured by a debenture giving fixed or floating charges over all assets of all group companies.

The company has a liability under a group VAT registration as at 31 December 1999 of £37,709 (1998 £68,789).

## 14 FINANCIAL STATEMENTS

The financial statements contain information about The Fine Art Group Limited as an individual company and do not contain consolidated financial information as the parent of the group. The company is exempt under section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small group.