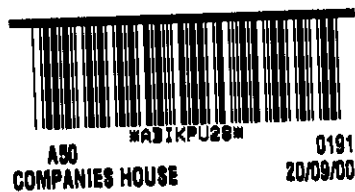


**INTERNATIONAL ART AND ANTIQUE**  
**LOSS REGISTER LIMITED**

Directors' Report and  
Consolidated Financial Statements

31 December 1999

Registered number 2455350



International Art and Antique Loss Register Limited

Directors' report and consolidated financial statements

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## INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

### **CHAIRMAN'S STATEMENT**

This has been an extremely successful year, demonstrated both in our financial results and in the position that the company has developed as the recognised central database for the art trade in relation to stolen art and due diligence before purchase. The investment that we have been making out of revenue in the last few years has been well justified and the results for 1999 show a profit of £281,076 [1998 - (£28,931)]. We completed the Repayment of the loan stock of £71,550 to shareholders. There was an increase in cash of £38,014 (1998 - £26,914 decrease) and the cash position in early 2000 was strong at £900,000. The net assets of the group at 31 December 1999 were £703,264 (1998 - £418,801).

The company made good progress on all fronts. Our partnership with the BVDG, the German Gallery Association has proved to be effective and we make steady progress in the rest of Europe establishing ourselves with the insurance industry, police, and art trade. In the USA we have signed an agreement with the Insurance Services Office (ISO) whereby we will be able to collect far larger volumes of data on stolen art and antiques then we have been able to obtain before and we are working on arrangements in other countries to systematise this collection with the insurance industry.

There has been an encouraging increase in the number of museums and dealers who are searching with us and the Maastricht Fine Art Fair has led the way in requiring the checking of our register of items before exhibition. We expect this trend to continue with other art fairs including Grosvenor House, Basle, and Zurich. We have committed to major capital expenditure to upgrade our systems to make them fully compatible with Internet searching, to improve our speed of response and our management and statistical data. We are developing our web site to provide general

## INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

### CHAIRMAN'S STATEMENT

marketing information and the full e-commerce credibility for self searching of the database under close control and with a full audit trail. We aim to increase our annual searches from 300,000 to 1 million over the next few years.

The highlight of the year was the recovery, after some 80 days of negotiation, of the Cézanne "Bouilloire et Fruits" stolen from a private owner in the USA in 1978 and subsequently sold at Sotheby's for £16.5 million. This was a classic example of the work of the Register in matching an item when it surfaced and then undertaking the complex negotiations in conjunction with the Police in different countries for its recovery.

We continue to develop the database for claimants in relation to the Holocaust and a new register of items held by museums with questionable provenance which need further research.

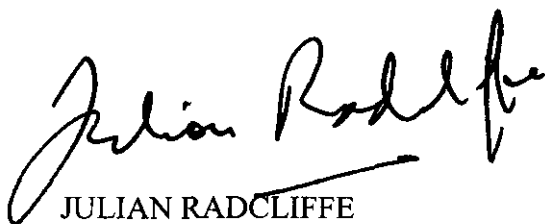
We are exploring a number of options in relation to the future development of the company, particularly in relation to the Internet which may involve partnerships, joint ventures or licence agreements, to exploit our unique position.

In line with our standard accounting practice, we carried forward into 2000 £389,000 of recovery income from the Cézanne and other cases which were invoiced in 1999 but not paid until 2000. The results for 2000 will benefit from this and the trading in the first six months of 2000 has been encouraging.

INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

CHAIRMAN'S STATEMENT

Thanks to nine years of dedicated effort by all our staff, we have achieved a company of considerable value to our shareholders and clients, the insurance industry, the art trade and the police with whom we co-operate closely. I am delighted that their hard work has been rewarded by such obvious success and we see no reason why that should not continue.



JULIAN RADCLIFFE  
CHAIRMAN

13 July 2000

## INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

### **Directors' report**

The directors present their annual report on the affairs of the Group and the audited financial statements for the year ended 31 December 1999.

### **Principal activities**

The principal activity of the Group during the year was to develop and operate an international register of stolen works of fine art. There is a subsidiary company in New York and in Germany.

### **Business review**

The results of the Group for the year to 31 December 1999 and the state of the Group's affairs at that date are shown in the attached accounts. The result for the Group was a profit of £281,076 after taxation (1998 - £36,224 loss). A review of the year's activities is set out in the chairman's statement.

The directors do not recommend the payment of a dividend (1998 - nil)

### **Directors and directors' interests**

The directors who held office during the year were as follows:

JGY Radcliffe ( Chairman)  
JB Emson  
JM Linell (resigned 8 December 1999)  
WRI Crewdson  
F Feldman  
PAT Davidson  
C Wakeford (resigned 31 July 1999)  
G Nott  
PW Marx  
R Tauber  
JA Josephson  
ACA Gribben  
M Zuckerman (appointed 8 December 1999)

# INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

## Directors' report

Directors' interests in the ordinary shares and loan stock of the company were as follows:

	<b>Class of share and debenture</b>	<b>Interest at end of year</b>	<b>Interest at beginning of year</b>
JGY Radcliffe	"B" Ordinary shares of 0.5p each	1,645,603	1,645,603
	"B" Loan stock	Nil	11,108
PAT Davidson	"B" Ordinary shares of 0.5p each	117,546	117,546
	"B" Loan stock	Nil	794
F Feldman	"B" Ordinary shares of 0.5p each	37,522	37,522
R Tauber *	"B" Ordinary shares of 0.5p each	338,180	338,180

\* These shares are registered in the name of "The Register Partnership", a partnership of which R Tauber is a member.

## Executive Share Option Scheme

	<b>Class of share and debenture</b>	<b>Number of Options at 31.12.99</b>	<b>Number of Options at 31.12.98</b>
JB Emson	"B" Ordinary shares of 0.5p each	237,000	237,000

# INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

## **Directors' report**

### **Shareholders**

A list of the shareholders of the Group at 31 December 1999 is as follows:

3i Group plc  
Sotheby's  
International Foundation for Art Research Inc.  
Aon Corporation  
Rosenthal Inc.  
LLP Limited  
Equifax Infolink Limited  
Christie's International plc  
Phillips Son & Neale  
Axa Nordstern Allgemeine Versicherungs Aktiengesellschaft  
JH Vaughn  
PAT Davidson  
JGY Radcliffe  
Bonhams  
CINOA  
FIDOA  
British Antique Dealers Association  
Society of London Art Dealers (JA Partridge)  
Society of Fine Art Auctioneers (C Weston)  
Franklin Feldman  
The Register Partnership



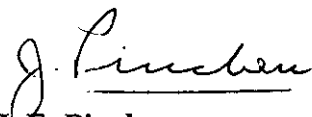
INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

**Directors' report**

**Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the Group is to be proposed at the forthcoming Annual General Meeting.

By order of the board

A handwritten signature in dark ink, appearing to read 'J. E. Pinchen', written over a horizontal line.

**J. E. Pinchen**  
Secretary

12 Grosvenor Place  
London  
SW1X 7HH

13 July 2000

## INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

## **Report of the auditors to the members of International Art and Antique Loss Register Limited**

We have audited the financial statements on pages 11 to 29.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors are responsible preparing the directors' report and, as described on page 8, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### **BASIS OF OPINION**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Report of the auditors to the members of International Art and Antique Loss  
Register Limited**

**OPINION**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 1999 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985

KMG

**KPMG**

Chartered Accountants  
Registered Auditors

24<sup>th</sup> July, 2000

# INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

## Consolidated profit and loss account for the year ended 31 December 1999

	Note	1999 £	1998 £
<b>Turnover</b>		2,070,084	944,485
Administrative expenses		<u>(1,748,521)</u>	<u>(980,475)</u>
<b>Operating profit/(loss)</b>		321,563	(35,990)
Interest receivable and similar income	6	6,091	25,910
Interest payable and similar charges	7	(4,167)	(15,057)
<b>Profit/ (loss) on ordinary activities before taxation</b>		<u>323,487</u>	<u>(25,137)</u>
<b>Taxation</b>	8	(42,411)	(11,087)
<b>Profit/(loss) on ordinary activities after taxation</b>		<u>281,076</u>	<u>(36,224)</u>
Attributable to Minority Shareholders of Subsidiary Undertakings: equity	21	-	7,293
<b>Profit/(loss) attributable to Shareholders</b>		<u><u>281,076</u></u>	<u><u>(28,931)</u></u>

The results for the year and prior year are all derived from continuing operations.

There were no recognised gains or losses other than the profit for the year in either the current or preceding financial year.

There is no difference between the group's historical cost loss and the loss shown in the accounts.

# INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

## Consolidated balance sheet at 31 December 1999

	Note	£	1999 £	£	1998 £
<b>Fixed assets</b>					
Intangible assets	9		15,758		30,258
Tangible assets	10		95,806		103,482
			<u>111,564</u>		<u>133,740</u>
<b>Current assets</b>					
Debtors	12	1,541,643		230,675	
Cash at bank and in hand		70,273		292,676	
		<u>1,611,916</u>		<u>523,351</u>	
<b>Creditors:</b> Amounts falling due within one year	13	(1,020,216)		(238,290)	
<b>Net current assets</b>			<u>591,700</u>		<u>285,061</u>
<b>Net assets</b>			<u>703,264</u>		<u>418,801</u>
<b>Capital and reserves</b>					
Called up ordinary share capital	14		186,132		186,132
Share premium account	15		76,268		76,268
Profit and loss account	15		(184,136)		(465,212)
<b>Total equity shareholders' funds/(deficit)</b>			<u>78,264</u>		<u>(202,812)</u>
<b>Total non-equity shareholders' funds</b>	14		625,000		625,000
<b>Total shareholders' funds</b>			<u>703,264</u>		<u>422,188</u>
<b>Minority interest in subsidiary undertaking</b>	21		-		(3,387)
			<u>703,264</u>		<u>418,801</u>

These financial statements were approved by the board of directors on  
13 July 2000 and signed on its behalf by:

Director

*Julia Rodolfo*

Director

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*I.A. Maridom*

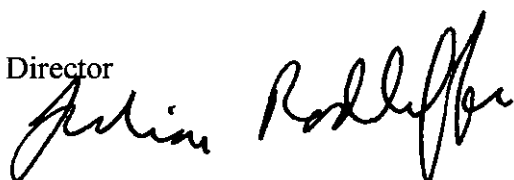
# INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

## Company balance sheet at 31 December 1999

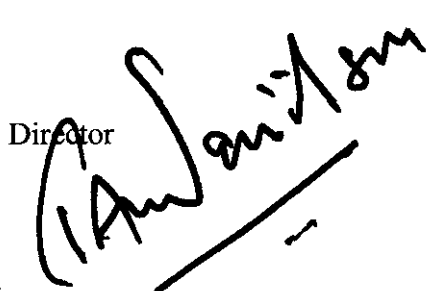
	Note	£	1999 £	£	1998 £
<b>Fixed assets</b>					
Intangible assets	9		15,758		30,258
Tangible assets	10		81,358		83,838
Investment in subsidiary companies	11		3,053		14,994
			<u>100,169</u>		<u>129,090</u>
<b>Current assets</b>					
Debtors	12	1,061,866		278,663	
Cash at bank and in hand		44,320		271,550	
		<u>1,106,186</u>		<u>550,213</u>	
<b>Creditors: Amounts falling due within one year</b>	13	(538,871)		(221,900)	
<b>Net current assets</b>			<u>567,315</u>		<u>328,313</u>
<b>Net assets</b>			<u>667,484</u>		<u>457,403</u>
<b>Capital and reserves</b>					
Called up ordinary share capital	14		186,132		186,132
Share premium account	15		76,268		76,268
Profit and loss account	15		(219,916)		(429,997)
Total equity shareholders' funds/(deficit)			<u>42,484</u>		<u>(167,597)</u>
Total non-equity shareholders' funds	14		625,000		625,000
<b>Total shareholders' funds</b>			<u>667,484</u>		<u>457,403</u>

These financial statements were approved by the board of directors on 13 July 2000 and signed on its behalf by:

Director



Director



# INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

## Consolidated cash flow statement for the year ended 31 December 1999

	Note	1999	1998
		£	£
Net cash outflow from operating activities	16	(92,430)	(34,456)
Returns on investments and servicing of finance			
Interest received		6,091	25,910
Interest paid		(4,167)	(15,057)
Net cash inflows from returns on investment and servicing of finance		1,924	10,853
Taxation		(4,177)	(6,369)
Capital expenditure			
Purchase of tangible fixed assets		(29,972)	(45,528)
Acquisitions and disposals			
Disposal of tangible fixed assets		(1,146)	-
Purchase of subsidiary undertakings		-	(2,296)
Management of liquid resources			
Cash inflow from short term deposits		235,365	146,282
Net cash inflow before financing		109,564	68,486
Financing			
Repayment of loan stock		(71,550)	(95,400)
Net cash outflow from financing		(71,550)	(95,400)
Increase/(decrease) in cash	17	38,014	(26,914)



## INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

### Notes

(forming part of the financial statements)

#### 1 **Accounting policies**

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

##### ***Basis of preparation***

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

##### ***Basis of consolidation***

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 1999.

Unless otherwise stated the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 230 (4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

##### ***Goodwill***

Purchased goodwill (both positive and negative) arising on consolidation in respect of acquisitions before 1 January 1998, when FRS 10 *Goodwill and intangible assets* was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

##### ***Fixed assets and depreciation***

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Office furniture	-	
and equipment		5 years
Software	-	3 years

Leasehold improvements are being depreciated over the period of the lease to the first break clause (5 years).

## INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

Notes (continued)

### 1 **Accounting policies (continued)**

#### ***Intangible assets***

The Group has two intangible assets:-

a) the first represents the cost of acquiring the right to use existing files of stolen items of fine art. The cost of the files is being amortised in equal instalments over a period of 10 years, commencing in the period in which revenue first arose (which was 1991).

b) the Group continues to develop its second database which has a commercial value. This value is not recognised in the accounts and the costs of developing the database are written off to the profit and loss account as incurred, except where a major upgrading of the system has taken place when the cost is capitalised and written off over three years.

#### ***Leases***

Rental charges for operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

#### ***Taxation***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### ***Turnover***

Turnover represents the amounts (excluding value added tax) derived from the provision of services to customers during the year.

Recovery fees are due to the company when stolen works of art are recovered. Recovery fee income is recognised when payment is received, or a) where the recovery fee has been invoiced but not paid, or b) where the recovery has been made in the year but not invoiced, then 75% and 33% respectively of the recovery fees are recognised.

#### ***Deferred income***

Deferred income represents subscriptions received which relate to a subsequent accounting period. These have been transferred to the balance sheet at the year end.

# INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

## Notes (continued)

### 1 Accounting policies (continued)

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities and profit and loss accounts of overseas subsidiary undertakings are translated at the closing exchange rates. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

#### *Cash and liquid resources*

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying value or traded in an active market. Liquid resources comprise term deposits of less than one year.

### 2 Turnover

	1999	1998
	£	£
U.K.	1,411,179	773,165
U.S.A.	658,905	155,923
Other	-	15,397
	<u>2,070,084</u>	<u>944,485</u>

# INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

Notes (continued)

## 3 Profit/(loss) on ordinary activities

	1999 £	1998 £
Profit/(loss) on ordinary activities is stated after charging/(crediting):		
Auditors' remuneration		
Group - audit	6,650	6,000
- other services	3,625	1,000
Company - audit	1,100	1,000
Depreciation and other amounts written off owned tangible and intangible fixed assets	51,691	52,059
Hire of plant and machinery - rentals payable under operating leases	12,375	11,784
Hire of other assets - operating leases	50,682	62,819
Profit on disposal of subsidiary	(2,901)	-
	<u>=====</u>	<u>=====</u>

## 4 Remuneration of directors

	1999 £	1998 £
Directors' emoluments:		
For services as directors	504,162	144,197
Pension contributions	9,291	7,355
	<u>=====</u>	<u>=====</u>
	513,453	151,552

### Number of directors

	1999	1998
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>=====</u> 2	<u>=====</u> 2

Aon Corporation charged the company a management fee of £12,500 for the first six months of the year (1998 - £25,000) in the year for JGY Radcliffe's services.

Compensation of £23,400 was paid to a former director for loss of office.

# INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

## Notes (continued)

### 5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	1999	1998
Administration	15	15
Management	11	12
	<u>26</u>	<u>27</u>
	=====	=====

The aggregate payroll costs of these persons were as follows:

	1999	1998
	£	£
Wages and salaries	702,607	375,914
Social security costs	47,541	33,930
Pension contributions	13,363	12,855
	<u>763,511</u>	<u>422,699</u>
	=====	=====

### 6 Other interest receivable and similar income

	1999	1998
	£	£
Bank deposit interest	6,091	25,910
	<u>=====</u>	<u>=====</u>

### 7 Interest payable and similar charges

	1999	1998
	£	£
Other loans	4,167	15,057
	<u>=====</u>	<u>=====</u>

# INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

Notes (continued)

## 8 Taxation

	1999	1998
	£	£
UK Corporation at 21%	28,821	5,324
Prior year adjustment	(1,147)	5,763
Overseas corporation taxes	14,737	-
	<u>42,411</u>	<u>11,087</u>
	=====	=====

## 9 Intangible fixed assets

### Group and Company

	Files of stolen fine art
	£
Cost	
At 1 January 1999	145,001
Additions	-
At 31 December 1999	<u>145,001</u>
	=====
Amortisation	
At 1 January 1999	114,743
Charge for the year	14,500
At 31 December 1999	<u>129,243</u>
	=====
Net book value	
At 31 December 1999	<u>15,758</u>
	=====
At 31 December 1998	<u>30,258</u>
	=====

# INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

Notes (continued)

## 10 Tangible fixed assets

	Furniture, equipment and software £	Group Leasehold improvements £	TOTAL £
<b>Cost</b>			
At 1st January 1999	223,453	10,468	233,921
Additions	29,972	-	29,972
Disposals	(25,560)	-	(25,560)
Exchange movements	782	-	782
At 31st December 1999	<u>228,647</u>	<u>10,468</u>	<u>239,115</u>
<b>Depreciation</b>			
At 1st January 1999	127,822	2,617	130,439
Charge for the year	35,098	2,093	37,191
Disposals	(24,414)	-	(24,414)
Exchange movements	93	-	93
At 31st December 1999	<u>138,599</u>	<u>4,710</u>	<u>143,309</u>
<b>Net book value</b>			
At 31st December 1999	<u>90,048</u>	<u>5,758</u>	<u>95,806</u>
At 31st December 1998	<u>95,631</u>	<u>7,851</u>	<u>103,482</u>

	Furniture, equipment and software £	Company Leasehold improvements £	TOTAL £
<b>Cost</b>			
At 1st January 1999	200,540	10,468	211,008
Additions	29,972	-	29,972
Disposals	(23,894)	-	(23,894)
At 31st December 1999	<u>206,618</u>	<u>10,468</u>	<u>217,086</u>
<b>Depreciation</b>			
At 1st January 1999	124,553	2,617	127,170
Charge for the year	30,359	2,093	32,452
Disposals	(23,894)	-	(23,894)
At 31st December 1999	<u>131,018</u>	<u>4,710</u>	<u>135,728</u>
<b>Net book value</b>			
At 31st December 1999	<u>75,600</u>	<u>5,758</u>	<u>81,358</u>
At 31st December 1998	<u>75,987</u>	<u>7,851</u>	<u>83,838</u>

# INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

Notes (continued)

## 11 Investments

	Company	
	1999 £	1998 £
Investments in subsidiary undertakings		
Cost		
At 1 January 1999	14,994	11,288
Additions	-	3,706
Disposals	(11,941)	-
At 31 December 1999	<u>3,053</u>	<u>14,994</u>

### Principal company investments

The company had investments in the following subsidiary undertakings at 31 December 1999, which have the same principal activity as the Company.

<u>Subsidiary</u>	<u>Investment</u>	<u>% holding</u>
Art Loss Register, Inc. Incorporated in the USA	1,000 shares of \$1 each	100%
Art Loss Register (Deutschland) GmbH Incorporated in Germany	25,500 shares of 1 Dmk each	51%

The subsidiary incorporated in Germany is dormant and has been written off during the year.



# INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

Notes (continued)

## 12 Debtors

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Trade debtors	1,436,279	190,106	845,177	190,106
Other debtors	87,304	23,549	82,735	9,690
Amount due from subsidiary undertakings	-	-	115,894	61,847
Prepayments and accrued income	18,060	17,020	18,060	17,020
	<u>1,541,643</u>	<u>230,675</u>	<u>1,061,866</u>	<u>278,663</u>

## 13 Creditors: amounts falling due within one year

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Bank overdraft	-	25,052	-	25,052
Trade creditors	438,803	52,084	133,094	52,084
Other creditors including taxation and social security:				
Corporation tax	43,086	5,324	28,821	5,324
Other taxation and social security	12,658	11,521	12,658	11,521
Accruals and deferred income	525,669	72,759	364,298	56,369
Loan stock repayable	-	71,550	-	71,550
	<u>1,020,216</u>	<u>238,290</u>	<u>538,871</u>	<u>221,900</u>

# INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

Notes (continued)

## 14 Share capital

	1999 £	1998 £
<i>Authorised</i>		
Equity shares		
125,003 'A' Ordinary shares of £1 each	125,003	125,003
50,000,000 'B' Ordinary shares of 0.5p each	250,000	250,000
	<u>375,003</u>	<u>375,003</u>
Non-equity shares		
625,000 Redeemable preference shares of £1 each	625,000	625,000
	<u>1,000,003</u>	<u>1,000,003</u>
	<u><u>1,000,003</u></u>	<u><u>1,000,003</u></u>
 <i>Allotted, called up and fully paid</i>		
	1999 £	1998 £
Equity shares		
125,003 'A' Ordinary shares of £1 each	125,003	125,003
12,225,702 'B' Ordinary shares of 0.5p each	61,129	61,129
	<u>186,132</u>	<u>186,132</u>
Non-equity shares		
625,000 Redeemable preference shares of £1 each	625,000	625,000
	<u>811,132</u>	<u>811,132</u>
	<u><u>811,132</u></u>	<u><u>811,132</u></u>

### (a) Redeemable Preference Shares

The company may redeem the Preference Shares in multiples of 5,000 shares at any time with the prior consent of not less than 75% in value of the holders of the Preference Shares. Any redemption will be at nominal value.

The Preference Shares carry no voting rights. On winding-up the Preference Shares shall be entitled to repayment of the nominal value of their holdings plus all dividends declared but not yet paid in priority to any payment of capital or dividend to any other shareholder.

# INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

Notes (continued)

## 14 Share Capital (continued)

(b) At 31 December 1999 the undermentioned 'B' Ordinary Shares of 0.5 p each were subject to options under the Executive Share Option Scheme. Each 'B' share has one vote and has the same rights as the 'A' shares :-

<u>Date of Grant</u>	<u>No of Shares</u>	<u>Option Price</u>	<u>Normal exercise period</u>
8 December 1994	237,000	3.5p	December 1997 - 2001
31 July 1997	104,782	3.5p	July 2000 - 2004

## 15 Reserves

	Share premium £	Profit and loss £	Total £
<b>Group</b>			
Balance at 1 January 1999	76,268	(465,212)	(388,944)
Profit for the year	-	281,076	281,076
At 31 December 1999	<u>76,268</u>	<u>(184,136)</u>	<u>(107,868)</u>
<b>Company</b>			
Balance at 1 January 1999	76,268	(429,997)	(353,729)
Profit for the year	-	210,081	210,081
Balance at 31 December 1999	<u>76,268</u>	<u>(219,916)</u>	<u>(143,648)</u>

# INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

Notes (continued)

## 16 Reconciliation of operating profit to net cash outflow from operating activities

	<b>Group</b>	
	1999	1998
	£	£
Operating profit/(loss)	321,563	(35,990)
Depreciation charge	37,191	37,559
Amortisation of intangible fixed assets	14,500	14,500
Profit on disposal of subsidiary	(2,901)	-
Increase in debtors	(1,310,968)	(70,149)
Increase in creditors	848,185	19,624
Net cash outflow from operating activities	<u>(92,430)</u>	<u>(34,456)</u>

## 17 Reconciliation of net cash flow to movement in net funds

	<b>Group</b>	
	1999	1998
	£	£
Increase/(decrease) in cash in the year	38,014	(26,914)
Cash inflow from decrease in liquid resources	(235,365)	(146,282)
Repayment of loan stock	71,550	95,400
Movement in net funds	<u>125,801</u>	<u>(77,796)</u>
Net funds at 1 January 1999	196,074	273,870
Net funds at 31 December 1999	<u><u>70,273</u></u>	<u><u>196,074</u></u>

# INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

Notes (continued)

## 18 Reconciliation of movement in shareholders' funds

	1999	1998
	£	£
<b>Group</b>		
Shareholders' funds at 1 January	422,188	453,658
Profit/(loss) for the year	281,076	(28,931)
Goodwill arising on acquisition	-	(2,539)
Shareholders' funds at 31 December	<u>703,264</u>	<u>422,188</u>
	1999	1998
	£	£
<b>Company</b>		
Shareholders' funds at 1 January	457,403	473,567
Profit/(loss) for the year	210,081	(16,164)
Shareholders' funds at 31 December	<u>667,484</u>	<u>457,403</u>

## 19 Analysis of net funds

### Group

	At 1 January 1999	Cash flow	At December 1999
	£	£	£
Cash at bank and in hand	32,259	38,014	70,273
Liquid resources	235,365	(235,365)	-
Loan stock due within one year	(71,550)	71,550	-
Total	<u>196,074</u>	<u>(125,801)</u>	<u>70,273</u>

## Notes (continued)

Annual commitments under non-cancellable operating leases are as follows:

	1999		1998	
	Land and buildings £	Other £	Land and buidings £	Other £
<b>Company</b>				
Operating leases which expire:				
Within one year	-	-	-	2,320
In the second to fifth years inclusive	-	8,449	-	6,506
Over five years	30,361	-	30,005	-
	<u>30,361</u>	<u>8,449</u>	<u>30,005</u>	<u>8,826</u>

# INTERNATIONAL ART AND ANTIQUE LOSS REGISTER LIMITED

Notes (continued)

## 21 Minority interests

	1999	1998
	£	£
At beginning of year	(3,387)	3,663
Share of loss for year	-	(7,293)
Exchange differences	-	243
Subsidiary undertaking written off	3,387	-
At end of year	<u>-</u>	<u>(3,387)</u>

## 22 Related party transactions

During the year Aon Corporation was paid £14,339 (1998 - £15,515) in respect of various insurance premiums, all such transaction being negotiated on an arm's length basis. A number of shareholders are major clients of the Group

## 23 Directors and officers insurance

Insurance is maintained for the directors of the company in respect of their duties as directors.