

THE FINE ART AUCTION GROUP LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2013

Company Registration Number 03839469

THE FINE ART AUCTION GROUP LIMITED
FINANCIAL STATEMENTS
PERIOD ENDED 30 NOVEMBER 2013

CONTENTS	PAGES
Officers and professional advisers	1
Directors' report	2 to 3
Strategic report	4 to 5
Independent auditor's report to the members	6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 to 19

THE FINE ART AUCTION GROUP LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
PERIOD ENDED 30 NOVEMBER 2013

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 30 NOVEMBER 2013

The Directors present their report and the financial statements of the company for the period ended 30 November 2013. 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 year, and exposure to risks and uncertainties.

Results and dividend

The profit for the period amounted to £1,030,632 (2012 £115,216). The Directors have not recommended a dividend.

Directors

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

S Ludwig
P Floyd (appointed 18 December 2012)
I Goldbart (appointed 18 December 2012)
J Allen (resigned 21 November 2013)
P Barthaud (resigned 18 December 2012)
M Blindheim (resigned 18 December 2012)

Directors' responsibilities

The directors are responsible for preparing the 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 those 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

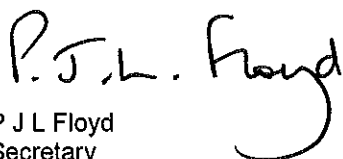
DIRECTORS' REPORT

PERIOD ENDED 30 NOVEMBER 2013

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



P J L Floyd
Secretary

Date: 28 August 2014

THE FINE ART AUCTION GROUP LIMITED
STRATEGIC REPORT
PERIOD ENDED 30 NOVEMBER 2013

The Directors present the strategic report for the fifteen months ended 30 November 2013.

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. On 18 December 2012, the company became a subsidiary of Noble Investments (UK) PLC. On 21 November 2013, Noble Investments (UK) PLC was acquired by The Stanley Gibbons Group plc.

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 demand, 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.

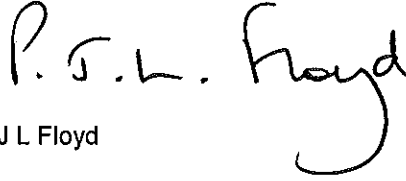
THE FINE ART AUCTION GROUP LIMITED
STRATEGIC REPORT
PERIOD ENDED 30 NOVEMBER 2013

Key performance indicators

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

- Revenue: 2013: £6,262,564 (2012: £2,894,984)
- Profit before tax: 2013: £905,524 (2012 loss : £103,917)

Signed on behalf of the directors



P J L Floyd

Secretary

Date: 28 August 2014

THE FINE ART AUCTION GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
PERIOD ENDED 30 NOVEMBER 2013

We have audited the financial statements of The Fine Art Auction Group Limited for the period ended 30 November 2013 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 3, 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.

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 30 November 2013 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.

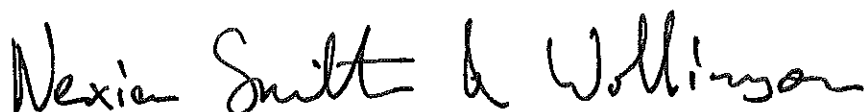
Opinion on other matters prescribed by the Companies Act 2006

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: 29 August 2014

THE FINE ART AUCTION GROUP LIMITED
PROFIT AND LOSS ACCOUNT
PERIOD ENDED 30 NOVEMBER 2013

	Note	1 Sep 12 to 30 Nov13 £	1 Jan 12 to 31 Aug12 £
Turnover		6,262,564	2,894,984
Cost of sales		(1,058,554)	(547,702)
Gross profit		<u>5,204,010</u>	<u>2,347,282</u>
Administrative expenses		(4,211,624)	(2,397,998)
Operating profit/(loss)	2	<u>992,386</u>	<u>(50,716)</u>
Interest receivable		999	457
Interest payable and similar charges		(87,861)	(53,658)
Profit/(loss) on ordinary activities before taxation		<u>905,524</u>	<u>(103,917)</u>
Tax on profit on ordinary activities	4	125,108	219,133
Profit for the financial year		<u><u>1,030,632</u></u>	<u><u>115,216</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

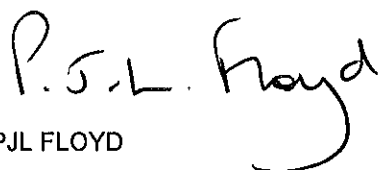
Registered Number 3839469

BALANCE SHEET

30 NOVEMBER 2013

	Note	30 Nov 2013		31 Aug 2012	
		£	£	£	£
Fixed assets					
Intangible assets	5		761,434		855,782
Tangible assets	6		259,926		278,199
Investments	7		10		10
			<u>1,021,370</u>		<u>1,133,991</u>
Current assets					
Stocks			144,154		14,462
Debtors:due within one year	8		1,812,890		587,279
Debtors:due after more than one year	8		2,114,136		1,234,219
Cash at bank and in hand			920,143		762,298
			<u>4,991,323</u>		<u>2,598,258</u>
Creditors: amounts falling due within one year	10		<u>(2,566,152)</u>		<u>(1,780,451)</u>
Net current assets			2,425,171		817,807
Total assets less current liabilities			<u>3,446,541</u>		<u>1,951,798</u>
Creditors: amounts falling due after more than one year	11		<u>(962,289)</u>		<u>(884,316)</u>
Net assets			<u>2,484,252</u>		<u>1,067,482</u>
Capital and reserves					
Called-up share capital	15		4,248,960		3,710,192
Share premium account	16		1,471,052		1,623,682
Profit and loss account	17		(3,235,760)		(4,266,392)
Shareholders' funds	18		<u>2,484,252</u>		<u>1,067,482</u>

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



PJL FLOYD

Director

Date: 28 August 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 30 NOVEMBER 2013

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 30 NOVEMBER 2013

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 year. 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 30 NOVEMBER 2013

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):

	2013	2012
	£	£
Directors' remuneration	200,612	69,874
Amortisation of intangible assets	94,348	56,314
Depreciation of owned fixed assets	102,255	4,960
Depreciation of assets held under hire purchase agreements	67,132	69,472
Profit on disposal of fixed assets	(8,224)	(7,545)
Auditor's remuneration	8,000	14,000
Operating lease costs:		
-Land and buildings	308,465	173,832
Net loss on foreign currency translation	-	1,718
	<u> </u>	<u> </u>

The average number of staff were 88 in 2013 (97 in 2012).
The aggregate payroll costs of the above were:

	2013	2012
	£	£
Wages and salaries	1,978,771	1,150,478
Social security costs	220,759	120,987
Other pension costs	33,477	6,607
	<u>2,233,007</u>	<u>1,278,072</u>

The highest paid director received remuneration of £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 (2012 £nil).

3. Interest payable

	2013	2012
	£	£
Bank interest payable	79,312	48,561
HP interest payable	7,457	3,553
Other interest payable	1,092	1,544
	<u>87,861</u>	<u>53,658</u>

THE FINE ART AUCTION GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 30 NOVEMBER 2013

4. Taxation on ordinary activities

(a) Analysis of charge in the year

	2013 £	2012 £
Deferred tax:		
Origination and reversal of timing differences	125,108	219,133

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 23% (2012 - 23%).

	2013 £	2012 £
Profit/(loss) on ordinary activities before taxation	905,524	(103,917)
Profit on ordinary activities by rate of tax	212,480	(23,901)
Effects of:		
Expenses not deductible for tax purposes	33,992	7,776
Capital allowances for period in excess of depreciation	17,819	(14,322)
Utilisation of tax losses	(242,152)	32,128
Income not taxable for tax purposes	(22,139)	(1,681)
Total current tax	-	-

(c) Factors that may affect future tax charges

At 30 November 2013 the company had corporation tax losses amounting to £1,866,973 (2012: £2,898,948). Those losses can be carried forward and offset against future corporation tax liabilities.

5. Intangible fixed assets

	Goodwill £	Trademark and licences £	Total £
Cost			
At 1 September 2012 and 30 November 2013	1,835,340	96,000	1,931,340
Amortisation			
At 1 September 2012	1,053,158	22,400	1,075,558
Charge for the period	88,348	6,000	94,348
At 30 November 2013	1,141,506	28,400	1,169,906
Net book value			
At 30 November 2013	693,834	67,600	761,434
At 31 August 2012	782,182	73,600	855,782

THE FINE ART AUCTION GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 30 NOVEMBER 2013

6. Tangible fixed assets

	Leasehold Property	Fixtures, Fittings & Equipment	Motor Vehicles	Total
	£	£	£	£
Cost				
At 1 September 2012	140,702	235,211	275,271	651,184
Additions	-	113,451	37,663	151,114
Disposals	-	-	(24,740)	(24,740)
At 30 November 2013	<u>140,702</u>	<u>348,662</u>	<u>288,194</u>	<u>777,558</u>
Depreciation				
At 1 September 2012	104,043	154,483	114,459	372,985
Charge for the period	9,000	77,541	82,846	169,387
On disposals	-	-	(24,740)	(24,740)
At 30 November 2013	<u>113,043</u>	<u>232,024</u>	<u>172,565</u>	<u>517,632</u>
Net book value				
At 30 November 2013	<u>27,659</u>	<u>116,638</u>	<u>115,629</u>	<u>259,926</u>
At 31 August 2012	<u>36,659</u>	<u>80,728</u>	<u>160,812</u>	<u>278,199</u>

Hire purchase agreements

Included within the net book value of £259,926 is a cost of £79,989 (2012 - £311,540) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £67,132 (2012 - £69,472).

7. Investments

Company	Group companies £
Cost	
At 1 September 2012 and 30 November 2013	<u>1,146,225</u>
Amounts written off	
At 1 September 2012 and 30 November 2013	<u>1,146,215</u>
Net book value	
At 30 November 2013 and 31 August 2012	<u>10</u>

THE FINE ART AUCTION GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 30 NOVEMBER 2013

7. Investments (continued)

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

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 30 November 2013 was (£254,982) and the loss for the period then ended was £37,205.

8. Debtors

Amounts due within one year

	2013 £	2012 £
Trade debtors	1,317,011	145,819
Other debtors, prepayments and accrued income	151,638	222,327
Deferred taxation (note 9)	344,241	219,133
	<u>1,812,890</u>	<u>587,279</u>

Trade debtors also include gross amounts owing from auction debtors.

Amounts due after more than one year

	2013 £	2012 £
Amounts due by group undertakings	<u>2,114,136</u>	<u>1,234,219</u>

THE FINE ART AUCTION GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 30 NOVEMBER 2013

9. Deferred taxation

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

	2013	2012
	£	£
Included in debtors (note 8)	344,241	219,133

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

	2013	2012
	£	£
Balance brought forward	219,133	-
Profit and loss account movement arising during the year	125,108	219,133
Balance carried forward	344,241	219,133

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

	2013	2012
	£	£
Tax losses available	344,241	219,133
	<u>344,241</u>	<u>219,133</u>

10. Creditors: amounts falling due within one year

	2013	2012
	£	£
Bank loans and overdrafts	-	56,909
Trade creditors	2,252,673	828,619
Other taxation and social security inc VAT	185,431	177,843
Hire purchase agreements	52,530	20,535
Other creditors and accruals	75,518	696,545
	<u>2,566,152</u>	<u>1,780,451</u>

Trade creditors also include gross amounts owing to auction creditors.

Included within other creditors is £nil (2012: £330,000) relating to a secured interest-free shareholders' loan repayable from 2012 over two years, and £nil (2012:£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. Interest is payable on any outstanding notes at a rate of 4% per annum.

THE FINE ART AUCTION GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 30 NOVEMBER 2013

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

	2013 £	2012 £
Other loans	-	750,000
Owing to immediate holding company	935,050	-
Hire purchase agreements	27,239	134,316
	<u>962,289</u>	<u>884,316</u>

Included within other loans is £nil (2012 - £750,000) relating to a loan made by OneManagement Singapore (PTE) Limited, on 7 July 2011, 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. The loan was repaid by the immediate holding company in September 2013.

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:

	2013 £	2012 £
Amounts payable within 1 year	52,530	20,535
Amounts payable between 1 and 2 years	27,239	134,316
	<u>79,769</u>	<u>154,851</u>

13. Commitments under operating leases

At 30 November 2013 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings 2013 £	<i>Land and buildings 2012 £</i>
Operating leases which expire:		
Within 1 year	-	23,500
Within 2 to 5 years	617,916	195,666
After more than 5 years	-	30,000
	<u>617,916</u>	<u>249,166</u>

THE FINE ART AUCTION GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 30 NOVEMBER 2013

14. Related party transactions

During the period ended 30 November 2013, £540 (2012: £1,200) 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.

During the period ended 30 November 2013, £nil (2012: £1,350) was paid to Energy Growth Partners Limited, a company solely owned by non-executive director M Blindheim for non-executive fees. M Blindheim 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 £67,130 (2012: £50,168) were paid during the period with £nil (2012: £2,835) owed at 30 November 2013. The loan was repaid by the immediate holding company in September 2013.

Two directors and some former shareholders provided a guarantee against the overdraft facility of the group which expired on 21 November 2013.

During the period ended 30 November 2013 S Ludwig purchased £25,998 (2012: £8,689) at auction, and at 30 November 2013 owed £5,090 (2012: £8,689). During the period ended 30 November 2013, S Ludwig sold as a vendor £22,750 (2012: £280) at auction, of which at 30 November 2013 £2,357 (2012: £nil) was owing to him.

During the period ended 30 November 2013, I Goldbart purchased £7,768 at auction, all of which was paid for during the period. I Goldbart was not a director in the prior period.

15. Share capital

Allotted, called up and fully paid:

	30 Nov 2013		31 Aug 2012	
	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	723,169	180,792
	<u>47,171,640</u>	<u>4,248,960</u>	<u>45,016,569</u>	<u>3,710,192</u>

THE FINE ART AUCTION GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 30 NOVEMBER 2013

15. Share capital (continued)

During the period the company made the following share issues:

On 18 December 2012, 2,155,071 25p preferred shares were issued at par.

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

	2013	2012
	£	£
Balance brought forward	1,623,682	1,774,718
New equity share capital bonus issue	(152,630)	(151,036)
Balance carried forward	<u>1,471,052</u>	<u>1,623,682</u>

THE FINE ART AUCTION GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 30 NOVEMBER 2013

17. Profit and loss account

	2013 £	2012 £
Balance brought forward	(4,266,392)	(4,381,608)
Profit for the financial year	1,030,632	115,216
Balance carried forward	<u>(3,235,760)</u>	<u>(4,266,392)</u>

18. Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	1,030,632	115,216
Issue of shares	538,768	180,792
Share premium	(152,630)	(151,036)
Opening shareholders' funds	<u>1,067,482</u>	<u>922,510</u>
Closing shareholders' funds	<u>2,484,252</u>	<u>1,067,482</u>

19. Ultimate parent undertaking and controlling party

The ultimate holding company and controlling party is the Stanley Gibbons Group plc.

Noble Investments (UK) plc is the immediate parent undertaking and the smallest group to consolidate these financial statements. These consolidated accounts can be requested from 11 Adelphi Terrace, London, WC2N 6BJ.