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GALLERY LARAINÉ (SUSSEX) LIMITED
ABBREVIATED ACCOUNTS
YEAR ENDED 30 SEPTEMBER 1996



GALLERY LARAINÉ (SUSSEX) LIMITED

REPORT OF THE AUDITORS TO THE COMPANY

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 3 to 6 together with the full accounts of the company prepared under Section 226 of the Companies Act 1985 for the year ended 30 September 1996

Respective responsibilities of directors and auditors

The directors are responsible for preparing abbreviated accounts in accordance with Schedule 8 of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 3 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited accounts, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those accounts. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full accounts.

Opinion

In our opinion the company is entitled under Section 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act, in respect of the year ended 30 September 1996 and the abbreviated accounts on pages 3 to 6 have been properly prepared in accordance with that Schedule.

GALLERY LARAINÉ (SUSSEX) LIMITED

REPORT OF THE AUDITORS TO THE COMPANY (Continued)

YEAR ENDED 30 SEPTEMBER 1996

Other information

On 16 September 1997 we reported, as auditors, to the members on the full accounts of the company prepared under Section 226 of the Companies Act 1985. Our report under Section 235 of the Companies Act 1985 was as follows:

'We have audited the accounts on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 September 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.'

Price & Company
Price & Company

Chartered Accountants
and Registered Auditor

Eastbourne
16 September 1997

GALLERY LARAINÉ (SUSSEX) LIMITED

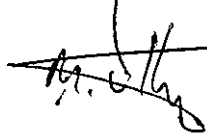
ABBREVIATED BALANCE SHEET

30 SEPTEMBER 1996

	Notes	£	1996	£	£	1995	£
FIXED ASSETS							
Tangible assets	2			11,003			10,007
Investments	4			100			100
				<u>11,103</u>			<u>10,107</u>
CURRENT ASSETS							
Stocks		171,300				209,743	
Debtors		5,292				10,243	
Cash at bank and in hand		1,273				956	
		<u>177,865</u>				<u>220,942</u>	
CREDITORS: Amounts falling due within one year				<u>52,052</u>		<u>43,071</u>	
NET CURRENT ASSETS				<u>125,813</u>		<u>177,871</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>£136,916</u>		<u>£187,978</u>	
CREDITORS: Amounts falling due after more than one year	3			130,831		182,514	
CAPITAL AND RESERVES							
Called up share capital	5	19,221				19,221	
Profit and loss account		(13,136)				(13,757)	
		<u>6,085</u>				<u>5,464</u>	
				<u>£136,916</u>		<u>£187,978</u>	

Advantage is taken of the exemptions conferred by section A part III of Schedule 8 of the Companies Act 1985 with respect to the delivery of individual accounts. In the opinion of the directors, the company is entitled to those exemptions on the grounds that it has met the qualifications for a small company specified in sections 246 and 247.

The directors have taken advantage, in the preparation of the accounts, of special exemptions applicable to small companies under Part I of Schedule 8 to the Companies Act 1985. In the opinion of the directors the company qualifies as a small company and is entitled to make use of the special exemptions.

 Signed on behalf of the board of directors.
M.D.S. Ettinger Esq - Director
10 September 1997

The notes on pages 4 to 6 form part of these accounts

GALLERY LARAINÉ (SUSSEX) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 30 SEPTEMBER 1996

1. ACCOUNTING POLICIES

Basis of preparation of accounts

The accounts have been prepared under the historical cost convention and include the results of the activities described in the directors' report, all of which are continuing.

Turnover

Turnover represents the invoiced amounts of goods sold and services provided net of value added tax.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Equipment	- 15% p.a. reducing balance
Motor vehicles	- 25% p.a. reducing balance
Fixtures and fittings	- 25% p.a. reducing balance
Improvements to property	- 10% p.a. reducing balance

Stocks

Stocks are valued at the lower of cost and the estimated amount realisable from disposal in the normal course of business, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made by the liability method for all timing differences which are expected to be reversed in the foreseeable future.

The full amount of deferred taxation at 30 September 1996 calculated at 23% was:

	1996 £	1995 £
Arising from tax allowances exceeding depreciation	£119	£138

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the average rate of exchange for the year. Exchange differences are taken into account in arriving at the profit on ordinary activities before taxation.

GALLERY LARAINÉ (SUSSEX) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

YEAR ENDED 30 SEPTEMBER 1996

1. ACCOUNTING POLICIES (CONTINUED)

Consolidation

The company and its subsidiary undertakings comprise a small group. The company has taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts. The financial statements therefore present information concerning the company only and not the group.

	1996 £	1995 £
2. TANGIBLE FIXED ASSETS		
Cost or valuation		
At 1 October 1995	49,556	35,700
Additions	3,909	-
Disposals	(3,831)	-
At 30 September 1996	<u>49,634</u>	<u>49,556</u>
Depreciation		
At 1 October 1995	39,549	24,986
Provided during the year	2,640	1,875
On disposals	(3,558)	-
At 30 September 1996	<u>38,631</u>	<u>39,549</u>
Net book value		
At 30 September 1996	<u>£11,003</u>	<u>£10,007</u>
3. CREDITORS: Amounts falling due after more than one year		
Unsecured loans repayable between two and five years	68,014	95,411
Directors current accounts	62,817	87,103
	<u>£130,831</u>	<u>£182,514</u>

GALLERY LARAINÉ (SUSSEX) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

YEAR ENDED 30 SEPTEMBER 1996

	1996 £	1995 £
4. INVESTMENTS		
Shares in subsidiary - at cost	<u>£100</u>	<u>£100</u>

Name and country of incorporation of subsidiary

Gallery Laraine Limited, a company registered in England and Wales

Proportion and class of equity held by the parent company

100% Ordinary shares of £1 each

Nature of business of subsidiary

Retail sale of paintings, frames, ceramics and associated goods. The company has been dormant since 14 June 1995.

Accounting year end of subsidiary

31 December 1996

Financial information

The share capital and reserves of Gallery Laraine Limited at 31 December 1995 was £0 and its loss for the year then ended was £601.

5. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	1996 No.	1995 No.	1996 £	1995 £
Ordinary Shares of £1 each	<u>20,000</u>	<u>20,000</u>	<u>£19,221</u>	<u>£19,221</u>

6. POST BALANCE SHEET EVENTS

The subsidiary closed its existing retail outlet with effect from 14 June 1995, and the directors are currently seeking termination of the lease agreement relating thereto.