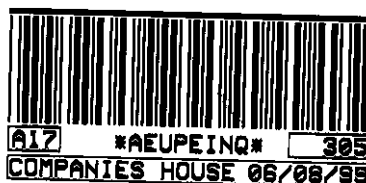


Company Registration No. 1190813 (England and Wales)

**COPY FOR
REGISTRAR OF
COMPANIES**

**MARSHA INTERIORS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 1998**

RICHARD ANTHONY & COMPANY
Chartered Accountants



MARSHA INTERIORS LIMITED

COMPANY INFORMATION

Directors	C W Lewis M K Lewis
Secretary	M K Lewis
Company number	1190813
Registered office	13 Station Road Finchley London N3 2SB
Accountants	Richard Anthony & Company 13 Station Road Finchley London N3 2SB

MARSHA INTERIORS LIMITED

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MARSHA INTERIORS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 1998

The directors present their report and financial statements for the year ended 31 July 1998.

Principal activities

The principal activity of the company continued to be that of Interior Designers. In the year under review, the Directors acknowledge that a substantial proportion of the company's income was derived from rents.

Directors

The following directors have held office since 1 August 1997:

C W Lewis
M K Lewis

Directors' interests

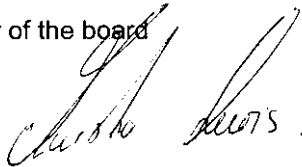
The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 July 1998	1 August 1997
C W Lewis	30	30
M K Lewis	140	140

The shareholding of Mr C W Lewis includes a non-beneficial interest of 30 shares.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



M K Lewis

Director

13 July 1999

MARSHA INTERIORS LIMITED

ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE UNAUDITED ACCOUNTS OF MARSHA INTERIORS LIMITED

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31 July 1998, set out on pages 3 to 9 and you consider that the company is exempt from an audit. In accordance with your instructions, we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities from the accounting records and information and explanations supplied to us.



Richard Anthony & Company

Chartered Accountants

Registered Auditors

13 Station Road

Finchley

London

N3 2SB

13 July 1999

MARSHA INTERIORS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 1998

	Notes	1998 £	1997 £
Turnover		7,667	-
Distribution costs		(4,689)	(5,443)
Administrative expenses		(33,820)	(52,100)
Other operating income		89,997	80,303
Operating profit	2	59,155	22,760
Other interest receivable and similar income	3	864	427
Interest payable and similar charges		(5,816)	(4,781)
Profit on ordinary activities before taxation		54,203	18,406
Tax on profit on ordinary activities	4	(11,105)	(3,999)
Profit on ordinary activities after taxation	11	43,098	14,407

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

MARSHA INTERIORS LIMITED

BALANCE SHEET AS AT 31 JULY 1998

	Notes	1998 £	£	1997 £	£
Fixed assets					
Tangible assets	5 and 6		421,803		405,366
Current assets					
Debtors	7	129,320		80,932	
Cash at bank and in hand		23,358		21,703	
		<u>152,678</u>		<u>102,635</u>	
Creditors: amounts falling due within one year	8	<u>(74,622)</u>		<u>(51,240)</u>	
Net current assets			78,056		51,395
Total assets less current liabilities			<u>499,859</u>		<u>456,761</u>
Creditors: amounts falling due after more than one year	9		<u>(45,000)</u>		<u>(45,000)</u>
			<u>454,859</u>		<u>411,761</u>
Capital and reserves					
Called up share capital	10		200		200
Revaluation reserve	11		359,123		359,123
Profit and loss account	11		95,536		52,438
Shareholders' funds - equity interests	12		<u>454,859</u>		<u>411,761</u>

MARSHA INTERIORS LIMITED

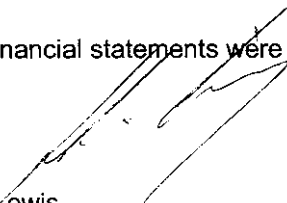
BALANCE SHEET AS AT 31 JULY 1998

In preparing these financial statements:

- (a) The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The directors acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 13 July 1999



C W Lewis
Director



M K Lewis
Director

MARSHA INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 1998

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Boat and trailer	25% on written down value
Fixtures, fittings & equipment	10% on written down value
Motor vehicles	25% on written down value

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

1.4 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Operating profit	1998	1997
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	1,358	1,789
Directors' emoluments	7,200	3,100
3 Other interest receivable and similar income	1998	1997
	£	£
Bank interest	864	427

MARSHA INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 1998

4	Taxation	1998 £	1997 £
	U.K. current year taxation		
	U.K. corporation tax	11,105	3,999

5	Tangible fixed assets	Plant and machinery etc £
	Cost or valuation	
	At 1 August 1997 & at 31 July 1998	103,892
	Depreciation	
	At 1 August 1997	97,905
	Charge for the year	1,358
	At 31 July 1998	99,263
	Net book value	
	At 31 July 1998	4,629
	At 31 July 1997	5,987

6	Tangible fixed assets	Investment properties £
	Cost or valuation	
	At 1 August 1997	399,379
	Additions	17,795
	At 31 July 1998	417,174

The valuations of investment properties were made in January 1997 by the director of the company, on an open market basis. No depreciation is provided in respect of these properties. The surplus on Revaluation was transferred to Revaluation Reserve.

On an historical cost basis these would have been included at an original cost of £40,256 (1997 - £40,256).

MARSHA INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 1998

7 Debtors	1998	1997
	£	£
Trade debtors	11,440	4,285
Other debtors	117,880	76,647
	<u>129,320</u>	<u>80,932</u>
	<u><u>129,320</u></u>	<u><u>80,932</u></u>
8 Creditors: amounts falling due within one year	1998	1997
	£	£
Taxation and social security	16,728	9,321
Other creditors	57,894	41,919
	<u>74,622</u>	<u>51,240</u>
	<u><u>74,622</u></u>	<u><u>51,240</u></u>
9 Creditors: amounts falling due after more than one year	1998	1997
	£	£
Bank loans	45,000	45,000
	<u>45,000</u>	<u>45,000</u>
	<u><u>45,000</u></u>	<u><u>45,000</u></u>
Analysis of loans		
Wholly repayable within five years	45,000	45,000
	<u>45,000</u>	<u>45,000</u>
	<u><u>45,000</u></u>	<u><u>45,000</u></u>
Loan maturity analysis		
Between two and five years	45,000	45,000
	<u>45,000</u>	<u>45,000</u>
	<u><u>45,000</u></u>	<u><u>45,000</u></u>
The bank loan is repayable in full no later than 23 November 2001 and is secured by a fixed and floating charge on the freehold investment properties and all other assets held by the company and other related companies under common control and by way of a personal guarantee of one of the directors of the company.		
10 Share capital	1998	1997
	£	£
Authorised		
1,000 Ordinary shares of £ 1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
	<u><u>1,000</u></u>	<u><u>1,000</u></u>
Allotted, called up and fully paid		
200 Ordinary shares of £ 1 each	200	200
	<u>200</u>	<u>200</u>
	<u><u>200</u></u>	<u><u>200</u></u>

MARSHA INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 1998

11 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 August 1997	359,123	52,438
Retained profit for the year	-	43,098
Balance at 31 July 1998	359,123	95,536

12 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year	43,098	14,407
Opening shareholders' funds	411,761	397,354
Closing shareholders' funds	454,859	411,761

13 Contingent liabilities

The company has together with two connected companies entered into a loan agreement, the details of which are given in Note 9. Each company is jointly and severally liable up to the total amount outstanding. At 31st July 1998, total loan outstanding amounted to £1,050,000.

14 Transactions with directors

The following director had an interest free loan during the year. The movement on this loan is as follows:

	Amount outstanding 1998 £	1997 £	Maximum in year £
Mr C W Lewis	18,409	1,233	18,409

The loan was advanced with no fixed date of repayment and is interest-free. The loan is in contravention of Section 330 Companies Act 1985.

15 Control

The ultimate controlling parties are Mr C W Lewis and Mrs M K Lewis.

16 Post balance sheet events

There are no significant post Balance Sheet events which materially affect the state of the company's affairs.