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THE CITY GALLERY LIMITED
REPORT AND FINANCIAL STATEMENTS
30TH JUNE, 2008

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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, 2008.

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 30.6.2008 and 2007
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 movements 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

23rd January, 2009

Registered Office

136 Kensington Church Street,
London,
W8 4BH.

THE CITY GALLERY LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2008**

	Note	2008	2007
TURNOVER	2	128,279	129,381
Cost of sales		(98,203)	(96,728)
GROSS PROFIT		30,076	32,653
Administrative expenses		(25,809)	(29,403)
OPERATING PROFIT	3	4,267	3,250
Rents receivable		75,629	81,642
Interest payable		(20,290)	(22,351)
Interest receivable		126	20
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		59,732	62,561
Tax on profit on ordinary activities	4	(12,130)	(12,207)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	11	47,602	50,354
BALANCE BROUGHT FORWARD		264,976	214,622
BALANCE CARRIED FORWARD		£312,578	£264,976

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, 2008**

	Note	2008	2007
FIXED ASSETS			
Tangible assets	5	473,902	475,362
CURRENT ASSETS			
Stocks	6	100,947	79,669
Debtors	7	3,304	2,335
Cash at bank and in hand		5,106	56,992
		<hr/>	<hr/>
		109,357	138,996
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(60,581)	(69,282)
		<hr/>	<hr/>
NET CURRENT ASSETS		48,776	69,714
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		522,678	545,076
		<hr/>	<hr/>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	9	(210,000)	(280,000)
		<hr/>	<hr/>
NET ASSETS		£312,678	£265,076
		<hr/>	<hr/>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	10	100	100
RESERVES			
Profit and loss account		312,578	264,976
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	11	£312,678	£265,076
		<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

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) Directors

S.M.P. Thompson

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These financial statements
were approved by the Board
on 23rd January, 2009.

The accompanying notes form an integral part of these financial statements.

THE CITY GALLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30TH JUNE, 2008

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 - 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. Taxation

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

f. Deferred taxation

Deferred tax is provided in respect of the tax effect of all differences that have originated but not reversed at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 tax is measured on a full provision basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

THE CITY GALLERY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30TH JUNE, 2008****2. ANALYSIS OF TURNOVER**

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

3. OPERATING PROFIT

	2008	2007
Operating profit is arrived at after charging:-		
Depreciation	£8,245	£5,984
	<hr/>	<hr/>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008	2007
U.K. corporation tax	£12,130	£12,207
	<hr/>	<hr/>

No charge or credit arises in respect of deferred taxation.

The tax assessed for the year is higher than the rate of U.K. taxation applicable to the company of 20% (2007 - 19%). The differences are explained below:-

	2008	2007
Profit on ordinary activities before taxation	£59,732	£62,561
	<hr/>	<hr/>
U.K. corporation tax at 20% (2007 - 19%)	12,095	12,043
Expenses not deductible for tax purposes	-	962
Depreciation in excess of capital allowances	122	835
Utilisation of tax losses	(87)	(1,633)
	<hr/>	<hr/>
Current tax charge for the year	£12,130	£12,207
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THE CITY GALLERY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30TH JUNE, 2008

5. TANGIBLE ASSETS

	Freehold land	Freehold buildings	Furniture, fixtures and fittings	Total
Cost				
At 30th June, 2007	235,000	267,355	7,593	509,948
Additions	-	-	6,785	6,785
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June, 2008	235,000	267,355	14,378	516,733
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 30th June, 2007	-	28,072	6,514	34,586
Charge for year	-	5,347	2,898	8,245
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June, 2008	-	33,419	9,412	42,831
	<hr/>	<hr/>	<hr/>	<hr/>
Net book values				
At 30th June, 2008	£235,000	£233,936	£4,966	£473,902
	<hr/>	<hr/>	<hr/>	<hr/>
At 30th June, 2007	£235,000	£239,283	£1,079	£475,362
	<hr/>	<hr/>	<hr/>	<hr/>

6. STOCKS

	2008	2007
Stocks of pictures and sculptures	£100,947	£79,669
	<hr/>	<hr/>

7. DEBTORS

	2008	2007
VAT recoverable	1,600	-
Prepayments and accrued income	1,704	2,335
	<hr/>	<hr/>
	£3,304	£2,335
	<hr/>	<hr/>

THE CITY GALLERY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30TH JUNE, 2008****8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2008	2007
Corporation tax payable	12,130	12,207
Other taxation and social security	-	2,745
Bank overdraft	1,817	-
Accruals	5,850	14,589
Instalments of bank loan due within one year (note 9)	35,000	35,000
Other creditors	5,784	4,741
	<hr/>	<hr/>
	£60,581	£69,282
	<hr/>	<hr/>

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008	2007
Instalments of bank loan due:		
• within one year and on demand	35,000	35,000
• between one and two years	35,000	35,000
• between two and five years	105,000	105,000
• after more than five years	70,000	140,000
	<hr/>	<hr/>
	245,000	315,000
Less: Instalments due within one year (note 8)	(35,000)	(35,000)
	<hr/>	<hr/>
	£210,000	£280,000
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The bank loan is secured by a legal mortgage over the freehold land and buildings.

10. CALLED UP SHARE CAPITAL

	2008	2007
Authorised, allotted, called up and fully paid		
100 ordinary shares of £1 each	£100	£100
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THE CITY GALLERY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****30TH JUNE, 2008****11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2008	2007
Profit on ordinary activities after taxation	47,602	50,354
Opening shareholders' funds	265,076	214,722
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Closing shareholders' funds	£312,678	£265,076
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