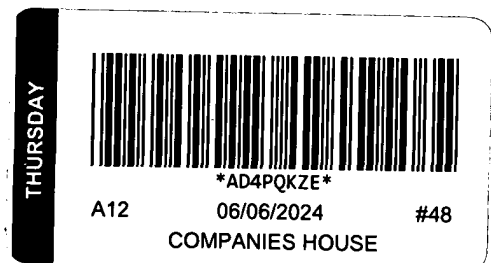


Registered number: 07773367

DAVID ZWIRNER LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023



DAVID ZWIRNER LIMITED

COMPANY INFORMATION

DIRECTOR	D Zwirner
REGISTERED NUMBER	07773367
REGISTERED OFFICE	24 Grafton Street London England W1S 4EZ
INDEPENDENT AUDITOR	Rawlinson & Hunter Audit LLP Statutory Auditor & Chartered Accountants Eighth Floor 6 New Street Square New Fetter Lane London EC4A 3AQ

DAVID ZWIRNER LIMITED

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DAVID ZWIRNER LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

INTRODUCTION

The director presents his Strategic Report for David Zwirner Limited ("the company") for the year ended 31 December 2023.

BUSINESS REVIEW

The profit for the year attributable to the company, after taxation, amounted to £1,894,045 (2022 - £2,074,065).

The increase in turnover from £40.8 million for the year ended 31 December 2022 to £52.4 million for the year ended 31 December 2023 reflected the benefits of a full year not impacted by the Covid-19 pandemic.

The profit decrease of £0.2 million was mainly due to an impairment of the stock held of £2,548,326 (2022 - £Nil). The gross profit margin increased to 20.52% (2022 - 19.37%) which is comparable to the margin of 20.51% in 2021. The supply and demand for art work, which by its nature relates to the sale of unique items which will generate their own margins, will result in year on year variability in gross profit percentages albeit with greater stability than for turnover.

All financial metrics are impacted significantly by the proportion of primary market sales (direct from artists) to secondary market sales. The company primarily manages its performance based on gross margin rather than turnover and will proceed with transactions that maximise gross profit and margins rather than the concentration on turnover.

Primary market sales will typically generate margins of between 30% and 40% after artist shares, commissions and other direct costs. Exhibition costs are also a material cost of sale (though not necessarily directly attributable to sales of particular works).

Secondary market sales can fluctuate wildly in terms of volume, frequency, sales value and overall margins. These are impossible to predict and will arise as and when particular works come to market and whether there are particular collectors who can be approached for those works.

DAVID ZWIRNER LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

PRINCIPAL RISKS AND UNCERTAINTIES

Foreign exchange risk

The company is exposed to movement in foreign exchange rates as a result of transactions with key clients and suppliers. The company seeks to manage these risks by maintaining foreign currency bank accounts and ensuring, when possible, that liabilities associated with particular sale transactions are denominated in the same currency as the sale itself (which is typically US Dollars).

Credit Risk

The director does not consider that the company has significant credit risk. The company has implemented policies and arrangements with its clients to minimise potential credit risks.

Liquidity Risk

The company manages its liquidity position with the objective of maintaining the ability to fund commitments and settle liabilities in accordance with suppliers' payment terms. The company maintains substantial cash reserves. Material payments to suppliers are very often linked to settlement of receivables from clients which further minimise liquidity risks.

Interest rate risk

The company's operating activities are currently funded through reserves and loans from the director and associated companies. Accordingly, the company is not exposed to any material interest rate risk.

FINANCIAL KEY PERFORMANCE INDICATORS

The company does not utilise benchmarking or budgetary control as a means of analysing performance. As such, turnover, gross profit margin, net profit and total net assets are considered to be the key performance indicators.

The key financial highlights to analyse performance are as follows with comparison to the prior year:

Turnover: £52,357,331 (2022 - £40,788,848)

Gross profit margin: 20.52% (2022 - 19.37%)

DAVID ZWIRNER LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

SECTION 172 (1) STATEMENT

The company's long term strategy is to maintain and grow its roster of artists and base of collectors. Monitoring of these by the director and his support team is undertaken on an ongoing basis to identify threats to action strategic changes where necessary.

The company is committed to providing a high level of service to its clients and artists and regular discussions take place with them to ensure expectations are met.

The following paragraphs summarise how the director fulfils these duties:

Risk Management

As we grow, our business and our risk environment also become more complex, it is vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management.

Our People

The company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, artists, communities and society as a whole. People are at the heart of our specialist services. For our business to succeed, we encourage our people's performance and develop their talent, while ensuring we operate as efficiently as possible. We must also ensure we share common values that inform and guide our behaviour so we achieve our goals in the right way.

Business Relationships

Our strategy prioritises organic growth, driven by active management of artists and client relationships. We value all of our suppliers and have multi-year contracts with our key back office suppliers.

Community and Environment

The company's approach is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us.

This report was approved by the board and signed on its behalf.



D Zwirner
Director

Date: 05/29/2024



DAVID ZWIRNER LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The director presents his report and the financial statements for the year ended 31 December 2023.

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting 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 director is 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

PRINCIPAL ACTIVITY

The company's principal activity is the operation of an art gallery and sales of artworks.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,894,045 (2022 - £2,074,065).

The director does not propose the payment of a dividend (2022 - £Nil).

DIRECTOR

The director who served during the year was:

D Zwirner

MATTERS COVERED IN THE STRATEGIC REPORT

The director's assessment of the company's business review, principal risks and uncertainties, and section 172 (1) are set out in the Strategic Report.

DAVID ZWIRNER LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

STREAMLINED ENERGY AND CARBON REPORTING ("SECR")

The company is committed to reducing its energy consumption and carbon footprint, whilst complying with environmental laws. This report sets out the company's energy use and greenhouse gas ("GHG") data for the year ended 31 December 2023, which the company is required to provide in accordance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The increase from 2022 to 2023 resulted from two drivers; Covid-19 restrictions in early 2022 meant energy demand was lower than 2023 when the gallery was open all year with no restrictions and a full year of additional leased office space in 2023 which was acquired in 2022.

2023: 177,939 kWh equivalent to 36,847 Kg of CO₂e and 1,053 kg of CO₂e per employee.
2022: 124,518 kWh equivalent to 24,079 Kg of CO₂e and 777 kg of CO₂e per employee.

Gallery Climate Coalition

We provide financial support to and are a member gallery of the Gallery Climate Coalition ("GCC") in the UK (which is a registered charity in the UK with number 12907951).

DISCLOSURE OF INFORMATION TO AUDITOR

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

Under section 487(2) of the Companies Act 2006, Rawlinson & Hunter Audit LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.



D Zwirner
Director

Date: 05/29/2024

DAVID ZWIRNER LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVID ZWIRNER LIMITED

OPINION

We have audited the financial statements of David Zwirner Limited ("the company") for the year ended 31 December 2023, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

DAVID ZWIRNER LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVID ZWIRNER LIMITED (CONTINUED)

OTHER INFORMATION

The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our Auditor's Report thereon. The director is responsible for the other information contained within the Annual Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Director's Report.

We have nothing to report in respect of the following matters in relation to which 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Director's Responsibilities Statement set out on page 4, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

DAVID ZWIRNER LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVID ZWIRNER LIMITED (CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our assessment of the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur, is considered to be low. This conclusion was reached after the consideration of the following:

- due to the relatively simple business model there are comparatively few unexpected fluctuations in the reported results and balances and any such unexpected items would be specifically enquired into by us; and
- there are a number of individuals which comprise "management" and therefore there is no single individual who is likely to be able to override controls to effect a fraud.

We designed our audit procedures to respond to identified audit risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements. Some of the specific procedures performed to detect irregularities, including fraud, are detailed below:

- the review of control accounts and journal entries for large, unusual or unauthorised entries;
- the analytical review of the detailed profit and loss account for variances that are either unexpected or considered not to be in accordance with our understanding of the business during the year;
- matching sales of artwork to purchase cost;
- obtaining and reviewing for completeness a list of entities and persons considered to be related parties (as defined by Financial Reporting Standard 102) and reviewing the ledgers of the company for previously unreported related party transactions;
- the review of transactions and journals for any indication of fraud or management override; and
- assessing the appropriateness of the use of the going concern basis with reference to the company's current performance and expectations for future periods.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

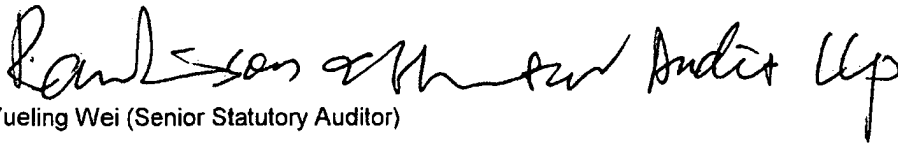
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

DAVID ZWIRNER LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVID ZWIRNER LIMITED (CONTINUED)

USE OF OUR REPORT

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.



Yueling Wei (Senior Statutory Auditor)

for and on behalf of
Rawlinson & Hunter Audit LLP

Statutory Auditor
Chartered Accountants

Eighth Floor
6 New Street Square
New Fetter Lane
London
EC4A 3AQ

Date: 30 May 2024

DAVID ZWIRNER LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 £	2022 £
Turnover	4	52,357,331	40,788,848
Cost of sales		(41,614,521)	(32,886,044)
GROSS PROFIT		10,742,810	7,902,804
Administrative expenses		(6,445,344)	(5,095,375)
Exceptional administrative expenses	11	(2,548,326)	-
OPERATING PROFIT	5	1,749,140	2,807,429
Interest receivable and similar income	8	1,654,906	582,717
Interest payable and similar expenses	9	(740,493)	(732,736)
PROFIT BEFORE TAX		2,663,553	2,657,410
Tax on profit	10	(769,508)	(583,345)
PROFIT FOR THE FINANCIAL YEAR		1,894,045	2,074,065
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,894,045	2,074,065

The notes on pages 14 to 28 form part of these financial statements.

DAVID ZWIRNER LIMITED
REGISTERED NUMBER: 07773367

BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note	2023 £	2022 £
FIXED ASSETS			
Tangible assets	12	1,208,313	1,498,145
		<u>1,208,313</u>	<u>1,498,145</u>
CURRENT ASSETS			
Stocks	13	6,005,954	11,162,760
Debtors: amounts falling due after more than one year	14	630,000	630,000
Debtors: amounts falling due within one year	14	109,504,996	99,978,840
Cash at bank and in hand	15	3,044,046	1,012,985
		<u>119,184,996</u>	<u>112,784,585</u>
Creditors: amounts falling due within one year	16	(95,108,035)	(90,953,458)
NET CURRENT ASSETS		24,076,961	21,831,127
TOTAL ASSETS LESS CURRENT LIABILITIES		25,285,274	23,329,272
PROVISIONS FOR LIABILITIES			
Other provisions	18	(371,743)	(309,786)
		<u>(371,743)</u>	<u>(309,786)</u>
NET ASSETS		24,913,531	23,019,486
CAPITAL AND RESERVES			
Called up share capital	19	100	100
Profit and loss account	20	24,913,431	23,019,386
		<u>24,913,531</u>	<u>23,019,486</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



D Zwirner

Director

Date: 05/29/2024

The notes on pages 14 to 28 form part of these financial statements.

DAVID ZWIRNER LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2023	100	23,019,386	23,019,486
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	1,894,045	1,894,045
AT 31 DECEMBER 2023	<u>100</u>	<u>24,913,431</u>	<u>24,913,531</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2022	100	20,945,321	20,945,421
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	2,074,065	2,074,065
AT 31 DECEMBER 2022	<u>100</u>	<u>23,019,386</u>	<u>23,019,486</u>

The notes on pages 14 to 28 form part of these financial statements.

DAVID ZWIRNER LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 £	2022 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	1,894,045	2,074,065
ADJUSTMENTS FOR:		
Depreciation of tangible assets	322,381	256,904
Impairments of stock	2,548,326	-
Interest payable	740,493	732,736
Interest receivable	(1,654,906)	(582,717)
Taxation charge	769,508	583,345
Decrease / (increase) in stocks net of impairments	2,608,480	(11,162,760)
Increase in debtors	(10,000,476)	(12,087,023)
Increase in creditors	5,392,474	19,618,382
Increase in provisions	61,957	61,957
Corporation tax (paid)	(620,270)	(845,370)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	2,062,012	(1,350,481)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(32,549)	(620,972)
Interest received	1,744	-
NET CASH USED IN INVESTING ACTIVITIES	(30,805)	(620,972)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(146)	(230)
NET CASH USED IN FINANCING ACTIVITIES	(146)	(230)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,031,061	(1,971,683)
Cash and cash equivalents at beginning of year	1,012,985	2,984,668
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	3,044,046	1,012,985
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	3,044,046	1,012,985
	3,044,046	1,012,985

DAVID ZWIRNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

David Zwirner Limited ("the company") is a private company limited by shares domiciled and incorporated in England and Wales. The registered office, Gallery address and business premise is 24 Grafton Street, London W1S 4EZ.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 GOING CONCERN

In recent times, the Covid-19 pandemic, Ukraine War and the resultant supply chain issues have resulted in significant disruptions in global economic activities. The company considers that it is and has been well placed to address these issues.

As at 31 December 2023, the company has net current assets of £24,076,961 (2022 - £21,831,127) and cash balances of £3,044,046 (2022 - £1,012,985) so ended the financial year with the company comfortably able to meet its current liabilities.

The director has performed an assessment of the company's ability to continue as a going concern and he remains confident that the working capital requirements will be met from the cash flows from the operations of the company to meet its liabilities as they fall due for a period of at least twelve months from the date of signature of the financial statements of the company for the year ended 31 December 2023.

2.3 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- legal title to the goods has passed; and
- full payment in cash has been received from the buyer.

DAVID ZWIRNER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. ACCOUNTING POLICIES (CONTINUED)

2.4 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- straight line over the lease term
Fixtures and fittings	- 5 years straight line
Computer equipment	- 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.6 DEBTORS

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

DAVID ZWIRNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. ACCOUNTING POLICIES (CONTINUED)

2.7 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2.8 FINANCIAL INSTRUMENTS

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.9 CREDITORS

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administrative expenses'.

DAVID ZWIRNER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

2. ACCOUNTING POLICIES (CONTINUED)

2.11 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.12 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 PENSIONS

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

2.14 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

DAVID ZWIRNER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. ACCOUNTING POLICIES (CONTINUED)

2.15 TAXATION

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.16 EXCEPTIONAL ITEMS

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Valuation of stock

Inherently there is uncertainty over the selling price that an art work will achieve when sold. The Director monitors the art market on a regular basis to ascertain if the value is impaired and a provision is required. At the year end a professional valuer was engaged by the director to undertake a valuation exercise to determine if any impairment was required to the carrying value of the art work owned by the company.

DAVID ZWIRNER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4. TURNOVER

	2023 £	2022 £
Sale of artwork	52,357,331	40,788,848
	<u>52,357,331</u>	<u>40,788,848</u>

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	7,204,658	6,789,216
Rest of the world	45,152,673	33,999,632
	<u>52,357,331</u>	<u>40,788,848</u>

5. OPERATING PROFIT

The operating profit is stated after charging / (crediting):

	2023 £	2022 £
Depreciation of tangible fixed assets	322,381	256,904
Exchange differences	(459,085)	(508,451)
Other operating lease rentals	825,648	789,633
Defined contribution pension cost	112,613	96,740

6. AUDITOR'S REMUNERATION

During the year, the company obtained the following services from the company's auditor:

	2023 £	2022 £
Fees payable to the company's auditor for the audit of the company's financial statements	32,900	28,650
Fees payable to the company's auditor in respect of:		
Taxation compliance services	8,115	7,900
All non-audit services not included above	14,935	9,330

DAVID ZWIRNER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

7. EMPLOYEES

Staff costs were as follows:

	2023 £	2022 £
Wages and salaries	5,073,286	4,181,192
Social security costs	592,709	405,406
Cost of defined contribution scheme	112,613	96,740
	<u>5,778,608</u>	<u>4,683,338</u>

The average monthly number of employees, including the director, during the year was as follows:

	2023 No.	2022 No.
Management	2	2
Sales	17	15
Administration	16	14
	<u>35</u>	<u>31</u>

During the year, no director received any emoluments (2022 - £Nil). Key management includes the directors and other members of senior management. The compensation paid or payable to key management for employee services was £578,869 (2022 - £483,817).

8. INTEREST RECEIVABLE

	2023 £	2022 £
Interest receivable from group companies	1,653,162	582,489
Other interest receivable	1,744	228
	<u>1,654,906</u>	<u>582,717</u>

DAVID ZWIRNER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023	2022
	£	£
Bank interest payable	146	230
Other loan interest payable	-	415,676
Interest payable to group undertakings	740,347	316,830
	<u>740,493</u>	<u>732,736</u>

10. TAXATION

	2023	2022
	£	£
Corporation tax		
Current tax on profits for the year	769,508	590,901
Adjustments in respect of previous periods	-	(7,556)
	<u>769,508</u>	<u>583,345</u>
Total current tax	<u>769,508</u>	<u>583,345</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Tax on profit	<u>769,508</u>	<u>583,345</u>

DAVID ZWIRNER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

10. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2022 - *higher than*) the standard rate of corporation tax in the UK of 23.5% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>2,663,553</u>	<u>2,657,410</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.5% (2022 - 19%)	625,935	504,908
Effects of:		
Expenses not deductible for tax purposes	71,127	74,454
Difference between capital allowances and depreciation in year	65,633	11,539
Adjustments to tax charge in respect of prior periods	-	(7,556)
Other adjustments	6,813	-
Total tax charge for the year	<u>769,508</u>	<u>583,345</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Subsequent to the Spring Budget 2021 when the Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. For the financial year ended 31 December 2023, the current weighted average tax rate was 23.50% and for the year ended 31 December 2024 the tax rate will be 25%.

11. EXCEPTIONAL ITEMS

	2023 £	2022 £
Impairment of stock	<u>2,548,326</u>	-
	<u>2,548,326</u>	<u>-</u>

See note 13 for further details of the stock impairment.

DAVID ZWIRNER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

12. TANGIBLE FIXED ASSETS

	Short-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2023	3,294,890	268,847	280,074	3,843,811
Additions	-	13,184	19,365	32,549
At 31 December 2023	<u>3,294,890</u>	<u>282,031</u>	<u>299,439</u>	<u>3,876,360</u>
Depreciation				
At 1 January 2023	1,951,689	223,984	169,993	2,345,666
Charge for the year on owned assets	258,144	12,437	51,800	322,381
At 31 December 2023	<u>2,209,833</u>	<u>236,421</u>	<u>221,793</u>	<u>2,668,047</u>
Net book value				
At 31 December 2023	<u>1,085,057</u>	<u>45,610</u>	<u>77,646</u>	<u>1,208,313</u>
At 31 December 2022	<u>1,343,201</u>	<u>44,863</u>	<u>110,081</u>	<u>1,498,145</u>

13. STOCKS

	2023 £	2022 £
Finished goods and goods for resale	6,005,954	11,162,760
	<u>6,005,954</u>	<u>11,162,760</u>

The stocks were valued as at 31 December 2023 by the Winston Art Group based on comparison of other art works sold by the artist and the general demand in the market place for the artists work. Finished goods and goods for sales are stated after an impairment of £2,548,326 (2022 - £Nil) following the review (Note 11).

DAVID ZWIRNER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

14. DEBTORS

	2023 £	2022 £
Due after more than one year		
Other debtors	630,000	630,000
	<u>630,000</u>	<u>630,000</u>
	2023 £	2022 £
Due within one year		
Trade debtors	70,797,334	63,078,367
Other debtors	38,345,665	36,204,075
Called up share capital not paid	100	100
Prepayments and accrued income	361,897	696,298
	<u>109,504,996</u>	<u>99,978,840</u>

Included in trade debtors are group balances in respect of trading with group companies of £64,829,203 (2022 - £60,024,822). Related party balances are detailed in Note 24.

15. CASH AND CASH EQUIVALENTS

	2023 £	2022 £
Cash at bank and in hand	3,044,046	1,012,985
	<u>3,044,046</u>	<u>1,012,985</u>

DAVID ZWIRNER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

16. CREDITORS: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	53,344,877	45,812,379
Other taxation and social security	119,263	124,897
Other creditors	25,061,546	26,068,439
Accruals and deferred income	16,582,349	18,947,743
	<u>95,108,035</u>	<u>90,953,458</u>

Included in trade creditors are group balances in respect of trading with group companies of £49,730,378 (2022 - £44,578,160). Related party balances are detailed in Note 24.

17. FINANCIAL INSTRUMENTS

	2023 £	2022 £
Financial assets		
Financial assets measured at fair value through profit or loss	3,044,046	1,012,985
Financial assets that are debt instruments measured at amortised cost	109,524,505	99,593,295
	<u>112,568,551</u>	<u>100,606,280</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(85,096,700)	(78,786,756)

Financial assets measured at fair value through profit or loss comprise cash at bank.

Financial assets that are debt instruments measured at amortised cost are trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and provisions.

DAVID ZWIRNER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

18. PROVISIONS

	Dilapidation provision £
At 1 January 2023	309,786
Charged to profit or loss	61,957
At 31 December 2023	371,743

19. SHARE CAPITAL

	2023 £	2022 £
Allotted, called up and fully paid		
100 (2022 - 100) Ordinary shares of £1.00 each	100	100

20. RESERVES

Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

21. ANALYSIS OF NET DEBT

	At 1 January 2023 £	Cash flows £	At 31 December 2023 £
Cash at bank and in hand	1,012,985	2,031,061	3,044,046
	<u>1,012,985</u>	<u>2,031,061</u>	<u>3,044,046</u>

22. PENSION COMMITMENTS

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 pension cost charge represents contributions payable by the company to the fund and amounted to £112,613 (2022 - £96,740) and at the year end £15,556 (2022 - £14,495) was payable.

DAVID ZWIRNER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

23. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2023 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023	2022
	£	£
Not later than 1 year	862,000	<i>862,000</i>
Later than 1 year and not later than 5 years	2,450,500	<i>3,200,500</i>
Later than 5 years	364,000	<i>476,000</i>
	<u>3,676,500</u>	<i><u>4,538,500</u></i>

DAVID ZWIRNER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

24. RELATED PARTY TRANSACTIONS

At 31 December 2023, the company had the following balances with related parties controlled by the ultimate controlling party, David Zwirner; David Zwirner Inc., Sammlung LLC, URE Ltd, David Zwirner Paris, DZGI LLC, and David Zwirner Books LLC, including balances which accrue interest at 4.67% p.a. All balance are unsecured and repayable on demand.

	2023		2022	
	Included in trade and other debtors £	Included in trade and other creditors £	Included in trade and other debtors £	Included in trade and other creditors £
David Zwirner	-	1,681,376	-	1,681,376
David Zwirner, Inc.	17,290,785	2,883,398	17,681,492	2,938,099
David Zwirner Gallery LLC	20,153,119	16,913,504	25,082,638	16,806,543
Sammlung LLC	6,857,818	-	8,636,067	-
URE, Ltd	21,536,264	652,693	19,833,083	1,247,802
David Zwirner Paris	5,172,680	19,162,978	5,679,113	14,978,636
DZGI LLC	22,158,250	29,672,188	18,222,855	27,720,228
David Zwirner Books, LLC	4,174	46,194	23,321	31,232
DZLA, LLC	1,279,534	16,004	-	3,516
52 Walker Street	10,889	27,032	7,199	28,344
Utopia Editions	105	4,732	309	4,873
	<u>94,463,618</u>	<u>71,060,097</u>	<u>95,166,077</u>	<u>65,440,649</u>

During the year, the company had the following transactions with related parties controlled by the ultimate controlling party, David Zwirner:

	2023		2022	
	Sales to £	Purchases from £	Sales to £	Purchases from £
David Zwirner Gallery LLC	1,849,758	8,613,335	2,367,772	2,249,437
URE, Ltd	613,826	1,746,538	238,303	(105,165)
David Zwirner Paris	1,647,437	336,230	929,198	659,944
DZGI LLC	5,254,786	5,458,043	10,679,402	7,652,327
Sammlung, LLC	-	1,678,362	-	-
DZLA, LCC	1,496,226	-	-	-
	<u>10,862,033</u>	<u>17,832,508</u>	<u>14,214,675</u>	<u>10,456,543</u>

25. CONTROLLING PARTY

The immediate and ultimate parent undertaking is DZGI LLC, a company registered in the United States of America. The ultimate controlling party is David Zwirner.