

**THE FINE ART AUCTION GROUP LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2012**

Company Registration Number 3839469

RSM Tenon Limited

The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

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THE FINE ART AUCTION GROUP LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM 1 JANUARY 2012 TO 31 AUGUST 2012

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THE FINE ART AUCTION GROUP LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
PERIOD FROM 1 JANUARY 2012 TO 31 AUGUST 2012

The board of directors	S Ludwig PJL Floyd I Goldbart J Allen
Company secretary	PJL Floyd
Business address	24 Maddox Street London WS1 1PP
Registered office	11 Adelphi Terrace London WC2N 6BJ
Auditor	RSM Tenon Audit Limited The Poynt 45 Wollaton Street Nottingham NG1 5FW
Accountants	RSM Tenon Limited The Poynt 45 Wollaton Street Nottingham NG1 5FW

THE FINE ART AUCTION GROUP LIMITED
THE DIRECTORS' REPORT
PERIOD FROM 1 JANUARY 2012 TO 31 AUGUST 2012

The directors present their report and the consolidated financial statements of the group for the period from 1 January 2012 to 31 August 2012

Principal activities and business review

During the course of the year the principal activity of the group continued to be providing auctioneering and valuation services through its network of offices and salesrooms in the United Kingdom

The group holds a regular programme of auctions at Mayfair, London, Donnington Priory near Newbury, Bristol and Godalming, and at other locations from time to time

The directors believe that the group's ability to offer a complete auction and valuation service to all its clients will result in increased turnover and profitability, and that this, together with the dedication and commitment of its staff, will produce satisfactory trading results in the coming year

Noble Investments (UK) PLC acquired control of the company on 18 December 2012 following an offer to all shareholders

Results and dividends

The loss for the period amounted to £118,810 The directors have not recommended a dividend

Financial risk management objectives and policies

The company is exposed to a moderate level of price risk, credit risk, liquidity risk and cash flow risk The company manages these risks by financing its operations through retained profits, supplemented by long-term borrowings where necessary to fund expansion or capital expenditure programmes

The management objectives are to retain sufficient liquid funds to enable it to meet its day to day requirements, minimise the company's exposure to fluctuating interest rates, and match the repayment schedule of any external borrowings or overdrafts with the future cash flows expected to arise from the company's trading activities

Director

The director who served the company during the period were as follows

S Ludwig
M Blindheim
P Barthaud
S Luetchens

PJL Floyd was appointed as a director on 18 December 2012
I Goldbart was appointed as a director on 18 December 2012
J Allen was appointed as a director on 18 December 2012
M Blindheim resigned as a director on 18 December 2012
P Barthaud resigned as a director on 18 December 2012
S Luetchens resigned as a director on 18 December 2012

THE FINE ART AUCTION GROUP LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 1 JANUARY 2012 TO 31 AUGUST 2012

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law the directors have elected to prepare the consolidated financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those consolidated financial statements, the directors are required to

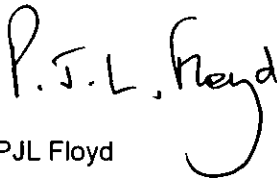
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the consolidated financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are, individually, aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Signed on behalf of the directors



PJL Floyd

Secretary

Approved by the directors on 22 March 2013

THE FINE ART AUCTION GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
FINE ART AUCTION GROUP LIMITED
PERIOD FROM 1 JANUARY 2012 TO 31 AUGUST 2012

We have audited the group and parent company consolidated financial statements ("the consolidated financial statements") of The Fine Art Auction Group Limited for the period from 1 January 2012 to 31 August 2012 on pages 6 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the consolidated financial statements

An audit involves obtaining evidence about the amounts and disclosures in the consolidated financial statements sufficient to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the consolidated financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited consolidated financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on consolidated financial statements

In our opinion the consolidated financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 August 2012 and of the group's loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the consolidated financial statements are prepared is consistent with the consolidated financial statements.

THE FINE ART AUCTION GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
FINE ART AUCTION GROUP LIMITED *(continued)*
PERIOD FROM 1 JANUARY 2012 TO 31 AUGUST 2012

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company consolidated financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Alistair Hunt, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited

RSM Tenon Audit Limited
Statutory Auditors
The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

28 March 2013

THE FINE ART AUCTION GROUP LIMITED
GROUP PROFIT AND LOSS ACCOUNT
PERIOD FROM 1 JANUARY 2012 TO 31 AUGUST 2012

	Note	Period from 1 Jan 12 to 31 Aug 12 £	Year to 31 Dec 11 £
Group turnover	2	4,606,413	6,800,690
Cost of sales		(880,963)	(1,076,200)
Gross profit		<u>3,725,450</u>	<u>5,724,490</u>
Administrative expenses		(3,984,484)	(5,115,284)
Operating profit before depreciation and amortisation		107,397	1,006,495
Depreciation of fixed assets		(83,979)	(93,510)
Amortisation of goodwill and trade marks		(282,452)	(303,779)
Operating (loss)/profit	3	<u>(259,034)</u>	<u>609,206</u>
Interest receivable		457	1,106
Interest payable and similar charges	6	(79,366)	(84,540)
(Loss)/profit on ordinary activities before taxation		<u>(337,943)</u>	<u>525,772</u>
Tax on (loss)/profit on ordinary activities	7	219,133	(45,903)
(Loss)/profit for the financial period	8	<u>(118,810)</u>	<u>479,869</u>

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the period as set out above

The company has taken advantage of section 408 of the Companies Act 2006
not to publish its own Profit and Loss Account

The notes on pages 10 to 26 form part of these consolidated financial statements

THE FINE ART AUCTION GROUP LIMITED

GROUP BALANCE SHEET

31 AUGUST 2012

	Note	31 Aug 12		31 Dec 11	
		£	£	£	£
Fixed assets					
Intangible assets	9		3,565,361		3,847,813
Tangible assets	10		306,466		234,360
			<u>3,871,827</u>		<u>4,082,173</u>
Current assets					
Stocks	12	36,187		38,502	
Debtors	13	1,110,572		1,439,285	
Cash at bank and in hand		775,835		2,337,070	
			<u>1,922,594</u>		<u>3,814,857</u>
Creditors: amounts falling due within one year	15	<u>(3,478,344)</u>		<u>(4,994,490)</u>	
Net current liabilities			(1,555,750)		(1,179,633)
Total assets less current liabilities			<u>2,316,077</u>		<u>2,902,540</u>
Creditors: amounts falling due after more than one year	16		(1,276,773)		(1,774,182)
			<u>1,039,304</u>		<u>1,128,358</u>
Capital and reserves					
Called-up share capital	20		3,710,192		3,529,400
Share premium account	21		1,623,682		1,774,718
Profit and loss account	21		(4,294,570)		(4,175,760)
Shareholders' funds	22		<u>1,039,304</u>		<u>1,128,358</u>

These consolidated financial statements were approved by the directors and authorised for issue on 22 March 2013, and are signed on their behalf by

P.J.L. Floyd

PJL Floyd
Director

The notes on pages 10 to 26 form part of these consolidated financial statements

THE FINE ART AUCTION GROUP LIMITED

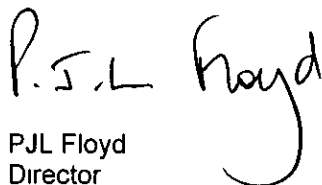
Registered Number 3839469

BALANCE SHEET

31 AUGUST 2012

	Note	31 Aug 12		31 Dec 11	
		£	£	£	£
Fixed assets					
Intangible assets	9		855,782		912,095
Tangible assets	10		278,199		200,945
Investments	11		10		10
			<u>1,133,991</u>		<u>1,113,050</u>
Current assets					
Stocks	12	14,462		14,462	
Debtors	13	1,821,498		1,716,459	
Cash at bank and in hand		762,298		1,142,995	
			<u>2,598,258</u>		<u>2,873,916</u>
Creditors: amounts falling due within one year	15	<u>(1,780,451)</u>		<u>(1,873,487)</u>	
Net current assets			817,807		1,000,429
Total assets less current liabilities			<u>1,951,798</u>		<u>2,113,479</u>
Creditors: amounts falling due after more than one year	16		<u>(884,316)</u>		<u>(1,190,969)</u>
			<u>1,067,482</u>		<u>922,510</u>
Capital and reserves					
Called-up share capital	20		3,710,192		3,529,400
Share premium account	21		1,623,682		1,774,718
Profit and loss account	21		(4,266,392)		(4,381,608)
Shareholders' funds			<u>1,067,482</u>		<u>922,510</u>

These consolidated financial statements were approved by the directors and authorised for issue on 22 March 2013, and are signed on their behalf by



PJL Floyd
Director

The notes on pages 10 to 26 form part of these consolidated financial statements

THE FINE ART AUCTION GROUP LIMITED
GROUP CASH FLOW STATEMENT
PERIOD FROM 1 JANUARY 2012 TO 31 AUGUST 2012

	Note	Period from 1 Jan 12 to 31 Aug 12		Year to 31 Dec 11	
		£	£	£	£
Net cash (outflow)/inflow from operating activities	23		(1,498,488)		949,406
Returns on investments and Servicing of finance					
Interest received		457		1,106	
Interest paid		(79,366)		(84,540)	
Net cash outflow from returns on investments and servicing of finance			(78,909)		(83,434)
Capital expenditure					
Payments to acquire tangible fixed assets		(43,410)		(69,282)	
Receipts from sale of fixed assets		6,850		6,653	
Net cash outflow from capital expenditure			(36,560)		(62,629)
Acquisitions					
Purchase of subsidiary undertaking			-		79,396
Cash acquired with subsidiary			-		(79,396)
Cash (outflow)/inflow before financing			(1,613,957)		803,343
Financing					
Issue of equity share capital		29,756		-	
Repayment of bank loans		-		(100,000)	
Capital element of hire purchase		(33,943)		(14,185)	
Net cash inflow/(outflow) from financing			(4,187)		(114,185)
(Decrease)/increase in cash	23		(1,618,144)		689,158

The notes on pages 10 to 26 form part of these consolidated financial statements

THE FINE ART AUCTION GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM 1 JANUARY 2012 TO 31 AUGUST 2012

1. Accounting policies

Basis of accounting

The consolidated financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards

Basis of consolidation

The consolidated financial statements incorporate the consolidated financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the group profit and loss account after or up to the date that control passes respectively. As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group consolidated financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

Turnover represents amounts receivable for the provision of goods and services net of VAT. The income from auction sales is recognised at the point where the bid is accepted, which is when the hammer falls.

Goodwill

Goodwill arising on the acquisition of a business represents the excess of the cost of acquisition (being the cash paid and the fair value of other consideration given) over the fair value of the separable net assets acquired. The fair value of the acquired assets and liabilities are assessed in the year of acquisition and the subsequent year, which may impact on the goodwill recognised. Goodwill is capitalised and written off on a straight line basis over its useful economic life of between 10 and 20 years.

Goodwill is tested for impairment at the end of every period. In addition, an impairment review is also performed where there are indicators that goodwill has been impaired, such as income or profits deriving from the acquired business which gave rise to goodwill being below original expectations.

Where goodwill is found to be impaired, its carrying value is written down to an amount not greater than the future accumulated cash flows from the acquired business which gave rise to the goodwill, discounted at an interest rate equivalent to a high quality corporate bond.

Intangible assets

Intangible assets acquired either as part of a business combination or from contractual or other legal rights are recognised separately from goodwill provided they are separable and their fair value can be measured reliably.

Amortisation of goodwill and trademarks

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows:

Goodwill	- 5%-10% per annum straight line
Trademark and licenses	- 5% per annum straight line

THE FINE ART AUCTION GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM 1 JANUARY 2012 TO 31 AUGUST 2012

1. Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Leasehold property	- Over the period of the lease
Fixtures, fittings & equipment	- 20% - 50% straight line
Motor vehicles	- 20% - 33% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value, and are depreciated in accordance with the above depreciation policies.

Future instalments payable under such agreements, net of finance charges, are included within creditors. Rentals payable are apportioned between the capital element, which reduces the outstanding obligation included within creditors, and the finance element, which is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

THE FINE ART AUCTION GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM 1 JANUARY 2012 TO 31 AUGUST 2012

1. Accounting policies *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions

Deferred tax assets are recognised only to the extent that the directors consider it 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 assets and liabilities recognised have been discounted

Deferred tax is measured on a discounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement

Financial instruments which are assets are stated at cost less any provision for impairment. Financial liabilities are stated at principal capital amounts outstanding at the period end. Issue costs relating to financial liabilities are deducted from the outstanding balance and are amortised over the period to the due date for repayment of the financial liability

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. A financial liability is any contractual arrangement for an entity to deliver cash to the holder of the associated financial instrument

If a financial instrument contains both an equity and a liability element, then the liability element is first established with any residual value being disclosed within equity shareholders' funds. The liability element is the present value of the future payments guaranteed to be made to the holders of the financial instrument

Client balances - auction debtors and creditors

Amounts receivable from purchasers and payable to consignors as a result of sales by auction are dealt with in debtors and creditors respectively, although the company has no legal obligation under its normal conditions of sale to pay the proceeds of a sale to a consignor until it has received payment from the purchaser. Cash at bank also includes client cash balances

THE FINE ART AUCTION GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM 1 JANUARY 2012 TO 31 AUGUST 2012

2 Turnover

The turnover and loss before tax are attributable to the one principal activity of the group

An analysis of turnover is given below

	Period from 1 Jan 12 to 31 Aug 12 £	Year to 31 Dec 11 £
United Kingdom	<u>4,606,413</u>	<u>6,800,690</u>

3 Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting)

	Period from 1 Jan 12 to 31 Aug 12 £	Year to 31 Dec 11 £
Amortisation of intangible assets	282,452	303,779
Depreciation of owned fixed assets	14,507	63,271
Depreciation of assets held under hire purchase agreements	69,472	30,239
Profit on disposal of fixed assets	(6,850)	(6,650)
Auditors remuneration	22,000	22,500
Operating lease costs		
-Plant and machinery	-	5,191
-Other	173,832	258,694
Net loss on foreign currency translation	<u>2,331</u>	<u>15,268</u>

4. Particulars of employees

The average number of staff employed by the group during the financial period amounted to

	Period from 1 Jan 12 to 31 Aug 12 No	Year to 31 Dec 11 No
Number of administrative staff	115	88
Number of management staff	10	10
	<u>125</u>	<u>98</u>

The aggregate payroll costs of the above were

	Period from 1 Jan 12 to 31 Aug 12 £	Year to 31 Dec 11 £
Wages and salaries	1,770,676	2,344,114
Social security costs	179,346	222,985
Other pension costs	18,675	15,618
	<u>1,968,697</u>	<u>2,582,717</u>

THE FINE ART AUCTION GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM 1 JANUARY 2012 TO 31 AUGUST 2012

5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	Period from 1 Jan 12 to 31 Aug 12 £	<i>Year to 31 Dec 11 £</i>
Remuneration receivable	<u>69,874</u>	<u>105,316</u>

6. Interest payable and similar charges

	Period from 1 Jan 12 to 31 Aug 12 £	<i>Year to 31 Dec 11 £</i>
Interest payable on bank borrowing	53,658	54,255
Other similar charges payable	25,708	30,285
	<u>79,366</u>	<u>84,540</u>

7 Taxation on ordinary activities

(a) Analysis of charge in the period

	Period from 1 Jan 12 to 31 Aug 12 £	<i>Year to 31 Dec 11 £</i>
Deferred tax		
Origination and reversal of timing differences	<u>(219,133)</u>	<u>45,903</u>

THE FINE ART AUCTION GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM 1 JANUARY 2012 TO 31 AUGUST 2012

7. Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 20% (2011 - 20%)

	Period from 1 Jan 12 to 31 Aug 12 £	Year to 31 Dec 11 £
(Loss)/profit on ordinary activities before taxation	(337,943)	525,772
(Loss)/profit on ordinary activities by rate of tax	(67,589)	105,152
Effects of		
Expenses not deductible for tax purposes	14,357	9,496
Capital allowances for period in excess of depreciation	(14,656)	13,962
Utilisation of tax losses	-	(129,735)
Unrelieved tax losses	66,166	2,455
Qualifying profit/loss on disposal	(1,370)	(1,330)
Non-qualifying depreciation	3,092	-
Total current tax (note 7(a))	-	-

(c) Factors that may affect future tax charges

At 31 August 2012 the group had corporation tax losses amounting to £3,138,306 (2010 £2,807,477) Those losses can be carried forward and offset against future corporation tax liabilities

8. Profit attributable to members of the parent company

The profit dealt with in the consolidated financial statements of the parent company was £115,216 (2011 - £550,490)

9. Intangible fixed assets

Group	Goodwill £	Trademark & licences £	Total £
Cost			
At 1 January 2012 and 31 August 2012	5,612,530	96,000	5,708,530
Amortisation			
At 1 January 2012	1,841,517	19,200	1,860,717
Charge for the period	279,252	3,200	282,452
At 31 August 2012	2,120,769	22,400	2,143,169
Net book value			
At 31 August 2012	3,491,761	73,600	3,565,361
At 31 December 2011	3,771,013	76,800	3,847,813

THE FINE ART AUCTION GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM 1 JANUARY 2012 TO 31 AUGUST 2012

9. Intangible fixed assets (continued)

Company	Goodwill £	Trademark & licences £	Total £
Cost			
At 1 January 2012 and 31 August 2012	<u>1,835,340</u>	<u>96,000</u>	<u>1,931,340</u>
Amortisation			
At 1 January 2012	1,000,045	19,200	1,019,245
Charge for the period	53,113	3,200	56,313
At 31 August 2012	<u>1,053,158</u>	<u>22,400</u>	<u>1,075,558</u>
Net book value			
At 31 August 2012	<u>782,182</u>	<u>73,600</u>	<u>855,782</u>
At 31 December 2011	<u>835,295</u>	<u>76,800</u>	<u>912,095</u>

10. Tangible fixed assets

Group	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
Cost					
At 1 January 2012	140,702	227,830	205,896	9,046	583,474
Additions	–	41,232	112,675	2,178	156,085
Disposals	–	–	(43,300)	–	(43,300)
At 31 August 2012	<u>140,702</u>	<u>269,062</u>	<u>275,271</u>	<u>11,224</u>	<u>696,259</u>
Depreciation					
At 1 January 2012	99,243	126,327	122,146	1,398	349,114
Charge for the period	4,800	41,301	35,613	2,265	83,979
On disposals	–	–	(43,300)	–	(43,300)
At 31 August 2012	<u>104,043</u>	<u>167,628</u>	<u>114,459</u>	<u>3,663</u>	<u>389,793</u>
Net book value					
At 31 August 2012	<u>36,659</u>	<u>101,434</u>	<u>160,812</u>	<u>7,561</u>	<u>306,466</u>
At 31 December 2011	<u>41,459</u>	<u>101,503</u>	<u>83,750</u>	<u>7,648</u>	<u>234,360</u>

Hire purchase agreements

Included within the net book value of £306,466 is £311,540 (2011 - £83,181) relating to assets held under hire purchase agreements. The depreciation charged to the consolidated financial statements in the period in respect of such assets amounted to £69,472 (2011 - £30,239).

THE FINE ART AUCTION GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM 1 JANUARY 2012 TO 31 AUGUST 2012

10. Tangible fixed assets (continued)

Company	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost				
At 1 January 2012	140,702	196,200	205,896	542,798
Additions	–	39,011	112,675	151,686
Disposals	–	–	(43,300)	(43,300)
At 31 August 2012	<u>140,702</u>	<u>235,211</u>	<u>275,271</u>	<u>651,184</u>
Depreciation				
At 1 January 2012	99,243	120,464	122,146	341,853
Charge for the period	4,800	34,019	35,613	74,432
On disposals	–	–	(43,300)	(43,300)
At 31 August 2012	<u>104,043</u>	<u>154,483</u>	<u>114,459</u>	<u>372,985</u>
Net book value				
At 31 August 2012	<u>36,659</u>	<u>80,728</u>	<u>160,812</u>	<u>278,199</u>
At 31 December 2011	<u>41,459</u>	<u>75,736</u>	<u>83,750</u>	<u>200,945</u>

Hire purchase agreements

Included within the net book value of £278,199 is £311,540 (2011 - £83,181) relating to assets held under hire purchase agreements. The depreciation charged to the consolidated financial statements in the period in respect of such assets amounted to £69,472 (2011 - £30,239).

11 Investments

Company	Group companies £
Cost	
At 1 January 2012 and 31 August 2012	<u>1,146,225</u>
Amounts written off	
At 1 January 2012 and 31 August 2012	<u>1,146,215</u>
Net book value	
At 31 August 2012 and 31 December 2011	<u>10</u>

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11 Investments (continued)

The following were subsidiary undertakings at the end of the year and have all been included in the consolidated financial statements

Name	Holding	Proportion of voting rights and shares held	Nature of business
Greenfield Auctions Limited	Ordinary shares	100%	Auctioneering and valuation services
Edgar Horns Limited	Ordinary shares	100%	Dormant
Bristol Auction Rooms Limited	Ordinary shares	100%	Dormant
Dreweatts 1759 Limited	Ordinary shares	100%	Dormant
D N F A Auctions Limited	Ordinary shares	100%	Dormant
D N F A Limited	Ordinary shares	100%	Dormant
Salehurst Trading Company Limited	Ordinary shares	100%	Dormant

12. Stocks

	<i>Group</i>		<i>Company</i>	
	31 Aug 12	31 Dec 11	31 Aug 12	31 Dec 11
	£	£	£	£
Stock	<u>36,187</u>	<u>38,502</u>	<u>14,462</u>	<u>14,462</u>

13. Debtors

	<i>Group</i>		<i>Company</i>	
	31 Aug 12	31 Dec 11	31 Aug 12	31 Dec 11
	£	£	£	£
Trade debtors	479,969	1,045,763	145,819	427,959
Amounts owed by group undertakings	–	–	1,234,219	1,066,591
Other debtors	79,061	47,488	58,110	42,283
Deferred taxation (Note 14)	219,133	–	219,133	–
Prepayments and accrued income	332,409	346,034	164,217	179,626
	<u>1,110,572</u>	<u>1,439,285</u>	<u>1,821,498</u>	<u>1,716,459</u>

The debtors above include the following amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	31 Aug 12	31 Dec 11	31 Aug 12	31 Dec 11
	£	£	£	£
Amounts owed by group undertakings	<u>–</u>	<u>–</u>	<u>1,234,219</u>	<u>1,066,591</u>

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14. Deferred taxation

The movement in the deferred taxation asset during the period was

	<i>Group</i>		<i>Company</i>	
	1 Jan 12 to 31 Aug 12	Year to 31 Dec 11	1 Jan 12 to 31 Aug 12	Year to 31 Dec 11
	£	£	£	£
Asset brought forward	-	45,903	-	44,566
Increase/(Decrease) in asset	219,133	(45,903)	219,133	(44,566)
Asset carried forward	<u>219,133</u>	<u>-</u>	<u>219,133</u>	<u>-</u>

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of

Group	31 Aug 12		31 Dec 11	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Tax losses available	<u>219,133</u>	<u>398,772</u>	<u>-</u>	<u>554,260</u>

The company's asset for deferred taxation consists of the tax effect of timing differences in respect of

Company	31 Aug 12		31 Dec 11	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Tax losses available	<u>219,133</u>	<u>398,772</u>	<u>-</u>	<u>-</u>

15. Creditors' amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	31 Aug 12	31 Dec 11	31 Aug 12	31 Dec 11
	£	£	£	£
Overdrafts	56,909	-	56,909	-
Trade creditors	1,829,653	3,636,389	828,619	1,289,943
Hire purchase agreements	20,535	30,441	20,535	30,441
Other creditors including taxation and social security				
PAYE and social security	85,415	167,103	43,945	98,772
VAT	98,667	212,928	133,898	191,457
Other creditors	702,032	126,883	428,341	6,883
Accruals and deferred income	685,133	820,746	268,204	255,991
	<u>3,478,344</u>	<u>4,994,490</u>	<u>1,780,451</u>	<u>1,873,487</u>

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16. Creditors' amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	31 Aug 12	<i>31 Dec 11</i>	31 Aug 12	<i>31 Dec 11</i>
	£	£	£	£
Trade creditors	182,457	313,213	-	-
Hire purchase agreements	134,316	45,678	134,316	45,678
Other creditors	960,000	1,415,291	750,000	1,145,291
	<u>1,276,773</u>	<u>1,774,182</u>	<u>884,316</u>	<u>1,190,969</u>

Included within other creditors are various loans as follows

£293,091 (2011 £293,091) secured shareholders' loan repayable over the next year. The secured shareholders' loan was converted into 25p preferred shares on 18 December 2012.

£90,000, (2011 £90,000) unsecured convertible loan notes issued on 18 October 2007 in relation to the licence agreement made between the company and the Dreweatt Neate Partnership. All of which is repayable within one year, interest is payable on any outstanding notes at a rate of 4% per annum. This loan has been repaid in full post year end.

£750,000 (2011 £762,200) unsecured loan with One Management Singapore (PTE) Limited issued 13 July 2011. Interest payable on outstanding loan of 2.5% per annum.

£330,000 (2011 £390,000), of which £120,000 is due within one year, secured loan with English Pie BVI Limited. The loan is secured against the assets and trade of Greenfield Auctions Limited. This loan and all the accrued interest associated with it was repaid in full on 17 December 2012.

The hire purchase liabilities are secured against the assets to which they relate.

17. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows

	31 Aug 12	<i>31 Dec 11</i>
	£	£
Group and Company		
Amounts payable within 1 year	20,535	30,441
Amounts payable between 1 and 2 years	134,316	45,678
	<u>154,851</u>	<u>76,119</u>

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18. Commitments under operating leases

At 31 August 2012 the group had annual commitments under non-cancellable operating leases as set out below

Group	31 Aug 12		31 Dec 11	
	Land and buildings	Other items	Land and buildings	Other items
	£	£	£	£
Operating leases which expire				
Within 1 year	23,500	-	-	5,191
Within 2 to 5 years	195,666	-	195,665	-
After more than 5 years	30,000	-	53,500	-
	<u>249,166</u>	<u>-</u>	<u>249,165</u>	<u>5,191</u>

At 31 August 2012 the company had annual commitments under non-cancellable operating leases as set out below

Company	31 Aug 12		31 Dec 11	
	Land and buildings	Other items	Land and buildings	Other items
	£	£	£	£
Operating leases which expire				
Within 1 year	23,500	-	-	-
Within 2 to 5 years	195,666	-	195,665	-
After more than 5 years	30,000	-	53,500	-
	<u>249,166</u>	<u>-</u>	<u>249,165</u>	<u>-</u>

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19. Related party transactions

At 31 August 2012 and 31 December 2011, OneManagement Singapore (PTE) Limited, a company in which S Ludwig has a controlling interest, held 916,713 preferred shares of £1 each, 150,000 ordinary shares of £1 each and 9,000,000 deferred shares of 1p each

At 31 August 2012, OneManagement Singapore (PTE) Limited was owed £88,091 (2011 £88,091) This amount is convertible into 25p preferred shares of the company There is no interest charged

During the period ended 31 August 2012, £16,234 (2011 £21,069) was paid to Paul Barthaud Associates Limited for consultancy fees, a company in which non-executive director P Barthaud has a controlling interest He also received non-executive fees of £1,200 (2011 £1,800) during the period

During the period ended 31 August 2012, £0 (2011 £1,350) was paid to Energy Growth Partners Limited, a company solely owned by non-executive director M Blindheim for consultancy fees He also received non-executive fees of £1,200 (2011 £1,350) during the period

On 7 July 2011, the company entered into a loan agreement with OneManagement Singapore (PTE) Limited as part of the funding of the acquisition of the Bloomsbury business The loan, which is unsecured, provides a revolving facility of £750,000 with interest of 2.5% over base rate Interest and fees of £50,168 (2011 £11,553) was paid during the period with £2,835 (2011 £13,269) owed at 31 August 2012

A director and some shareholders have provided a guarantee against the overdraft facility of the group

20. Share capital

Allotted, called up and fully paid

	31 Aug 12		31 Dec 11	
	No	£	No	£
679,400 Ordinary shares of £0.40 each	679,400	271,760	679,400	271,760
2,850,000 Preferred shares of £1 each	2,850,000	2,850,000	2,850,000	2,850,000
40,764,000 Deferred shares of £0.01 each	40,764,000	407,640	40,764,000	407,640
723,169 Preferred 25p shares of £0.25 each	723,169	180,792	-	-
	<u>45,016,569</u>	<u>3,710,192</u>	<u>44,293,400</u>	<u>3,529,400</u>

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20. Share capital (continued)

During the period the company made the following share issues

On the 25th of May 2012 the company issued 4 25p preferred shares at par

On the 23rd of July 2012 the company made a bonus issue of 604,144 25p preferred shares

On the 1st of August 2012 the company issued 119,021 25p preferred shares at par

The rights of the various classes of shares are as follows

Ordinary shares

Ordinary shares rank pari passu in all respects save for the conversion terms as per the preferred shares noted below

Preferred shares

Rank pari passu with the ordinary shares in the profits of the company which it may be determined to distribute

- Carry a preferential return on any liquidation, dissolution or winding up of the company

- Are convertible into ordinary shares on a two and a half ordinary shares for every one preferred share basis

(i) By preferred shareholders - immediately prior to a listing or sale of the company

(ii) In the case of a listing - any time thereafter

Carry the right to receive notice and attend and vote at general meetings on the basis of one vote per holder on a vote and one vote per share on a poll

Deferred shares

Are not entitled to receive any dividend or other distribution

Do not carry the right to receive notice of, or to attend or vote at, any general meeting of the company

Carry a return of capital on any liquidation, dissolution or winding up of the company equivalent to the amount paid up on that share after payment in respect of each ordinary share of the capital paid up on it and the further payment of £1,000,000 on each ordinary share

Are redeemable by the company, at any time, at a price of £1

Details of the terms and conditions attaching to all shares are detailed within the Articles of Association which are available from Companies House

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20 Share capital (continued)

Share options

The company operates a share option scheme for certain employees. The contractual life of an option is 10 years. The terms and conditions of these share options are as follows:

Grant date	Exercise price per share option	Number of options granted	Number of options outstanding at 31 August 2012	Vesting and exercise conditions	Contract life or option
2012	25p	540,000	540,000	Sale, or in accordance with the scheme rules	10 years

At 31 August 2012 no share options had been exercised as none of the vesting conditions detailed above had been met.

21. Reserves

Group

	Share premium account £	Profit and loss account £
Balance brought forward	1,774,718	(4,175,760)
Loss for the period	–	(118,810)
Other movements		
New equity share capital bonus issue (note 19)	(151,036)	–
Balance carried forward	<u>1,623,682</u>	<u>(4,294,570)</u>

Company

	Share premium account £	Profit and loss account £
Balance brought forward	1,774,718	(4,381,608)
Profit for the period	–	115,216
Other movements		
New equity share capital bonus issue (note 19)	(151,036)	–
Balance carried forward	<u>1,623,682</u>	<u>(4,266,392)</u>

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22 Reconciliation of movements in shareholders' funds

	31 Aug 12	31 Dec 11
	£	£
(Loss)/Profit for the financial period	(118,810)	479,869
Issue of share capital	29,756	-
Net (reduction)/addition to shareholders' funds	<u>(89,054)</u>	<u>479,869</u>
Opening shareholders' funds	1,128,358	648,489
Closing shareholders' funds	<u>1,039,304</u>	<u>1,128,358</u>

23 Notes to the cash flow statement

Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities

	Period from 1 Jan 12 to 31 Aug 12	Year to 31 Dec 11
	£	£
Operating (loss)/profit	(259,034)	609,206
Amortisation	282,452	303,779
Depreciation	83,979	93,510
Profit on disposal of fixed assets	(6,850)	(6,650)
Decrease/(increase) in stocks	2,315	(2,305)
Decrease/(increase) in debtors	547,846	729,157
(Decrease)/increase in creditors	<u>(2,149,196)</u>	<u>(777,291)</u>
Net cash (outflow)/inflow from operating activities	<u>(1,498,488)</u>	<u>949,406</u>

Reconciliation of net cash flow to movement in net funds

	31 Aug 12		31 Dec 11	
	£	£	£	£
(Decrease)/increase in cash in the period	(1,618,144)		689,158	
Net cash outflow from bank loans	-		100,000	
Cash outflow in respect of hire purchase	<u>33,943</u>		<u>14,185</u>	
Change in net funds		<u>(1,584,201)</u>		<u>803,343</u>
New hire purchase in the year		(112,675)		(52,950)
Cash acquired with subsidiary		-		79,396
		<u>(1,696,876)</u>		<u>829,789</u>
Net funds at 1 January 2012		<u>2,260,951</u>		<u>1,431,162</u>
Net funds at 31 August 2012		<u>564,075</u>		<u>2,260,951</u>

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23. Notes to the cash flow statement (continued)

Analysis of changes in net funds

	At 1 January 2012 £	Cash flows £	At 31 August 2012 £
Net cash			
Cash in hand and at bank	2,337,070	(1,561,235)	775,835
Overdrafts	—	(56,909)	(56,909)
	<u>2,337,070</u>	<u>(1,618,144)</u>	<u>718,926</u>
Debt			
Hire purchase agreements	(76,119)	(78,732)	(154,851)
	<u>2,260,951</u>	<u>(1,696,876)</u>	<u>564,075</u>

24 Post balance sheet events

On 18 December 2012 the following events happened

£205,091 of convertible shareholders' loans were converted into 820,364 fully paid 25p preferred shares and 499,636 25p preferred shares were issued fully paid as a bonus issue

The share options exercised at 25p per preferred share

724,192 25p preferred shares were issued fully paid for a cash consideration of £181,408

110,879 25p preferred shares were issued fully paid by way of a bonus issue

Noble Investments (UK) PLC acquired control of the Group following the acceptance by the requisite majority of an offer to all shareholders

25 Ultimate controlling party

The ultimate controlling party is Noble Investments (UK) PLC