

Maris Interiors Limited

Accounts for the year ended 31 December 2000
together with directors' and auditors' reports

Registered number: 1346421



Directors' report

For the year ended 31 December 2000

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report for the year ended 31 December 2000.

Principal activities and business review

The principal activities of the company throughout the year were those of interior design consultants and contractors and furniture supplier.

Results and dividends

Details of the results for the year are shown in the profit and loss account and related notes.

Dividends amounting to £500,000 (1999: £500,000) were declared in the year, details of which are disclosed in note 8 to the accounts.

Directors

The directors who served during the year together with their beneficial interests in Maris Group Limited, the ultimate parent company are as follows:

	At 31 December 2000			At 31 December 1999
	'A' Ordinary number	'B' Ordinary number	Options granted over 'B' Ordinary number	Ordinary number
R A Griggs	33,837	166,162	-	33,837
A J P Stamatis	33,837	166,162	-	33,837
M Till	27,070	55,000	-	27,070
M W Witherden	6,767	20,000	2,000	6,767
J N Smith	-	30,000	3,750	-
M A Howard	70,000	70,000	5,000	70,000

No directors exercised options during the year.

Directors' report (continued)

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

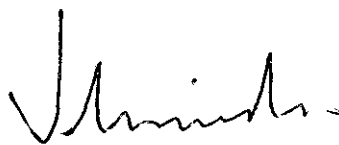
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The directors will place a resolution before the Annual General Meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Redfields Business Park
Church Crookham
Fleet
Hampshire
GU13 0RD

By order of the Board



J N Smith
Company Secretary

26 April 2001

To the Shareholder of Maris Interiors Limited:

We have audited the accounts on pages 4 to 14 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts 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.

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 accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

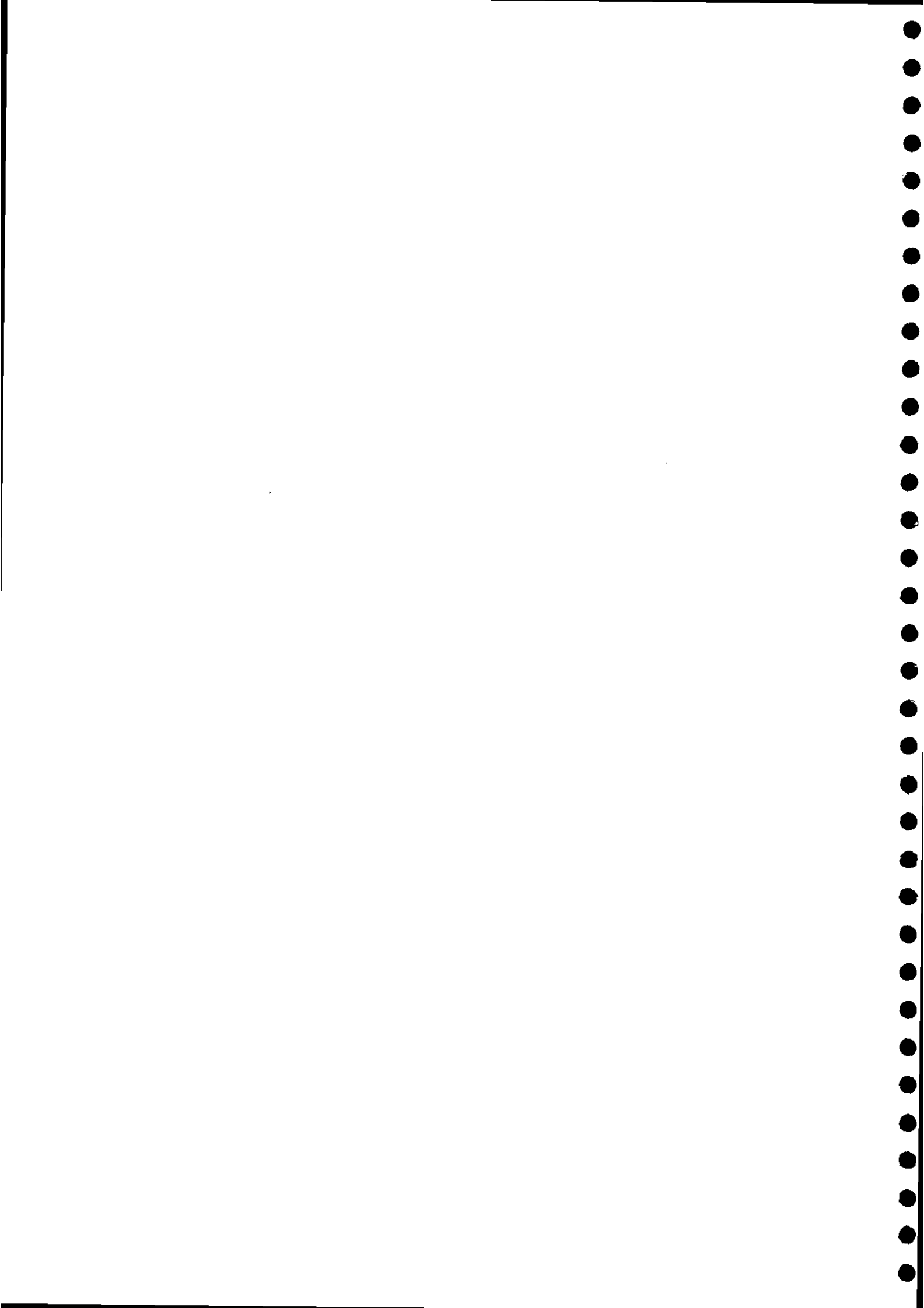


Arthur Andersen

Chartered Accountants and Registered Auditors

Abbots House
Abbey Street
Reading
Berkshire
RG1 3BD

26 April 2001



Profit and loss account
For the year ended 31 December 2000

	Note	Continuing activities	
		2000 £'000	1999 £'000
Turnover		46,101	42,850
Cost of sales		(31,703)	(30,191)
Gross profit		14,398	12,659
Sales and distribution costs		(2,546)	(2,110)
Administrative expenses		(8,767)	(7,266)
Other operating income		263	311
Operating profit		3,348	3,594
Income from shares of group undertakings		-	634
Interest receivable		473	364
Interest payable	3	(47)	(77)
Profit on ordinary activities before taxation	4	3,774	4,515
Tax on profit on ordinary activities	7	(1,116)	(29)
Profit on ordinary activities after tax		2,658	4,486
Dividends paid	8	(500)	(500)
Retained profit for the year	16	2,158	3,986

Statement of total recognised gains and losses
For the year ended 31 December 2000

Profit for the year	2,158	3,986
Movement in revaluation reserve	-	53
Total recognised gains and losses for the year	2,158	4,039

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

31 December 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	9	1,428	2,083
Investments	10	-	-
		<u>1,428</u>	<u>2,083</u>
Current assets			
Property held for resale	11	510	-
Debtors	12	9,298	5,640
Cash at bank and in hand		11,209	9,913
		<u>21,017</u>	<u>15,553</u>
Creditors: Amounts falling due within one year	13	<u>(13,305)</u>	<u>(10,068)</u>
Net current assets		<u>7,712</u>	<u>5,485</u>
Total assets less current liabilities		<u>9,140</u>	<u>7,568</u>
Creditors: Amounts falling due after more than one year	14	<u>-</u>	<u>(586)</u>
Net assets		<u>9,140</u>	<u>6,982</u>
Capital and reserves			
Called-up share capital	15	100	100
Share premium account	16	35	35
Capital redemption reserve	16	10	10
Revaluation reserve	16	198	208
Profit and loss account	16	8,797	6,629
Equity shareholders' funds	17	<u>9,140</u>	<u>6,982</u>

The accounts were approved by the Board on 26 April 2001.

R A Griggs

Director

J N Smith

Director

The accompanying notes are an integral part of this balance sheet.

Notes to the accounts

For the year ended 31 December 2000

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

a) Basis of accounting

The accounts are prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Maris Group Limited which prepares consolidated accounts which are publicly available. The company is also, on this basis, exempt from preparing a cashflow statement as required by FRS1 (Revised).

b) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset as follows:

Freehold property	30 years – straightline
Motor vehicles	25% per annum – reducing balance or straight line
Fixtures and fittings	25% per annum – reducing balance or straight line

Individual freehold and leasehold properties are revalued at least every five years with the surplus or deficit on book value being transferred to the revaluation reserve, unless a deficit (or its reversal) is expected to be permanent, in which case it is charged (or credited) to the profit and loss account. Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal of a revalued fixed asset, any related balance in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

c) Investments

Fixed asset investments are shown at cost less any amounts written off. Provisions are made for impairment.

Notes to the accounts (continued)

1 Accounting policies (continued)

d) Long term contracts

Turnover less progress payments is recorded as "amounts recoverable on contracts" within debtors. Progress payments in excess of the value of work carried out on individual contracts are included in creditors as "amounts invoiced on account in excess of work in progress". Profit is taken on long term contracts by reference to an assessment of the outcome and the proportion of work completed.

e) Taxation

UK Corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is calculated using the liability method on all timing differences only to the extent that they are not expected to reverse in the future without being replaced, except that the deferred tax effects of timing differences arising from pensions and other post-retirement benefits are always recognised in full.

f) Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives. Rentals under operating leases are charged on a straight line basis over the lease term.

g) Turnover

Turnover comprises the value of sales (excluding VAT and similar taxes and net of trade discounts) of goods and services in the normal course of business. Turnover applicable to long term contracts represents the value of work completed during the year.

2 Segment information

All turnover and the result for the year were generated in the UK. No breakdown by class of business is disclosed.

3 Interest payable

	2000 £'000	1999 £'000
On bank loans and overdrafts	47	61
On hire purchase contracts	-	16
	47	77

Notes to the accounts (continued)

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2000 £'000	1999 £'000
Loss on sale of fixed assets	62	60
Depreciation		
- on owned assets	275	315
- on assets held under finance leases	18	31
Auditors' remuneration		
- audit services	33	28
- other services	73	176
Operating lease costs		
- land and buildings	617	333

5 Directors' emoluments

a) Remuneration

The remuneration of the directors was as follows:

	2000 £'000	1999 £'000
Emoluments	1,045	1,125
Compensation for loss of office	-	41
	1,045	1,166

b) Pensions

The number of directors who were members of the company's defined contribution pension scheme was as follows:

	2000 Number	1999 Number
Money purchase schemes	-	1

c) Highest paid director

	2000 £'000	1999 £'000
Emoluments	280	279

Notes to the accounts (continued)

6 Staff costs (including directors)

The aggregate remuneration of all employees (including executive directors) during the year was:

	2000 £'000	1999 £'000
Wages and salaries	6,926	5,766
Social security costs	840	686
	<u>7,766</u>	<u>6,452</u>

The average monthly number of persons employed by the company during the year was 149 (1999: 110).

7 Tax on profit on ordinary activities

	2000 £'000	1999 £'000
UK corporation tax - current year	1,037	-
- under provision in respect of previous year	79	29
	<u>1,116</u>	<u>29</u>

At 31 December 2000 there was no material deferred tax balance (1999: none).

The tax charge in the previous year was low due to the availability of losses made available by the company's parent company through group relief.

8 Dividends

	2000 £'000	1999 £'000
Final dividend paid of 250.28p (1999: 250.28p) per ordinary share	<u>500</u>	<u>500</u>

Notes to the accounts (continued)

9 Tangible fixed assets

	Freehold property £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At beginning of year	1,385	447	1,134	2,966
Additions	-	62	242	304
Disposals	-	(376)	-	(376)
Reclassified as current asset (Note 11)	(585)	-	-	(585)
At end of year	800	133	1,376	2,309
Depreciation				
At beginning of year	112	242	529	883
Charge for period	56	34	203	293
Disposals	-	(220)	-	(220)
Reclassified as current asset (Note 11)	(75)	-	-	(75)
At end of year	93	56	732	881
Net book value				
At end of year	707	77	644	1,428
At beginning of year	1,273	205	605	2,083

Freehold land amounting to £175,000 (1999: £270,000) has not been depreciated.

The freehold properties were valued independently by Healey & Baker International Real Estate Consultants, as at 31 December 1997, on the basis of existing use value in respect of properties occupied by the company and on the basis of open market value in respect of investment properties, both bases being in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

Net book value at 31 December 2000 includes £21,000 (1999: £88,000) relating to assets held under finance leases.

Notes to the accounts (continued)

10 Fixed asset investments

	2000 £	1999 £
Investment in subsidiaries	<u>296</u>	<u>294</u>

The investment in subsidiaries represents 100% of the ordinary share capital of each of the following companies, all of which are registered in England and Wales: Maris Interiors City Limited, Maris Trustees Limited, Maris Interiors North Limited, Maris Interiors South Limited, Furniture Solutions Limited, Maris Midtown Limited, Maris West End Limited, Maris Call Centres Limited, Maris Works Limited and Virtus Contracts Limited. All were dormant during the year, with the exception of Virtus Contracts Limited, which was incorporated in the year and commenced to trade as a construction consultant and contractor.

Maris Trustees Limited is a trustee of the Maris Discretionary Trust. This holds 781,570 (78.2%) of the 'A' ordinary shares and 407,676 (40.8%) of the 'B' ordinary shares of Maris Group Limited, the company's parent. These shares were gifted to the trust by a former employee. The trustees may offer shares or options over shares to employees of the group as part of incentive packages. The shares are not traded on any market.

11 Property held for resale

At 31 December 2000, the company was in the process of negotiating the sale of a freehold property. This disposal was completed in February 2001 (Note 19).

12 Debtors

	2000 £'000	1999 £'000
Trade debtors	4,390	2,128
Amounts recoverable on contracts	901	639
Amounts owed by group undertakings	3,649	2,638
Other debtors and prepayments	351	228
Called-up share capital unpaid	7	7
	<u>9,298</u>	<u>5,640</u>

Notes to the accounts (continued)

13 Creditors: Amounts falling due within one year

	2000 £'000	1999 £'000
Hire purchase commitments	-	21
Bank loans (secured – note 14)	598	100
Amounts invoiced on account in excess of work in progress	3,485	2,972
Trade creditors	6,087	4,885
Corporation tax	714	-
Other taxes and social security costs	725	641
Other creditors and accruals	1,696	1,449
	<u>13,305</u>	<u>10,068</u>

14 Creditors: Amounts falling due after more than one year

	2000 £'000	1999 £'000
Bank loans:		
i) By monthly repayment expiring 2003	-	154
ii) By quarterly repayment expiring 2013	-	432
	<u>-</u>	<u>586</u>

Both bank loans were secured on the company's freehold properties, and were repaid after year end. Interest was charged at 1.125% over Barclays Bank plc base rate.

15 Called-up share capital

	2000 £'000	1999 £'000
<i>Authorised</i>		
200,000 Ordinary shares of 50p each	<u>100</u>	<u>100</u>
<i>Issued, called-up and fully paid</i>		
185,000 Ordinary shares of 50p each	93	93
<i>Issued, called-up and unpaid</i>		
14,777 Ordinary shares of 50p each	<u>7</u>	<u>7</u>
	<u>100</u>	<u>100</u>

Notes to the accounts (continued)

16 Reserves

	Share premium account £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At beginning of year	35	10	208	6,629	6,882
Retained profit for the year	-	-	-	2,158	2,158
Transfer of realised profits	-	-	(10)	10	-
At end of year	<u>35</u>	<u>10</u>	<u>198</u>	<u>8,797</u>	<u>9,040</u>

17 Reconciliation of movements in shareholders' funds

	2000 £'000	1999 £'000
Opening shareholders' funds	6,982	2,989
Profit for the year	2,658	4,486
Dividends	(500)	(500)
New shares issued	-	7
Closing shareholders' funds	<u>9,140</u>	<u>6,982</u>

18 Commitments and contingencies

Operating leases

The company has the following annual commitments under non-cancellable operating leases:

	2000		1999	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date:				
- within one year	9	47	88	18
- between two and five years	170	238	-	216
- after five years	205	-	34	-
	<u>384</u>	<u>285</u>	<u>122</u>	<u>234</u>

Notes to the accounts (continued)

19 Subsequent events

The company disposed of one of its freehold properties in February 2001. The property was classified as a current asset at 31 December 2000 at its net book value of £510,000. The sale proceeds were £850,000.

20 Parent company

The parent company is Maris Group Limited, a company registered in England and Wales. This is the only group in which the company's results are consolidated. Group accounts are publicly available from Companies House.

The company has taken advantage of the exemption available in FRS 8 from disclosing certain transactions with fellow group companies.