

**THE FINE ART AUCTION GROUP LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2014**

**Company Registration Number 03839469**

**THE FINE ART AUCTION GROUP LIMITED**  
**FINANCIAL STATEMENTS**  
**PERIOD ENDED 31 MARCH 2014**

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**THE FINE ART AUCTION GROUP LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**PERIOD ENDED 31 MARCH 2014**

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**The Board of Directors**

SCE Ludwig  
PJL Floyd  
IG Goldbart

**Company secretary**

PJL Floyd

**Registered office**

11 Adelphi Terrace  
London  
WC2N 6BJ

**Auditors**

Nexia Smith & Williamson  
Chartered Accountants and Statutory Auditors  
Portwall Place  
Portwall Lane  
Bristol  
BS1 6NA

# THE FINE ART AUCTION GROUP LIMITED

## DIRECTORS' REPORT

### PERIOD ENDED 31 MARCH 2014

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The Directors present their report and the financial statements of the company for the four month period ended 31 March 2014. The Strategic Report starting on page 4 contains details of the principal activity of the Company and provides detailed information on the development of the Company's business during the period, and exposure to risks and uncertainties.

#### Results and dividend

The profit for the period amounted to £80,711 (2013 - £1,030,632). The Directors have not recommended a dividend.

#### Directors

The directors who served the company during the period were as follows:

S Ludwig  
P Floyd  
I Goldbart

#### Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 financial statements unless they are satisfied that they 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 these 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 financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

In so far as the directors are, individually, aware:

- there is no relevant audit information of which the company'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.

**THE FINE ART AUCTION GROUP LIMITED**

**DIRECTORS' REPORT**

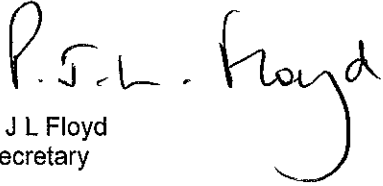
**PERIOD ENDED 31 MARCH 2014**

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**Auditor**

A resolution to reappoint Nexia Smith & Williamson Audit Limited as auditors for the ensuing year will be proposed at the forthcoming annual general meeting.

Signed on behalf of the directors

A handwritten signature in black ink, appearing to read "P. J. L. Floyd". The signature is written in a cursive style with a large, sweeping flourish at the end.

P J L Floyd  
Secretary

Date: 23 September 2014

**THE FINE ART AUCTION GROUP LIMITED**  
**STRATEGIC REPORT**  
**PERIOD ENDED 31 MARCH 2014**

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The Directors present the strategic report for the four months ended 31 March 2014.

**Principal activities**

During the course of the period the principal activity of the company continued to provide auctioneering and valuation services through its network of offices and salesrooms in the United Kingdom.

**Business review**

The company traded profitably during the period and the directors are satisfied with the performance of the company during the period.

**Principal risks and uncertainties**

The Board of Directors has overall responsibility for the management of the Company's risk management framework. The composition of the Board and management team provides a suitable range of knowledge and expertise to enable appropriate risk monitoring and management.

The Company faces the competitive and strategic risks that are inherent in a growing company. Further information on those risks is as follows:

***Risk of change in client attitude to investment in antiques, fine art and collectibles***

Instability and volatility of the world's financial markets, low interest rates and fear of inflation has seen a growing desire amongst investors for more tangible alternative assets. This market condition is not expected to alter in the foreseeable future.

***Risk of lack of supply in the market of antiques, fine art and collectibles***

The fixed nature of some of the supply of antiques and fine art has inevitably lead to a diminishing supply of some items. However, this is more than offset by new areas, artists and genres becoming of interest. The Company's market position and extensive network of clients and contacts worldwide significantly mitigate this risk.

***Employee retention***

The contribution made by the Company's highly skilled and dedicated staff has been and will continue to be important to its future success. As a growing company, Dreweatts have been fortunate enough to retain and indeed recruit additional staff from the marketplace.

***Liquidity risk***

The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of the business, and be in a position to take advantage of market opportunities.

***Foreign currency risk***

The Company has little exposure arising from trading with overseas clients and companies. The Company policy permits, but does not require, that this exposure may be hedged against, in order to fix the cost in sterling. As there was no significant exposure to foreign currency risk during the year, the Company did not enter into any hedging contracts.

***Credit risk***

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All clients who wish to trade on credit terms are subject to credit verification procedures. Trade receivables are reviewed on a regular basis and allowances are made for doubtful debts on an individual basis dependent on the age of the receivable and the likelihood of recovery.

**THE FINE ART AUCTION GROUP LIMITED**  
**STRATEGIC REPORT**  
**PERIOD ENDED 31 MARCH 2014**

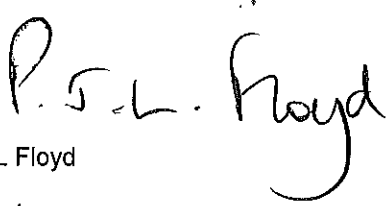
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**Key performance indicators**

The Directors consider the key performance indicators of the Company to be:

- Revenue: 2014: £1,331,898 (2013: £6,262,564)
- Profit before tax: 2014: £103,799 (2013: £905,524)

Signed on behalf of the directors



P J L Floyd

Secretary

Date: 23 September 2014

**THE FINE ART AUCTION GROUP LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**  
**PERIOD ENDED 31 MARCH 2014**

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We have audited the financial statements of The Fine Art Auction Group Limited for the period ended 31 March 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 2, the directors are responsible for the preparation of the 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 financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit 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 Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



James Keeton, Senior Statutory Auditor  
For and on behalf of  
Nexia Smith & Williamson  
Chartered Accountants and Statutory Auditors  
Portwall Place  
Portwall Lane  
Bristol  
BS1 6NA

Date: 23 September 2014

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**THE FINE ART AUCTION GROUP LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**PERIOD ENDED 31 MARCH 2014**

	Note	1 Dec 13 to 31 March 14 £	1 Sep 12 to 30 Nov 13 £
<b>Turnover</b>		1,331,898	6,262,564
Cost of sales		(190,441)	(1,058,554)
<b>Gross profit</b>		<u>1,141,457</u>	<u>5,204,010</u>
Administrative expenses		(1,034,378)	(4,211,624)
<b>Operating profit</b>	2	<u>107,079</u>	<u>992,386</u>
Interest receivable		196	999
Interest payable and similar charges		(3,476)	(87,861)
<b>Profit on ordinary activities before taxation</b>		<u>103,799</u>	<u>905,524</u>
Tax on profit on ordinary activities	4	(23,088)	125,108
<b>Profit for the financial period</b>		<u><u>80,711</u></u>	<u><u>1,030,632</u></u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 19 form part of these financial statements.

**THE FINE ART AUCTION GROUP LIMITED**

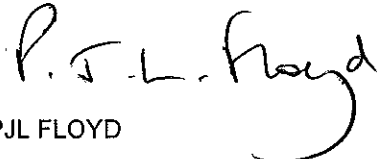
Registered Number 03839469

**BALANCE SHEET**

**31 MARCH 2014**

	Note	31 March 2014		30 Nov 2013	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	5		729,245		761,434
Tangible assets	6		218,306		259,926
Investments	7		10		10
			<u>947,561</u>		<u>1,021,370</u>
<b>Current assets</b>					
Stocks			168,854		144,154
Debtors: due within one year	8		1,136,427		1,812,890
Debtors: due after more than one year	8		2,340,473		2,114,136
Cash at bank and in hand			856,100		920,143
			<u>4,501,854</u>		<u>4,991,323</u>
<b>Creditors: amounts falling due within one year</b>	10		<u>(1,887,015)</u>		<u>(2,566,152)</u>
<b>Net current assets</b>			2,614,839		2,425,171
<b>Total assets less current liabilities</b>			<u>3,562,400</u>		<u>3,446,541</u>
<b>Creditors: amounts falling due after more than one year</b>	11		<u>(997,437)</u>		<u>(962,289)</u>
<b>Net assets</b>			<u>2,564,963</u>		<u>2,484,252</u>
<b>Capital and reserves</b>					
Called-up share capital	15		4,248,960		4,248,960
Share premium account	16		1,471,052		1,471,052
Profit and loss account	17		(3,155,049)		(3,235,760)
<b>Shareholders' funds</b>	18		<u>2,564,963</u>		<u>2,484,252</u>

These financial statements were approved by the directors and are signed on their behalf by:



PJL FLOYD

Director

Date: 23 September 2014

The notes on pages 9 to 19 form part of these financial statements.

**THE FINE ART AUCTION GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD ENDED 31 MARCH 2014**

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**1. Accounting policies**

**Basis of accounting**

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

**Consolidation**

The entity is exempt from the requirement to prepare group accounts because it is included in the consolidated accounts of a larger group. These financial statements therefore present information about the Company and not its group.

**Cash flow statement**

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is a wholly owned subsidiary of another UK company.

**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 bid is accepted, which is when the hammer falls.

**Goodwill and amortisation**

Goodwill is stated at cost less accumulated amortisation of any impairment value. Cost is the difference between the fair value of the consideration paid (including any estimated contingent consideration payable) on the acquisition of a business and the fair value of the separable net assets acquired.

Acquired goodwill is written off in equal instalments over its estimated useful economic life of twenty years.

**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.

**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%
Motor vehicles	- 25% 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.

**THE FINE ART AUCTION GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD ENDED 31 MARCH 2014**

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**1. Accounting policies (continued)**

**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 period. The assets of the scheme are held separately from those of the company in an independently administered fund.

**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 have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax.

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 an undiscounted 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, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**THE FINE ART AUCTION GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD ENDED 31 MARCH 2014**

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**1. Accounting policies (continued)**

**Debtors and creditors**

Amounts receivable from purchasers and payable to consignors as a result of sales by auction are included within debtors and creditors respectively. Cash at bank also includes client cash balances.

**2. Operating profit, employees and directors' remuneration**

Operating profit is stated after charging/(crediting):

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Directors' remuneration	38,436	200,612
Amortisation of intangible assets	32,189	94,348
Depreciation of owned fixed assets	28,102	102,255
Depreciation of assets held under hire purchase agreements	17,901	67,132
Profit on disposal of fixed assets	-	(8,224)
Auditor's remuneration	8,000	8,000
Operating lease costs:		
-Land and buildings	76,972	308,465
Net loss on foreign currency translation	10,430	-
	<u>541,181</u>	<u>823,537</u>

The average number of staff were 83 in 2014 (88 in 2013).  
The aggregate payroll costs of the above were:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Wages and salaries	483,587	1,978,771
Social security costs	49,720	220,759
Other pension costs	7,874	33,477
	<u>541,181</u>	<u>2,233,007</u>

The highest paid director received remuneration of £38,436 (2013:£98,597). The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2013 £nil).

**3. Interest payable**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Bank interest payable	1,651	79,312
HP interest payable	1,825	7,457
Other interest payable	-	1,092
	<u>3,476</u>	<u>87,861</u>

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**THE FINE ART AUCTION GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD ENDED 31 MARCH 2014**

**4. Taxation on ordinary activities**

**(a) Analysis of charge in the period**

	2014 £	2013 £
Deferred tax:		
Origination and reversal of timing differences	<u>23,088</u>	<u>125,108</u>

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 23% (2013 - 23%).

	2014 £	2013 £
Profit on ordinary activities before taxation	<u>103,799</u>	<u>905,524</u>
Profit on ordinary activities by rate of tax	23,874	212,480
Effects of:		
Expenses not deductible for tax purposes	2,232	33,992
Capital allowances for period in excess of depreciation	(7,315)	17,819
Utilisation of tax losses	(18,791)	(242,152)
Income not taxable for tax purposes	-	(22,139)
Total current tax	<u>-</u>	<u>-</u>

**(c) Factors that may affect future tax charges**

At 31 March 2014 the company had corporation tax losses amounting to £1,812,573 (2013: £1,866,973). Those losses can be carried forward and offset against future corporation tax liabilities.

**5. Intangible fixed assets**

	Goodwill £	Trademark and licences £	Total £
<b>Cost</b>			
At 1 December 2013 and 31 March 2014	<u>1,835,340</u>	<u>96,000</u>	<u>1,931,340</u>
<b>Amortisation</b>			
At 1 December 2013	1,141,506	28,400	1,169,906
Charge for the period	30,589	1,600	32,189
At 31 March 2014	<u>1,172,095</u>	<u>30,000</u>	<u>1,202,095</u>
<b>Net book value</b>			
At 31 March 2014	<u>663,245</u>	<u>66,000</u>	<u>729,245</u>
At 30 November 2013	<u>693,834</u>	<u>67,600</u>	<u>761,434</u>

**THE FINE ART AUCTION GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD ENDED 31 MARCH 2014**

**6. Tangible fixed assets**

	Leasehold Property	Fixtures, Fittings & Equipment	Motor Vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 December 2013	140,702	348,662	288,194	777,558
Additions	-	4,383	-	4,383
Disposals	-	-	-	-
At 31 March 2014	<u>140,702</u>	<u>353,045</u>	<u>288,194</u>	<u>781,941</u>
<b>Depreciation</b>				
At 1 December 2013	113,043	232,024	172,565	517,632
Charge for the period	2,400	22,167	21,436	46,003
On disposals	-	-	-	-
At 31 March 2014	<u>115,443</u>	<u>254,191</u>	<u>194,001</u>	<u>563,635</u>
<b>Net book value</b>				
At 31 March 2014	<u>25,259</u>	<u>98,854</u>	<u>94,193</u>	<u>218,306</u>
At 30 November 2013	<u>27,659</u>	<u>116,638</u>	<u>115,629</u>	<u>259,926</u>

**Hire purchase agreements**

Included within the net book value of £218,306 is £61,739 (2013 - £79,989) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £17,901 (2013 - £67,132).

**7. Investments**

Company	Group companies £
<b>Cost</b>	
At 1 December 2013 and 31 March 2014	<u>1,146,225</u>
<b>Amounts written off</b>	
At 1 December 2013 and 31 March 2014	<u>1,146,215</u>
<b>Net book value</b>	
At 31 March 2014 and 30 November 2013	<u>10</u>

**THE FINE ART AUCTION GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD ENDED 31 MARCH 2014**

**7. Investments (continued)**

The following were subsidiary undertakings at the end of the period:

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

The aggregate of the share capital and reserves of Greenfield Auctions Limited as at 31 March 2014 was (£379,032) (2013 - (£254,982)) and the loss for the period then ended was £124,050 (2013: £37,205).

**8. Debtors**

**Amounts due within one year**

	2014 £	2013 £
Trade debtors	615,195	1,317,011
Other debtors, prepayments and accrued income	200,079	151,638
Deferred taxation (note 9)	321,153	344,241
	<u>1,136,427</u>	<u>1,812,890</u>

Trade debtors also include gross amounts owing from auction debtors.

**Amounts due after more than one year**

	2014 £	2013 £
Amounts owed by group undertakings	<u>2,340,473</u>	<u>2,114,136</u>



**THE FINE ART AUCTION GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD ENDED 31 MARCH 2014**

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**9. Deferred taxation**

The deferred tax included in the Balance sheet is as follows:

	2014 £	2013 £
Included in debtors (note 8)	321,153	<u>344,241</u>

The movement in the deferred taxation account during the period was:

	2014 £	2013 £
Balance brought forward	344,241	219,133
Profit and loss account movement arising during the period	<u>(23,088)</u>	<u>125,108</u>
Balance carried forward	<u>321,153</u>	<u>344,241</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2014 £	2013 £
Tax losses available	321,153	<u>344,241</u>
	<u>321,153</u>	<u>344,241</u>

**10. Creditors: amounts falling due within one year**

	2014 £	2013 £
Trade creditors	1,599,259	2,252,673
Other taxation and social security inc VAT	129,322	185,431
Hire purchase agreements	47,256	52,530
Other creditors and accruals	111,178	75,518
	<u>1,887,015</u>	<u>2,566,152</u>

Trade creditors also include gross amounts owing to auction creditors.

**THE FINE ART AUCTION GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD ENDED 31 MARCH 2014**

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**11. Creditors: amounts falling due after more than one year**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Owing to immediate holding company	982,974	935,050
Hire purchase agreements	14,463	27,239
	<u>997,437</u>	<u>962,289</u>

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

**12. Commitments under hire purchase agreements**

Future commitments under hire purchase agreements are as follows:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Amounts payable within 1 year	47,256	52,530
Amounts payable between 1 and 2 years	14,463	27,239
	<u>61,719</u>	<u>79,769</u>

**13. Commitments under operating leases**

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	<b>Land and buildings 2014 £</b>	<i>Land and buildings 2013 £</i>
Operating leases which expire:		
Within 1 year	-	-
Within 2 to 5 years	617,916	617,916
After more than 5 years	-	-
	<u>617,916</u>	<u>617,916</u>

**THE FINE ART AUCTION GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD ENDED 31 MARCH 2014**

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**14. Related party transactions**

During the period ended 31 March 2014 £nil (2013: £540) was paid to Paul Barthaud Associates Limited for non-executive fees, a company in which non-executive director P Barthaud has a controlling interest. P Barthaud resigned as a director on 18 December 2012.

On 7 July 2011, the company entered into a loan agreement with OneManagement Singapore (PTE) Limited, a company in which S Ludwig has an interest, as part of the funding of the acquisition of the Bloomsbury business. The loan, which was unsecured, provided a revolving facility of £750,000 with interest of 2.5% over base rate. Interest and fees of £nil (2013:£67,130) were paid during the period with £nil (2013: £nil) owed at 31 March 2014. The loan was repaid by the immediate holding company in September 2013.

During the period ended 31 March 2014 S Ludwig purchased £4,250 (2013: £25,998) at auction, and at 31 March 2014 owed £1,674 (2013: £5,090). During the period ended 31 March 2014, S Ludwig sold as a vendor £1,375 (2013: £22,750) at auction, of which at 31 March 2014 £1,375 (2013: £2,357) was owing to him.

During the period ended 31 March 2014, I Goldbart purchased £1,893 (2013:£7,768) at auction, all of which was paid for during the period.

**15. Share capital**

**Allotted, called up and fully paid:**

	31 March 2014		30 Nov 2013	
	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
2,878,240 Preferred 25p shares of £0.25 each	2,878,240	719,560	2,878,240	719,560
	<u>47,171,640</u>	<u>4,248,960</u>	<u>47,171,640</u>	<u>4,248,960</u>

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**15. Share capital (continued)**

The rights of the various classes of shares are as follows:

The Ordinary Shares:

'A' ordinary shares rank pari passu in all respects save for the conversion terms as per the preferred shares noted below.

The 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.

The 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.

**16. Share premium account**

	2014 £	2013 £
Balance brought forward	1,471,052	1,623,682
New equity share capital bonus issue	-	(152,630)
Balance carried forward	<u>1,471,052</u>	<u>1,471,052</u>

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**17. Profit and loss account**

	2014 £	2013 £
Balance brought forward	(3,235,760)	(4,266,392)
Profit for the financial period	80,711	1,030,632
Balance carried forward	<u>(3,155,049)</u>	<u>(3,235,760)</u>

**18. Reconciliation of movements in shareholders' funds**

	2014 £	2013 £
Profit for the financial period	80,711	1,030,632
Issue of shares	-	538,768
Share premium	-	(152,630)
Opening shareholders' funds	<u>2,484,252</u>	<u>1,067,482</u>
Closing shareholders' funds	<u>2,564,963</u>	<u>2,484,252</u>

**19. Ultimate parent undertaking and controlling party**

The ultimate holding company and controlling party is the Stanley Gibbons Group plc, a company registered in Jersey, Channel Islands.

Noble Investments (UK) plc is the immediate parent undertaking which is a wholly owned subsidiary of the Stanley Gibbons Group plc.

Copies of the consolidated accounts of the Stanley Gibbons Group plc, the only group to produce consolidated accounts, may be obtained from the Company Secretary, the Stanley Gibbons Group plc, 2<sup>nd</sup> Floor, Minden House, Minden Place, St Helier, Jersey, JE2 4WQ