



Company Number: 530629

Gatsby Antiques (UK) Limited
Reports and Financial Statements
for the year ended 31 December 2015

Relate Software Limited
Chartered Accountants and Statutory Auditors
Albany House
14 Shute End
Wokingham
Berkshire
RG40 1BJ

Gatsby Antiques (UK) Limited

CONTENTS

	Page
Directors and Other Information	3
Strategic Report	4
Directors' Report	5
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7
Income Statement	8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13 - 36
Supplementary Information on Trading Statement	38 - 40

Gatsby Antiques (UK) Limited
DIRECTORS AND OTHER INFORMATION

Directors	Mr. Jack Oakley Mrs. Jill Oakley Mr. Chris Oakley Mr. Paul Oakley
Company Secretary	Mrs. Jill Oakley
Company Number	530629
Registered Office	Albany House 14 Shute End Wokingham Berkshire RG40 1BJ
Business Address	21 Old Street Camden London NW2 6TH
Auditors	Relate Software Limited Chartered Accountants and Statutory Auditors Albany House 14 Shute End Wokingham Berkshire RG40 1BJ
Bankers	HKSB 321 Station Road Edgware London HA4 5ID National Eastminster Bank plc 76 Bank Lane Mill Hill London BA1 8PQ United Kingdom
Solicitors	Lawsons 20 High Street Ilford Essex IL1 4TR
Accountants and Financial Advisers	ABC & Company 21 Financial Road Wokingham Berkshire RG40 2BN

Gatsby Antiques (UK) Limited

STRATEGIC REPORT

for the year ended 31 December 2015

Strategic Management

The company has chosen in accordance with Section 414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments, research and development and financial instruments.

Business Performance

The company has four product divisions and the directors consider that the key performance indicators are those that monitor the performance in respect of each of these divisions.

Financial and Other Indicators

The Financial and Other Indicators during the year were as follows:

	2015	2014
	£	£
Revenue	54,843,237	50,822,362
Gross profit	2,033,056	2,227,475
Profit for the year	353,540	428,843
Shareholders' Funds	3,998,506	3,605,308
Average Employees	70	68

Financial Instruments

The company has a normal level of exposure to price, credit, liquidity and cash flow risks arising from trading activities which are for the most part conducted in sterling. The company has entered into hedging transactions.

Research and Development

The company is currently undertaking research and development to improve the performance of its antiques dealings.

On behalf of the board

Mr. Jack Oakley
Director

9 May 2016

Mrs. Jill Oakley
Director

9 May 2016

Gatsby Antiques (UK) Limited

DIRECTORS' REPORT

for the year ended 31 December 2015

The directors present their report and the audited financial statements for the year ended 31 December 2015.

Principal Activity

The principal activity of the company is the auction and sale of antiques.

Principal Risks and Uncertainties

The directors have identified the downturn in the economy may lead to reduced turnover and steps have been taken to increase the range of products and price ranges available to mitigate the effect.

Results and Dividends

The profit for the year after providing for depreciation and taxation amounted to £353,540 (2014 - £428,843).

The directors have paid an interim dividend amounting to £5,621 and they do not recommend payment of a final dividend.

Directors

The directors who served during the year are as follows:

Mr. Jack Oakley
Mrs. Jill Oakley
Mr. Chris Oakley
Mr. Paul Oakley

There were no changes in shareholdings between 31 December 2015 and the date of signing the financial statements.

In accordance with the Articles of Association, the directors retire by rotation and, being eligible, offer themselves for re-election.

Future Developments

The company plans to continue its present activities and current trading levels.

Employee Involvement

Employees are kept as fully informed as practicable about developments within the business. It is the policy of the company to offer opportunities to all employees having regard to their aptitudes and abilities in relation to jobs available.

Auditors

The auditors, Relate Software Limited, (Chartered Accountants) have indicated their willingness to continue in office in accordance with the provisions of Section 485 of the Companies Act 2006.

On behalf of the board

Mr. Jack Oakley
Director

9 May 2016

Mrs. Jill Oakley
Director

9 May 2016

Gatsby Antiques (UK) Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the year ended 31 December 2015

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) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditor in connection with preparing the auditor's report) of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr. Jack Oakley
Director

9 May 2016

Mrs. Jill Oakley
Director

9 May 2016

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Gatsby Antiques (UK) Limited

We have audited the financial statements of Gatsby Antiques (UK) Limited for the year ended 31 December 2015 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, the Accounting Policies 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), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditors

As explained more fully in the Statement of Directors' Responsibilities, 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 Auditing Practice Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 December 2015 and of its profit for the year 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year 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.

John Bull (Senior Statutory Auditor)

for and on behalf of

RELATE SOFTWARE LIMITED

Chartered Accountants and Statutory Auditors

Albany House

14 Shute End

Wokingham

Berkshire

RG40 1BJ

9 May 2016

Gatsby Antiques (UK) Limited
INCOME STATEMENT
for the year ended 31 December 2015

	Notes	2015 £	2014 £ as restated
Revenue	7	54,843,237	50,822,362
Cost of sales		(52,810,181)	(48,594,887)
Gross profit		2,033,056	2,227,475
Distribution costs		(206,323)	(211,546)
Administrative expenses		(2,189,652)	(1,913,680)
Other operating income		794,316	454,548
Operating profit	8	431,397	556,797
Investment income	9	12,410	3,528
Other gains and losses	10	4,596	-
Finance income	11	64,443	3,398
Finance costs	12	(41,150)	(43,283)
Profit on ordinary activities before taxation		471,696	520,440
Tax on profit on ordinary activities	14	(118,156)	(91,597)
Profit for the year		353,540	428,843

Gatsby Antiques (UK) Limited
STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Notes	2015 £	2014 £ as restated
Profit on ordinary activities after taxation		353,540	428,843
Remeasurement of defined benefit scheme assets and liabilities	30	46,000	(156,101)
Foreign exchange movement on net investment		(2,454)	-
Change in value of hedging instruments		(667)	-
		<hr/>	<hr/>
Total comprehensive income relating to the year		396,419	272,742
Prior year adjustment	16	65,700	-
		<hr/>	<hr/>
Total comprehensive income since last annual report		462,119	272,742
		<hr/> <hr/>	<hr/> <hr/>

Gatsby Antiques (UK) Limited

Company Number: 530629

STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Notes	2015 £	2014 £ as restated
Non-Current Assets			
Intangible assets	17	59,100	116,150
Property, plant and equipment	18	446,910	349,578
Investment property	19	51,712	-
Investments	20	128,997	128,848
		<u>686,719</u>	<u>594,576</u>
Current Assets			
Inventories	21	4,985,289	5,757,038
Receivables	22		
- amounts falling due after more than one year		1,209,243	1,221,976
- amounts falling due within one year		4,090,793	3,979,340
Investments	23	133	-
Cash and cash equivalents		1,526,573	1,083,832
		<u>11,812,031</u>	<u>12,042,186</u>
Payables: Amounts falling due within one year	24	(5,553,167)	(5,266,959)
Net Current Assets		6,258,864	6,775,227
Total Assets less Current Liabilities		6,945,583	7,369,803
Payables			
Amounts falling due after more than one year	25	(2,351,477)	(3,114,395)
Provision for Liabilities and Charges	27	(595,600)	(650,100)
Net Assets		3,998,506	3,605,308
Equity			
Called up share capital	31	252,400	250,000
Share premium account	33	3,948	3,948
Other reserves	33	(1,234)	-
Income statement		3,743,392	3,351,360
Equity attributable to owners of the company		3,998,506	3,605,308

Approved by the Board and authorised for issue on 9 May 2016 and signed on its behalf by

Mr. Jack Oakley
Director

Mrs. Jill Oakley
Director

Gatsby Antiques (UK) Limited
STATEMENT OF CHANGES IN EQUITY

as at 31 December 2015

	Share capital	Share premium account	Retained earnings	Cash flow hedge reserve	Total
	£	£	£	£	£
At 1 January 2014	250,000	3,948	3,238,288	-	3,492,236
Profit for the year	-	-	428,843	-	428,843
Other comprehensive income (Note 39)	-	-	(156,101)	-	(156,101)
Total comprehensive income	-	-	272,742	-	272,742
Payment of dividends	-	-	(7,870)	-	(7,870)
Other movements in equity attributable to owners	-	-	(151,800)	-	(151,800)
At 31 December 2014 as previously stated	250,000	3,948	3,285,660	-	3,539,608
Prior year error correction (Note 16)	-	-	64,435	-	64,435
Changes in accounting policies	-	-	1,265	-	1,265
At 31 December 2014	250,000	3,948	3,351,360	-	3,605,308
Profit for the year	-	-	353,540	-	353,540
Other comprehensive income (Note 39)	-	-	44,113	(1,234)	42,879
Total comprehensive income	-	-	397,653	(1,234)	396,419
Payment of dividends	-	-	(5,621)	-	(5,621)
Net proceeds of equity ordinary share issue	100	-	-	-	100
Equity-settled share-based issue of equity ordinary shares	2,300	-	-	-	2,300
At 31 December 2015	252,400	3,948	3,743,392	(1,234)	3,998,506

Gatsby Antiques (UK) Limited

STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

	Notes	2015 £	2014 £ as restated
Cash flows from operating activities			
Profit for the year		353,540	428,843
Adjustments for:			
Investment income		(12,410)	(3,528)
Fair value gains and losses		(4,596)	-
Finance income		(64,443)	(3,398)
Finance costs		41,150	43,283
Tax on profit on ordinary activities		118,156	91,597
Depreciation		65,233	40,775
Amortisation of intangibles		20,000	-
Movement on pension reserve		46,000	(307,901)
Movement on defined benefit pension scheme		(117,000)	242,301
Equity-settled share-based payments		2,300	-
		<u>447,930</u>	<u>531,972</u>
Movements in working capital:			
Movement in inventories		771,749	(1,086,148)
Movement in receivables		(70,920)	(3,202,425)
Movement in payables		274,819	(241,886)
		<u>1,423,578</u>	<u>(3,998,487)</u>
Cash generated from/(used in) operations		1,423,578	(3,998,487)
Interest paid		(31,131)	(43,283)
Tax paid		(61,552)	(26,305)
		<u>1,330,895</u>	<u>(4,068,075)</u>
Cash flows from investing activities			
Interest received		11,060	3,398
Dividends received		12,410	3,528
Payments to acquire property, plant and equipment		(6,168)	5,142
Payments to acquire investment property		(44,592)	-
Payments to acquire investments		(333)	-
Receipts from sales of investments		200	-
		<u>(27,423)</u>	<u>12,068</u>
Cash flows from financing activities			
Issue of equity share capital		100	-
Issue of shares classified as financial liabilities		36,666	12,222
Redemption of shares		(488)	(244)
New long term loan		-	1,817,654
New short term loan		-	21,058
Repayment of short term loan		(45,466)	(18,443)
Capital element of finance lease contracts		(804,947)	1,979,736
Movement in funding to subsidiaries/group companies and connected parties		9,732	9,355
Movement in funding from subsidiaries/group companies and connected parties		(9,917)	23,408
Dividends paid		(5,621)	(7,870)
		<u>(819,941)</u>	<u>3,836,876</u>
Net cash (used in)/generated from financing activities		(819,941)	3,836,876
		<u>483,531</u>	<u>(219,131)</u>
Net increase/(decrease) in cash and cash equivalents		483,531	(219,131)
Cash and cash equivalents at beginning of financial year		453,771	672,902
		<u>937,302</u>	<u>453,771</u>
Cash and cash equivalents at end of financial year	40	<u>937,302</u>	<u>453,771</u>

Gatsby Antiques (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

1. GENERAL INFORMATION

Gatsby Antiques (UK) Limited is a company limited by shares incorporated in the United Kingdom. The financial statements are presented in Sterling, which is also the functional currency of the company. The registered office is shown in the Directors and Other Information Page. The principal activity of the company is the auction and sale of antiques.

2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Statement of compliance

The financial statements of the company for the year ended 31st December 2015 have been prepared in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) issued by the Financial Reporting Council and in accordance with the Companies Act 2006. (see note 6 for an explanation of the transition)

Basis of preparation

The financial statements have been prepared under the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Revenue

Revenue comprises the invoice value of goods supplied by the company, exclusive of trade discounts and value added tax.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of property, plant and equipment, less their estimated residual value, over their expected useful lives as follows:

Freehold Land and Buildings	-	4% Straight line
Long leasehold property	-	2% Straight line
Plant and machinery	-	15% Straight line
Fixtures, fittings and equipment	-	15% Straight line
Computer equipment	-	10% Straight line

The carrying values of tangible fixed assets are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Investment properties

Investment property whose fair value can be measured reliably without undue cost or effort is measured at fair value with changes in fair value recognised in the Income Statement. Revalued investment properties are not depreciated or amortised, unless the fair value cannot be measured reliably or without undue cost or effort.

Not depreciating or amortising property is a departure from the requirement of Company Law to provide depreciation on all fixed assets which have a limited useful life. However, these investment properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. If depreciation were to be provided it would be provided at a rate of 4% Straight line per annum on the revalued amount.

Leasing and Hire Purchases

Property, plant and equipment held under leasing arrangements which transfer substantially all the risks and rewards of ownership to the company are capitalised and included in the Statement of Financial Position at their cost or valuation, less depreciation. The corresponding commitments are recorded as liabilities. Payments in respect of these obligations are treated as consisting of capital and interest elements, with interest charged to the Income Statement.

Gatsby Antiques (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2015

Goodwill

Purchased goodwill arising on the acquisition of a business represents the excess of the acquisition cost over the fair value of the identifiable net assets including other intangible fixed assets when they were acquired. Purchased goodwill is capitalised in the Statement of Financial Position and amortised on a straight line basis over its economic useful life of 10 years, which is estimated to be the period during which benefits are expected to arise. On disposal of a business any goodwill not yet amortised is included in determining the profit or loss on sale of the business.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Income from other investments together with any related tax credit is recognised in the Income Statement in the year in which it is receivable.

Current asset investments are stated at the lower of cost and net realisable value.

Inventories

Inventories are valued at the lower of cost and net realisable value. Inventories are determined on a first-in first-out basis. Cost comprises expenditure incurred in the normal course of business in bringing inventories to their present location and condition. Full provision is made for obsolete and slow moving items. Net realisable value comprises actual or estimated selling price (net of trade discounts) less all further costs to completion or to be incurred in marketing and selling.

Trade and other receivables

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases the receivables are stated at cost less impairment losses for bad and doubtful debts.

Borrowing costs

Borrowing costs relating to the acquisition of assets are capitalised at the appropriate rate by adding them to the cost of assets being acquired. Investment income earned on the temporary investment of specific borrowings pending their expenditure on the assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the same value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

Trade and other payables

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

Gatsby Antiques (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2015

Share-based payments

The company issues equity-settled and cash-settled share-based payments to certain employees (including directors). Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the company's estimate of the shares that will eventually vest.

Fair value is measured using the Black-Scholes Pricing Model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately. However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

For cash-settled share-based payments, a liability equal to the portion of the goods and services received is recognised at the current fair value determined at each Statement of Financial Position date.

Employee benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The company also operates a defined benefit pension scheme for its employees providing benefits based on final pensionable pay. The assets of this scheme are also held separately from those of the company, being invested with pension fund managers.

Taxation and deferred taxation

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the year and is calculated using the tax rates and laws that have been enacted or substantially enacted at the Statement of Financial Position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future, or a right to pay less tax in the future. Timing differences are temporary differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured on an undiscounted basis at the tax rates that are anticipated to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Statement of Financial Position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rates of exchange ruling at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The resulting exchange differences are dealt with in the Income Statement.

Gatsby Antiques (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2015

Pensions

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. Annual contributions payable to the company's pension scheme are charged to the Income Statement in the period to which they relate.

The pension costs in respect of a defined benefit scheme are charged to the Income Statement on a systematic basis, based on the actuary's calculations. Amounts charged are calculated using the following rates:

Current service costs	-	Discount rate at the start of the year
Interest cost	-	Discount rate at the start of the year
Expected return on assets	-	Expected rate of return at the start of the year

Past service costs are recognised in the Income Statement on a straight line basis over the period in which the increases in the benefits vest.

Differences between the amounts charged in the Income Statement and payments made to pension funds are treated as assets or liabilities.

Assets in the scheme are measured at their fair value at the Statement of Financial Position date. Defined benefit liabilities are measured on an actuarial basis using the projected unit method. The assets and liabilities of the scheme are subject to a full actuarial valuation by an external professionally qualified actuary triennially and are reviewed annually by the actuary and updated to reflect current conditions.

The excess/shortfall in the value of the assets in the scheme over/below the present value of the scheme liabilities is recognised as an asset/liability when the amounts can be recovered through reduced contributions or refunds from the scheme. Any potential deferred taxation is offset against the asset/liability.

Current service cost and net interest on net scheme assets/liabilities are recognised in the Income Statement. Remeasurement of net defined benefit scheme assets and liabilities are recognised in the Statement of Comprehensive Income.

Research and development

Development expenditure is written off in the same year unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period from which the company is expected to benefit.

Computer software

Computer software is valued at cost less accumulated amortisation.

Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 4 years.

Databases

Databases are valued at cost less accumulated amortisation.

Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 4 years.

Customer contracts

Customer contracts are valued at cost less accumulated amortisation.

Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 4 years.

Derivatives

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through the profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Gatsby Antiques (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2015

Cash flow hedging

The separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):

- (i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and
- (ii) the cumulative change in fair value (present value) of the expected future cash flows on the hedged item from inception of the hedge.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge (ie the portion that is offset by the change in the cash flow hedge reserve) is recognised in the Statement of Comprehensive Income. Any remaining gain or loss on the hedging instrument (or any gain or loss required to balance the change in the cash flow hedge reserve) is hedge ineffectiveness that shall be recognised in the profit or loss.

The amount that has been accumulated in the cash flow hedge reserve is accounted for as follows:

- (i) if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, that amount is removed from the cash flow hedge reserve and included directly in the initial cost or other carrying amount of the asset or liability;
- (ii) for cash flow hedges other than those covered by (i), that amount is reclassified from the cash flow hedge reserve to profit or loss in the same period or periods during which the hedged expected future cash flows affect the profit or loss.

Net investment in foreign operations hedging

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment is accounted for by:

- (i) recognising in other comprehensive income the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge, and
- (ii) recognising in the profit or loss the ineffective portion.

The cumulative gain or loss on the hedging instrument relating to the effective portion of the hedge that has been accumulated in equity is not reclassified from equity to the profit or loss on the disposal or partial disposal of the foreign operation.

3. ADOPTION OF FRS 102

This is the first set of financial statements prepared by Gatsby Antiques (UK) Limited in accordance with accounting standards issued by the Financial Reporting Council, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"). The company transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2014.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

In note 16 to the financial statements, land and buildings are stated at cost less depreciation, because the market value taking into account the possible other uses for the land and buildings is not currently significantly different. However, we use an independent professional valuer to check the difference each year.

5. GROUP COMPANY EXEMPTIONS CLAIMED

As a subsidiary company the directors have adopted the exemption from disclosing the management personnel compensation total in respect of related parties. Shareholders have been notified and have expressed no objections. The parent company in whose consolidated financial statements the financial statements of this company have been consolidated is Gatsby Holdings (UK). Those consolidated financial statements may be obtained from the company secretary of Gatsby Holdings (UK) at their head office.

Gatsby Antiques (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2015

6. RECONCILIATIONS ON TRANSITION TO FRS 102

BALANCE SHEET - ASSETS AND LIABILITIES

	At 1 January 2014			At 31 December 2014		
	As previously stated £	Effect of transition £	As restated £	As previously stated £	Effect of transition £	As restated £
Fixed Assets						
Intangible assets	173,200	-	173,200	116,150	-	116,150
Tangible assets	(i) 276,489	56,115	332,604	293,463	56,115	349,578
Financial assets	128,848	-	128,848	128,848	-	128,848
	<u>578,537</u>	<u>56,115</u>	<u>634,652</u>	<u>538,461</u>	<u>56,115</u>	<u>594,576</u>
Current Assets						
Inventories	(ii) 4,711,013	(40,123)	4,670,890	5,837,359	(80,321)	5,757,038
Receivables	2,008,246	-	2,008,246	5,201,316	-	5,201,316
Investments	100	-	100	300	-	300
Cash at bank and in hand	1,912,045	-	1,912,045	1,083,532	-	1,083,532
	<u>8,631,404</u>	<u>(40,123)</u>	<u>8,591,281</u>	<u>12,122,507</u>	<u>(80,321)</u>	<u>12,042,186</u>
Payables: Amounts falling due within one year	(iii) (5,257,214)	(67,632)	(5,324,846)	(5,193,056)	(73,903)	(5,266,959)
Net Current Assets	<u>3,374,190</u>	<u>(107,755)</u>	<u>3,266,435</u>	<u>6,929,451</u>	<u>(154,224)</u>	<u>6,775,227</u>
Total Assets less Current Liabilities	<u>3,952,727</u>	<u>(51,640)</u>	<u>3,901,087</u>	<u>7,467,912</u>	<u>(98,109)</u>	<u>7,369,803</u>
Payables Amounts falling due after more than one year	-	-	-	(3,114,395)	-	(3,114,395)
Provision for Liabilities and Charges	(iv) (199,999)	-	(199,999)	(255,999)	-	(255,999)
Net Assets excluding pension deficit	<u>3,752,728</u>	<u>(51,640)</u>	<u>3,701,088</u>	<u>4,097,518</u>	<u>(98,109)</u>	<u>3,999,409</u>
Pension deficit	(iv) (151,801)	-	(151,801)	(394,101)	-	(394,101)
Net Assets including pension deficit	<u><u>3,600,927</u></u>	<u><u>(51,640)</u></u>	<u><u>3,549,287</u></u>	<u><u>3,703,417</u></u>	<u><u>(98,109)</u></u>	<u><u>3,605,308</u></u>

Gatsby Antiques (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2015

6.1. BALANCE SHEET - EQUITY

	At 1 January 2014			At 31 December 2014		
	As previously stated £	Effect of transition £	As restated £	As previously stated £	Effect of transition £	As restated £
Equity						
Called up share capital	250,000	-	250,000	250,000	-	250,000
Share premium account	3,948	-	3,948	3,948	-	3,948
Revaluation reserve	(i) (57,260)	57,260	-	(57,260)	57,260	-
Profit and loss account	3,404,239	(108,900)	3,295,339	3,506,729	(155,369)	3,351,360
Equity attributable to Shareholders of the Company	<u>3,600,927</u>	<u>(51,640)</u>	<u>3,549,287</u>	<u>3,703,417</u>	<u>(98,109)</u>	<u>3,605,308</u>

6.2. PROFIT AND LOSS ACCOUNT

	Year Ended 31 December 2014		
	As previously stated £	Effect of transition £	As restated £
Revenue	50,822,362	-	50,822,362
Cost of sales	(ii) (48,554,689)	(40,198)	(48,594,887)
Gross profit	<u>2,267,673</u>	<u>(40,198)</u>	<u>2,227,475</u>
Distribution costs	(211,546)	-	(211,546)
Administrative expenses	(iii) (1,907,409)	(6,271)	(1,913,680)
Other operating income	454,548	-	454,548
Operating profit	<u>603,266</u>	<u>(46,469)</u>	<u>556,797</u>
Investment income	3,528	-	3,528
Finance income	3,398	-	3,398
Finance costs	(43,283)	-	(43,283)
Profit on ordinary activities before taxation	<u>566,909</u>	<u>(46,469)</u>	<u>520,440</u>
Tax on profit on ordinary activities	(91,597)	-	(91,597)
Profit for the year	<u>475,312</u>	<u>(46,469)</u>	<u>428,843</u>

Gatsby Antiques (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2015

6.3. STATEMENT ON PREVIOUS PERIODS

(i) It has been decided to determine the fair value of freehold property at 31 December 2013. This was found to be £57,260 higher than previously reported. As a consequence the accumulated depreciation at the year-ended 31 December 2013 increased by £1,145.

(ii) A change in accounting policy in accordance with FRS 102 to report stock values on the FIFO (First-In First-Out) basis instead of the LIFO (Last-In First-Out) basis previously used has led to an decrease in opening stock at 1 January 2013 of £40,123 and a decrease of closing stock at 31 December 2013 and of opening stock at 1 January 2014 of £80,321.

(iii) Prior to applying FRS 102 the company did not make provision for holiday pay (that is holidays earned but not taken prior to the year end). FRS 102 requires the cost of short-term compensated absences to be recognised when employees render the service that increases their entitlement. Consequently an additional accrual of £67,632 at 31 December 2013 and of £73,903 at 31 December 2014 have been made to reflect this. The administrative expenses for the year ended 31 December 2014 consequently increased by £6,271.

(iv) The defined pension scheme deficit is no longer required to be shown separately from net assets in the Balance Sheet. The deficit is now shown under Provision for Liabilities and Charges.

7. REVENUE

The revenue for the year has been derived from:-

	2015 £	2014 £
Auctions	51,220,456	47,581,128
Direct sales	3,380,522	3,105,478
Other sales	242,259	135,756
	<u>54,843,237</u>	<u>50,822,362</u>
Geographical market		
United Kingdom	42,779,105	38,459,410
Europe	7,652,987	6,841,230
Rest of the World	4,411,145	5,521,722
	<u>54,843,237</u>	<u>50,822,362</u>

Revenue attributable to geographical markets outside the United Kingdom amounted to 22% for the year.

8. OPERATING PROFIT

	2015 £	2014 £
Operating profit is stated after charging/(crediting):		
Amortisation of intangible assets	35,000	(2,050)
Depreciation of property, plant and equipment	28,183	40,775
Amortisation of goodwill	20,000	-
Research and development		
- amortised deferred expenditure	2,050	2,050
Profit on foreign currencies	(2,198)	-
Auditor's remuneration		
- audit services	7,021	17,643
- audit-related assurance services	2,945	2,123
- taxation compliance services	1,721	1,023
- taxation advisory services	-	3,156
- internal audit services	3,872	2,198
- other assurance services	-	2,017
- other corporate financial transactions services	4,723	3,789
- other non-audit services	1,265	1,098
	<u>1,265</u>	<u>1,098</u>

Gatsby Antiques (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2015

9. INCOME FROM INVESTMENTS	2015	2014
	£	£
Investment income	12,410	40
Dividends from subsidiary companies	-	3,488
	<u>12,410</u>	<u>3,528</u>
10. OTHER GAINS AND LOSSES	2015	2014
	£	£
Fair value gains and losses are as follows:		
Investment property	7,120	-
Investments in shares	119	-
Foreign exchange	(2,643)	-
	<u>4,596</u>	<u>-</u>
11. FINANCE INCOME	2015	2014
	£	£
Bank interest	11,060	3,398
Interest income on financial assets using effective rate of return	50	-
Interest income on long term debtors using effective rate of return	43,210	-
Interest income on financial liabilities using effective rate of return	10,123	-
	<u>64,443</u>	<u>3,398</u>
Total interest income using effective rate of return	<u>53,383</u>	<u>-</u>
12. FINANCE COSTS	2015	2014
	£	£
On bank loans and overdrafts	19,010	42,071
Interest expense on financial assets using effective rate of return	20	-
Interest expense on long term debtors using effective rate of return	5,678	-
Interest expense on financial liabilities using effective rate of return	4,321	-
Finance charges on shares classified as financial liabilities (Note 15)	12,121	1,212
	<u>41,150</u>	<u>43,283</u>
Total interest expense using effective rate of return	<u>10,019</u>	<u>-</u>

Gatsby Antiques (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

continued

13. EMPLOYEES AND REMUNERATION

Number of employees

The average number of persons employed (including executive directors) during the year was as follows:

	2015	2014
	Number	Number
Administration	17	17
Front of house	36	34
Direct sales	17	17
	<u>70</u>	<u>68</u>

The staff costs (inclusive of directors' salaries) comprise:

	2015	2014
	£	£
Wages and salaries	2,771,280	2,507,722
Social security costs	153,049	214,335
Pension costs	150,181	128,344
	<u>3,074,510</u>	<u>2,850,401</u>

Gatsby Antiques (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2015

14. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015	2014
	£	£
(a) Analysis of charge in the year		
Current tax:		
Corporation tax at 20.00% (2014 - 23.00%)	54,881	47,756
Under/over provision in prior year	775	(12,159)
Total current tax	55,656	35,597
Deferred tax:		
Origination and reversal of timing differences	62,500	56,000
Total deferred tax (Note 27)	62,500	56,000
Tax on profit on ordinary activities (Note 14 (b))	118,156	91,597

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom 20.00% (2014 - 23.00%) The differences are explained below:

	2015	2014
	£	£
Profit on ordinary activities before tax	471,696	520,440
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the United Kingdom at 20.00% (2014 - 23.00%)	94,339	119,701
Effects of:		
Expenses not deductible for tax purposes	7,949	15,413
Capital allowances for period in excess of depreciation	(14,356)	(35,884)
Utilisation of tax losses	(42,625)	(54,090)
Deferred Tax due to timing differences	62,500	56,000
Dividends	-	(462)
Adjustment to tax charge in respect of previous periods	10,349	(9,081)
Total tax charge for the year (Note 14 (a))	118,156	91,597

15. DIVIDENDS

	2015	2014
	£	£
Dividends on equity shares:		
Ordinary A Shares - Interim paid 8 October 2014	5,621	7,870
Dividends on shares classified as financial liabilities	12,121	1,212
Total dividend	17,742	9,082

Gatsby Antiques (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2015

16. PRIOR YEAR ADJUSTMENT

Material Error in Defined Benefit Pension Deficit

Defined benefit pension assets and liabilities must be measured at fair value and the operating costs and changes to assets and liabilities must be recognised in the period they arise according to FRS 102. The fair value was misstated in the prior year and as a consequence the defined benefit pension deficit at 31 December 2014 has been now been restated as £394,101. The retained earnings have been increased by £64,435.

17. INTANGIBLE FIXED ASSETS

	Computer software £	Databases £	Customer contracts £	Development Costs £	Goodwill £	Total £
Cost						
At 31 December 2015	36,000	24,000	80,000	16,400	80,000	236,400
Amortisation						
At 1 January 2015	18,000	12,000	40,000	10,250	40,000	120,250
Charge for year	9,000	6,000	20,000	2,050	20,000	57,050
At 31 December 2015	27,000	18,000	60,000	12,300	60,000	177,300
Carrying amount						
At 31 December 2015	9,000	6,000	20,000	4,100	20,000	59,100
At 31 December 2014	18,000	12,000	40,000	6,150	40,000	116,150

The customer contracts, computer software and databases were obtained on acquisition of a competitor in December 2013. Goodwill was acquired at that time as well. The amounts on these items are being amortised over a period of 4 years.

Development costs were capitalised in 2009 and are being amortised over a period of 8 years.

Gatsby Antiques (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

18. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land and Buildings £	Long leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost or Valuation						
At 1 January 2015	287,218	26,165	273,287	231,976	139,656	958,302
Additions	-	-	-	2,968	125,000	127,968
Foreign currency exchange differences	-	-	-	(320)	(2,134)	(2,454)
At 31 December 2015	<u>287,218</u>	<u>26,165</u>	<u>273,287</u>	<u>234,624</u>	<u>262,522</u>	<u>1,083,816</u>
Depreciation						
At 1 January 2015	39,909	1,536	251,942	182,287	133,050	608,724
Charge for the year	6,636	523	5,646	11,587	3,790	28,182
At 31 December 2015	<u>46,545</u>	<u>2,059</u>	<u>257,588</u>	<u>193,874</u>	<u>136,840</u>	<u>636,906</u>
Carrying amount						
At 31 December 2015	<u>240,673</u>	<u>24,106</u>	<u>15,699</u>	<u>40,750</u>	<u>125,682</u>	<u>446,910</u>
At 31 December 2014	<u><u>247,309</u></u>	<u><u>24,629</u></u>	<u><u>21,345</u></u>	<u><u>49,689</u></u>	<u><u>6,606</u></u>	<u><u>349,578</u></u>

Gatsby Antiques (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

19. INVESTMENT PROPERTIES

	Investment properties
	£
Valuation	
Additions	44,592
Revaluation	7,120
	<u>51,712</u>
At 31 December 2015	<u>51,712</u>
Carrying amount	
At 31 December 2015	<u><u>51,712</u></u>

20. INVESTMENTS

	Subsidiary undertakings shares	Listed investments	Total
	£	£	£
Investments			
Cost or Valuation			
At 1 January 2015	128,241	607	128,848
Revaluations	-	149	149
	<u>128,241</u>	<u>756</u>	<u>128,997</u>
At 31 December 2015	<u>128,241</u>	<u>756</u>	<u>128,997</u>
Carrying amount			
At 31 December 2015	<u><u>128,241</u></u>	<u><u>756</u></u>	<u><u>128,997</u></u>
At 31 December 2014	<u><u>128,241</u></u>	<u><u>607</u></u>	<u><u>128,848</u></u>
		2015	2014
		£	£
Market value of listed investments		<u><u>1,000</u></u>	<u><u>900</u></u>

If the investments were sold at their valuation, a tax charge not exceeding £100.00 (2014 - £80.00) would arise.

20.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Name	Country of incorporation	Nature of business	Details of investment	Proportion held by company
Subsidiary undertaking				
SH Enterprises Limited	England	Antiques Auctioneers	Ordinary	100%
GK Holdings Limited	England	Antiques Auctioneers	Ordinary	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Year ended	Capital and reserves	Profit for the year
		£	£
SH Enterprises Limited	31 December 2014	1,000	500
GK Holdings Limited	31 December 2014	5,000	2,500
		<u><u>6,000</u></u>	<u><u>3,000</u></u>

In the opinion of the directors, the value to the company of the unlisted investments is not less than the book amount shown above.

Gatsby Antiques (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

continued

21. INVENTORIES	2015	2014
	£	£
Raw materials	110,334	122,755
Finished goods and goods for resale	4,874,955	5,634,283
	<u>4,985,289</u>	<u>5,757,038</u>

The replacement cost of stock did not differ significantly from the figures shown.

22. RECEIVABLES	2015	2014
	£	£
Trade receivables	3,696,985	3,592,486
Amounts owed by group companies (Note 37)	1,209,342	1,222,074
Amounts owed by connected parties (Note 37)	20,866	81,453
Directors' current accounts (Note 36)	62,536	-
Prepayments and accrued income:		
Pension prepayment	1,380	5,303
Other prepayments	308,927	300,000
	<u>5,300,036</u>	<u>5,201,316</u>

Amounts falling due after more than one year and included in receivables are:

	2015	2014
	£	£
Amounts owed by group companies	<u>1,209,243</u>	<u>1,221,976</u>

23. CURRENT ASSET INVESTMENTS	2015	2014
	£	£
Other unlisted investments	<u>555</u>	<u>300</u>

Gatsby Antiques (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2015

24. PAYABLES	2015	2014
Amounts falling due within one year	£	£
Bank overdrafts	589,271	630,061
Bank loan	27,250	27,971
Net obligations under finance leases and hire purchase contracts	792,647	731,089
Trade payables	1,168,719	2,000,900
Amounts owed to group companies (Note 37)	1,658,737	286,149
Amounts owed to connected parties (Note 37)	97,804	351,889
Taxation and social security costs (Note 26)	579,133	439,757
Directors' current accounts (Note 36)	34,129	237,687
Shares classified as financial liabilities (Note 31)	5,266	1,422
Derivative liability	3,310	-
Accruals:		
Pension accrual	1,016	-
Other accruals	595,885	560,034
	<u>5,553,167</u>	<u>5,266,959</u>

Bank facilities are secured by the following:

- a) All monies debenture from Training Company Limited giving a floating charge over the company's assets.
- b) All monies, cross company letter of guarantees from SH Enterprises Limited with collateral all monies floating debentures.
- c) Letter of guarantee for £634,869 from Relate Investments.
- d) All monies letter of guarantee from Great & Associates Limited with collateral fixed charge on property on the collateral floating debentures.

The derivative liability is the result of a foreign exchange forward contract:

On 15 November 2013 a forward contract was arranged for a sale to the United States of \$90,000 with settlement in 3 months, i.e. 15th February 2014. The forward contract was at a contracted rate of £1.33:\$1. At the transaction date the sale was recognised at the spot rate of £1.30:\$1 giving a sales value and debtor of £69,231. At the transaction date the forward contract had a fair value of zero.

At 31 December 2014 (the year-end date) the debtor was retranslated at the year-end spot rate of £1.26:\$1 leading to a foreign exchange gain and increase in debtors of £2,198. The derivative was recognised at fair value leading to a loss on the derivative and an increase in the derivative liability of £2,643.

At the settlement date the debtor will be retranslated and fair value of the derivative will be revised according to the spot rate at that date.

Gatsby Antiques (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2015

25. PAYABLES	2015	2014
Amounts falling due after more than one year	£	£
Bank loan	1,741,751	1,792,298
Shares classified as financial liabilities (Note 31)	42,890	10,556
Finance leases and hire purchase contracts	566,836	1,311,541
	<u>2,351,477</u>	<u>3,114,395</u>
Loans		
Repayable in one year or less, or on demand (Note 24)	616,521	658,032
Repayable between two and five years	1,741,751	1,792,298
	<u>2,358,272</u>	<u>2,450,330</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	792,647	731,089
Repayable between one and five years	566,836	1,311,541
	<u>1,359,483</u>	<u>2,042,630</u>
26. TAXATION AND SOCIAL SECURITY	2015	2014
	£	£
Payables:		
VAT	469,490	248,767
Corporation tax	25,761	31,656
PAYE / NI	83,882	159,334
	<u>579,133</u>	<u>439,757</u>

27. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts provided for deferred taxation are analysed below:

	Capital allowances	Post-retirement benefits	Total
	£	£	£
At 1 January 2015	256,000	394,100	650,100
Charged to profit and loss	62,500	-	62,500
Utilised during the year	-	(117,000)	(117,000)
At 31 December 2015	<u>318,500</u>	<u>277,100</u>	<u>595,600</u>

The amounts under post-retirement benefits relate to the defined benefit scheme.

Gatsby Antiques (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2015

28. FINANCIAL INSTRUMENTS

Credit risk

The company is at risk from its customers defaulting in making payments for antiques that have been supplied to them, because often the amounts involved require the customers to source the finance from banks and other lenders.

To minimise the risk the company has a policy of only dealing with customers who have either demonstrated creditworthiness or can provide sufficient collateral. To determine previous creditworthiness the company makes use of independent rating agencies, other publicly available financial information and its own trading records. The company's exposure and its customers creditworthiness is continually monitored so that any potential problems are detected at an early stage.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Market risk

The antiques business is volatile at times of economic crisis. The company varies the price range of available antiques, so as to deal with volume business at lower prices during such times, thereby reducing the risk.

Liquidity risk

The directors have ultimate responsibility for liquidity risk management in maintaining adequate reserves, banking facilities and reserve borrowing facilities. The process is the continuing monitoring of both forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

29. PENSION COSTS - DEFINED CONTRIBUTION

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Pension costs amounted to £216,781 (2014 - £221,644).

Unpaid contributions outstanding at 31 December 2015 amounted to £1,016 (31 December 2014 - £0.00).

Prepaid contributions at 31 December 2015 amounted to £1,380 (31 December 2014 - £5,303).

30. PENSION COSTS - DEFINED BENEFIT

The company operates a defined benefit pension scheme for its employees providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with pension fund managers. Contributions to this scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the company. The pension cost of the defined benefit scheme is assessed on an annual basis in accordance with the advice of qualified actuaries using the projected units method.

A full actuarial valuation was carried out at 31 December 2014 and updated to 31 December 2015 by an independent qualified actuary. The major assumptions used by the actuary are as follows:

	2015	2014
Rate of increase in salaries	3.50%	3.50%
Discount rate	4.00%	4.50%
Inflation assumptions	2.25%	2.25%

Assets in the scheme and expected rate of return were:

	Long term expected rate of return	Value £	Long term expected rate of return	Value £
Equities	7.00%	732,700	7.00%	534,600
Bonds	4.00%	123,400	4.50%	103,600
Property	7.00%	28,900	7.00%	22,500
Cash	1.75%	68,500	1.75%	39,900
		<hr/>		<hr/>
Total Market Value of assets		953,500		700,600
Present value of scheme liabilities		(1,078,800)		(942,900)
		<hr/>		<hr/>
Deficit in the scheme		(125,300)		(242,300)
		<hr/>		<hr/>
Net pension liability		(125,300)		(242,300)

Gatsby Antiques (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

continued

30.1. PENSION COSTS - DEFINED BENEFIT CONTINUED	2015	2014
	£	£
Analysis of the amount charged to operating profit		
Current service cost	53,000	42,500
Analysis of amount credited to other income		
Expected return on pension scheme assets	-	9,200
Net interest on net fund assets/liabilities	4,400	(36,800)
	4,400	(27,600)
Analysis of movement in scheme during the year		
Deficit as at 31 December 2014	(242,202)	(151,801)
Movement in year :		
Current service costs	(53,000)	(42,500)
Contributions to the scheme	119,600	135,800
Net interest on net fund assets/liabilities	4,400	(27,600)
Remeasurement of fund assets and liabilities	46,000	(156,101)
Deficit as at 31 December 2015	(125,202)	(242,202)
Analysis of movement recognised in other comprehensive income		
Actual return on pension scheme assets less expected return	90,100	10,600
Experience gains and losses arising on pension scheme liabilities	60,000	(44,000)
Changes in assumptions underlying the present value of scheme liabilities:		
Financial	(104,100)	(122,701)
Remeasurement of fund assets and liabilities	46,000	(156,101)
Fair value of plan assets movement	78,000	62,000
Actuarial valuation of plan liabilities movement	(32,000)	(218,000)
Remeasurement of fund assets and liabilities	46,000	(156,000)
30.2. PENSION COSTS - DEFINED BENEFIT CONTINUED		
History of pension scheme experience gains and losses	2015	2014
Difference between expected and actual return scheme assets		
Amount	90,100	10,600
Percentage of scheme assets	9.40%	1.50%
Experience gains and losses arising on scheme liabilities		
Amount	60,000	44,000
Percentage of present value of the scheme liabilities	5.60%	4.60%
Total amount recognised in other comprehensive income		
Amount	46,000	156,101
Percentage of the present value of the scheme liabilities	4.30%	-16.60%

Gatsby Antiques (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2015

30.3. PENSION COSTS - DEFINED BENEFIT CONTINUED

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumptions	Discount Rate	Rate of inflation	Rate of increase in salaries	Rate of mortality
Change in assumption Increase/(decrease) by	-0.30%	0.90%	1.00%	1 Yr
Impact on scheme liabilities Increase/(decrease) by	0.50%	1.20%	1.50%	2.50%

Method of measurement for scheme liabilities

The company provides retirement benefits to some of its former and approximately 70% of current employees through defined benefit schemes. The level of retirement benefit is principally based on salary earned in the last five years of employment.

The liabilities of the defined benefit scheme are measured by discounting the best estimate of future cash flows to be paid out by the scheme using the projected unit method. This amount is reflected in the deficit in the balance sheet. The projected units method is an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. The accumulated benefit obligations is an actuarial measure of the present value of benefits for service already rendered but differs from the projected unit method in that it includes no assumption for future salary increases. At the balance sheet date, the accumulated benefit obligation was £575,000.

An alternative method of valuation to the projected unit method is a solvency basis, often estimated using the cost of buying out benefits at the balance sheet date with a suitable insurer. This amount represents the amount that would be required to settle the scheme liabilities at the balance sheet date rather than the company continuing to fund the on-going liabilities of the scheme. The company estimates the amount required to settle the scheme liabilities at the balance sheet date is £250,000.

Future funding obligations

The most recently completed triennial actuarial valuation of the company's main retirement benefits fund was performed by an independent actuary for the trustees of the scheme and was carried out as at 24 June 2013. Following the valuation, the company's ordinary contributions rate increased, with effect from 30 June 2013, from 4% of pensionable salaries to 5% representing regular contributions. In addition, the company contributed a further £100,000 to the scheme as a contribution towards its current deficit. The company has agreed with the trustees it will aim to eliminate the deficit over the next 5 years. The company will monitor funding levels on an annual basis. The next triennial valuation is due to be completed as at 24 June 2016. The company considers that the contribution rates agreed with the trustees at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly.

The company has agreed the following funding objectives with trustees:

- To return the on-going funding level of the scheme to 100% of the projected past service liabilities within a period of 5 years measured in accordance with FRS 102;
- Once the funding level of the scheme is 100% of the projected past service liabilities to maintain funding at least at this level; and
- To meet the liabilities of the scheme in the event that the scheme is wound up.

Gatsby Antiques (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2015

30.4. PENSION COSTS - DEFINED BENEFIT CONTINUED

Nature and extent of the risks arising from financial instruments held by the defined benefit scheme

At 31st December 2015 the scheme assets were invested in a diversified portfolio that consisted primarily of equity and debt securities. In conjunction with the trustees, the company has recently conducted an asset-liability review for its major schemes. These studies are used to assist the trustees and the company to determine the optimal long-term asset allocation with regard to the structure of liabilities within the scheme. The results of the study are used to assist the trustees in managing the volatility in the underlying investment performance and risk of a significant increase in the scheme deficit by providing information used to determine the pension schemes investment strategy.

The majority of the equities held by the scheme are in international blue chip entities. The aim is to hold a globally diversified portfolio of equities, with a target of 75% of equities being held in the UK and Europe, 10% in US equities and the remainder in emerging markets. To maintain a wide range of diversification and to improve return opportunities, up to 5% of equity assets are allocated to high risk markets such as Private Equity and Emerging Markets.

31. SHARE CAPITAL			2015	2014
Description	Number of shares	Value of units	£	£
Allotted, called up and fully paid				
Ordinary A Shares	101,820	£1.25 each	127,275	124,875
Ordinary B Shares	100	£1.25 each	125	125
1% Cumulative Preference Shares	100,000	£1.25 each	125,000	125,000
6% Cumulative Redeemable Preference Shares	48,156	£1 each	48,156	11,978
			300,556	261,978
Equity shares			252,400	250,000
Shares classified as financial liabilities			48,156	11,978

The rights attaching to the A and B shares are as follows:

The A shares shall be entitled to vote at the AGM

The B shares shall be entitled to an annual dividend of £1 per share.

The company's subsidiaries, S. H. Enterprises Limited and G. K. Holdings, each own 20% of the company.

32. SHARE-BASED PAYMENTS

Equity-settled share-based payments

The company has a share option scheme for all employees (including directors). Options are exercisable at a price equal to the average market price of the company's shares on the date of grant. The vesting period is usually 3 to 5 years. The exercise of options is also dependent on eligible executives meeting performance criteria. The options may not be exercised unless, over the vesting period, the profit has increased by 10%. The options are settled in equity once exercised.

If the options remain unexercised after a period of 5 years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest.

In the year ended 31 December 2015, options were granted on the following dates: 31 July 2014 and 1 December 2014. The estimated fair value of the options granted on those dates were £20,000 and £10,000 respectively. In the year ended 31 December 2014, options were granted on the following dates: 31 July 2013 and 1 December 2013. The estimated fair values of the options granted on those dates were £20,000 and £10,000 respectively.

Gatsby Antiques (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2015

33. RESERVES

Share Premium Reserve

The amount carried forward is the premium that arose from the issue of shares in 2013.

Cash Flow Hedge Reserve

The amount is the cumulative loss arising on changes in the fair value of the hedging instrument.

34. CAPITAL COMMITMENTS

The company has not entered into any contracts for future capital expenditure.

35. CONTINGENT LIABILITIES

A customer who purchased a painting during the year ended 31 December 2015 has taken an action against the company, claiming the painting was a forgery. The company is currently defending the case in court. No provision has been made in the accounts as the company's defence team has stated that the risk of the claim being successful is remote.

36. DIRECTORS' REMUNERATION AND TRANSACTIONS

	2015	2014
	£	£
Directors' remuneration		
Remuneration	719,314	688,796
	<u> </u>	<u> </u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	2	2
Number of directors to whom retirement benefits are accruing under a defined benefit scheme	1	1
Number of directors who exercised share options	1	-
	<u> </u>	<u> </u>
Highest Paid Director	£	£
Amounts included above:		
Emoluments and other benefits	400,000	350,000
Pension contributions	50,000	40,000
	<u> </u>	<u> </u>
	450,000	390,000
	<u> </u>	<u> </u>
Amounts under a defined benefits pension scheme:		
Accrued pension	20,000	15,000
	<u> </u>	<u> </u>
Accrued lump sum	500,000	450,000
	<u> </u>	<u> </u>
The highest paid director exercised share options.		

Gatsby Antiques (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2015

The following advances were made to the directors:

	Balance at 31/12/15 £	Movement in year £	Balance at 31/12/14 £	Maximum in year £
Mr. Jack Oakley	<u>62,536</u>	<u>62,536</u>	-	<u>63,000</u>

The following amounts are repayable to the directors:

	2015 £	2014 £
Mr. Jack Oakley	-	96,400
Mrs. Jill Oakley	<u>34,129</u>	<u>141,287</u>
	<u>34,129</u>	<u>237,687</u>

Net balances with the directors:

	2015 £	2014 £
Mr. Jack Oakley	<u>62,536</u>	(96,400)
Mrs. Jill Oakley	<u>(34,129)</u>	<u>(141,287)</u>
	<u>28,407</u>	<u>(237,687)</u>

37. RELATED PARTY TRANSACTIONS

The company trades with other group companies on a regular basis. All transactions are conducted on an arms length basis and consist of the reallocation of administration overheads.

The balance with GK Holdings Limited includes a trading amount owed to that company of £1,592,505 (2014: £210,000).

	Balance 2015 £	Movement in year £	Balance 2014 £	Maximum in year £
Corrig Court Limited	<u>20,866</u>	<u>(60,587)</u>	81,453	<u>83,797</u>

The following amounts are due to other connected parties:

	2015 £	2014 £
Corrig Court Limited	<u>97,804</u>	<u>351,889</u>

Net balances with other connected parties:

	2015 £	2014 £
Corrig Court Limited	<u>(76,938)</u>	<u>(270,436)</u>

The parties are connected because they share common directors.

The company rents premises from Mr Jack Murphy, a director of the company, at a charge of £152,500 per annum.

Gatsby Antiques (UK) Limited
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

continued

Transactions and balances with group companies:

	2015 £	2014 £
Group Company Receivables		
SH Enterprises Limited	<u>1,209,342</u>	<u>1,222,074</u>
Group Company Payables		
GK Holdings Limited	1,652,100	268,595
SH Enterprises Limited	<u>6,637</u>	<u>17,554</u>
	<u>1,658,737</u>	<u>286,149</u>
38. PARENT COMPANY		
The company regards Gatsby Holdings (UK) as its parent company.		
39. CHANGES IN EQUITY		
Other Comprehensive Income	2015	2014
	£	£
Retained earnings foreign exchange difference on net investments	(2,454)	-
Retained earnings staff defined benefit pension remeasurement	46,000	(156,101)
Retained earnings gain on hedging instruments		
re net assets of foreign operations	567	-
Cash flow hedge reserve increase in fair value	(1,234)	-
	<u>42,879</u>	<u>(156,101)</u>
40. CASH AND CASH EQUIVALENTS	2015	2014
	£	£
Cash and bank balances	117,290	1,083,532
Bank overdrafts	(589,271)	(630,061)
Cash equivalents	<u>1,409,283</u>	<u>300</u>
	<u>937,302</u>	<u>453,771</u>

£123,000 is not available for use by the company because of foreign exchange controls.

41. HEDGES

The Cash Flow Hedge Reserve represents the cumulative effective portion of gains and losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of Cash Flow Hedge Reserve will be reclassified to the profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the company's accounting policy.

Gains and losses on hedging instruments for hedges of net assets of foreign operations are included in Retained Earnings in accordance with the company's accounting policy.

GATSBY ANTIQUES (UK) LIMITED

SUPPLEMENTARY INFORMATION

RELATING TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

NOT COVERED BY THE REPORT OF THE AUDITORS

THE FOLLOWING PAGES DO NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS

Gatsby Antiques (UK) Limited
SUPPLEMENTARY INFORMATION RELATING TO THE FINANCIAL STATEMENTS
TRADING STATEMENT
for the year ended 31 December 2015

	2015 £	2014 £
Sales		
Auctions	39,156,324	35,218,176
Direct sales	3,380,522	3,105,478
Other sales	242,259	135,756
Auctions - Europe	7,652,987	6,841,230
Auctions - Rest of World	4,411,145	5,521,722
	<u>54,843,237</u>	<u>50,822,362</u>
 Cost of sales		
Opening inventories	5,757,038	4,670,890
Purchases	49,849,029	47,677,993
Wages and salaries	1,983,702	1,753,735
Depreciation of tangible assets	5,646	13,336
Light, heat and power	200,055	235,971
	<u>57,795,470</u>	<u>54,351,925</u>
Closing inventories	(4,985,289)	(5,757,038)
	<u>52,810,181</u>	<u>48,594,887</u>
 Gross profit	 <u>2,033,056</u>	 <u>2,227,475</u>
Gross profit Percentage	<u>3.7%</u>	<u>4.4%</u>
 Distribution costs		
Telephone	193,496	204,006
Entertaining	12,827	7,540
	<u>206,323</u>	<u>211,546</u>

Gatsby Antiques (UK) Limited
SUPPLEMENTARY INFORMATION RELATING TO THE FINANCIAL STATEMENTS
TRADING STATEMENT
for the year ended 31 December 2015

	2015 £	2014 £
Administrative expenses		
Wages and salaries	68,764	65,591
Directors' remuneration	718,814	688,396
Employer's NI contributions	153,049	214,335
Staff defined contribution pension costs	216,781	221,644
Staff defined benefit current service costs	53,000	42,500
Employer contributions to the pension scheme	(119,600)	(135,800)
Staff training	9,874	1,300
Commissions payable	2,314	-
Use of premises	143,427	79,603
Rent payable	1,089	3,108
Rates	236,282	222,221
Insurance	125,392	125,403
Computer bureau costs	76,092	81,128
Light and heat	45,826	43,131
Cleaning	59,275	52,220
Printing, postage and stationery	112,298	106,156
Telephone	1,564	-
Motor expenses	16,298	20,928
Equity-settled share-based payments	2,300	-
Legal and professional	22,835	10,045
Bad debts	-	949
Discounts allowed	221	-
Profit/loss on exchange	(2,198)	-
Canteen	263	-
Impairment of short-term debtors	1,500	-
Impairment of short-term creditors	(3,700)	-
General expenses	146,758	10,336
Auditor's remuneration	21,547	33,047
Depreciation of tangible assets	22,537	27,439
Depreciation of intangible assets	57,050	-
	<u>2,189,652</u>	<u>1,913,680</u>
Finance		
Interest expense on financial assets using effective rate of return	20	-
Interest expense on long-term debtors using effective rate of return	5,678	-
Interest expense on financial liabilities using effective rate of return	4,321	-
Bank interest paid	19,010	42,071
Finance charge paid on shares classified as financial liabilities	12,121	1,212
	<u>41,150</u>	<u>43,283</u>

Gatsby Antiques (UK) Limited
SUPPLEMENTARY INFORMATION RELATING TO THE FINANCIAL STATEMENTS
TRADING STATEMENT
for the year ended 31 December 2015

	2015 £	2014 £
Miscellaneous income		
Commission received as other operating income	622,056	304,260
Fees received as other operating income	167,860	177,888
Expected return on pension scheme assets	-	9,200
Net interest on pension fund assets/liabilities	4,400	(36,800)
Bank interest	11,060	3,398
Interest income on financial assets using effective rate of return	50	-
Interest income on long term debtors using effective rate of return	43,210	-
Interest income on financial liabilities using effective rate of return	10,123	-
Income from listed investments	21	40
Income from unlisted investments	12,389	-
Income from subsidiaries	-	3,488
Other gains and losses	4,596	-
	<u>875,765</u>	<u>461,474</u>
Net profit	<u><u>471,696</u></u>	<u><u>520,440</u></u>