ANDERSEN

Maris Interiors Limited

Annual report and financial statements
for the year ended 31 December 2001

Registered number: 1346421



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Directors' report

For the year ended 31 December 2001

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 2001.

Principal activities and business review

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

The company continues to trade strongly. During the year the company disposed of its shareholding in Virtus Contracts Limited which was purchased by the management of that company. The company will focus on its core activities throughout the coming financial year and the directors expect that the current levels of continuing activity will be maintained.

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 (2000: £500,000) were declared in the year, details of which are disclosed in note 7 to the accounts.

Directors

The directors who served during the year are as follows:

R A Griggs	(resigned 20 December 2001)
A J P Stamatis	(resigned 20 December 2001)
M Till	(resigned 3 September 2001)
M W Witherden	(resigned 20 December 2001)
J N Smith	
M A Howard	

In addition, the following directors were appointed on 2 January 2002.

A R Groom
A J Holder
G V Malkin
S Vaughan
G Graville
M F Harris

No directors exercised options during the year.

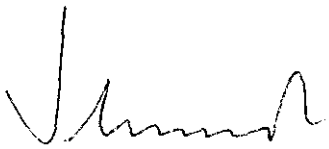
None of the directors had shareholdings which are required to be disclosed under Schedule 7 of the Companies Act 1985. Beneficial shareholdings are disclosed in the accounts of the parent company, Maris Group Limited.

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
GU52 0RD

By order of the Board



J N Smith
Company Secretary

26 April 2002

Statement of directors' responsibilities

31 December 2001

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.

ANDERSEN

To the Shareholders of Maris Interiors Limited:

We have audited the financial statements of Maris Interiors Limited for the year ended 31 December 2001 which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet, the Cash flow statement, and the related notes numbered 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion
We conducted our audit in accordance with United Kingdom 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 judgments made by the directors in the preparation of the financial statements 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 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.

Opinion
In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 2001 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants and Registered Auditors

Abbots House
Abbey Street
Reading
Berkshire
RG1 3BD

26 April 2002

Profit and loss account

For the year ended 31 December 2001

	Note	Continuing activities 2001 £'000	Continuing activities 2000 £'000
Turnover		50,393	46,101
Cost of sales		(33,638)	(31,703)
Gross profit		16,755	14,398
Sales and distribution costs		(3,118)	(2,546)
Administrative expenses		(10,615)	(8,767)
Other operating income		254	263
Operating profit		3,276	3,348
Profit on sale of freehold property	3	340	-
Loss on disposal of subsidiary	3	(223)	-
Disposal of fixed assets	3	(124)	-
Profit on ordinary activities before interest		3,269	3,348
Interest receivable		496	473
Interest payable on bank loans and overdrafts		-	(47)
Profit on ordinary activities before taxation	2	3,765	3,774
Tax on profit on ordinary activities	6	(1,184)	(1,116)
Profit on ordinary activities after tax		2,581	2,658
Dividends paid	7	(500)	(500)
Retained profit for the year	13	2,081	2,158

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

There are no recognised gains or losses other than the profit for the year.

Notes of historical cost gains and losses

	Note	2001 £'000	2000 £'000
Profit on ordinary activities before taxation		3,765	3,774
Realisation of property valuation gains of previous years		133	-
Historical cost profit on ordinary activities before taxation		3,898	3,774
Historical cost profit for the year retained after taxation, minority interests, extraordinary items and dividends		2,264	2,158

Balance sheet

31 December 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Tangible assets	8	1,055	1,428
Investments	9	-	-
		1,055	1,428
Current assets			
Property held for resale	3	-	510
Debtors	10	9,207	9,298
Cash at bank and in hand		10,312	11,209
		19,519	21,017
Creditors: Amounts falling due within one year	11	(9,353)	(13,305)
Net current assets		10,166	7,712
Net assets		11,221	9,140
Capital and reserves			
Called-up share capital	12	100	100
Share premium account	13	35	35
Capital redemption reserve	13	10	10
Revaluation reserve	13	65	198
Profit and loss account	13	11,011	8,797
Equity shareholders' funds	14	11,221	9,140

The financial statements on pages 5 to 14 were approved by the Board on 26 April 2002

M A Howard Director

J N Smith Director

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

Statement of accounting policies

31 December 2001

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.

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).

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, over the expected useful life of each asset as follows:

Freehold property	30 years – straightline
Motor vehicles	33% per annum – straight line
Fixtures and fittings	33% per annum – 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.

Investments

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

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.

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.

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.

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.

1 Segment information

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

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

		2001 £'000	2000 £'000
Loss on sale of fixed assets		3	62
Depreciation	- on owned assets	275	275
	- on assets held under finance leases	-	18
Impairment of fixed assets		157	-
Auditors' remuneration	- audit services	33	33
	- other services	80	73
Operating lease costs	- land and buildings	390	390
	- other	401	227

3 Exceptional items reported after operating profit

During the year the company sold its subsidiary undertaking Virtus Contracts Limited. The shares were sold for £2. In addition a loan of £223,000 due from Virtus Contracts Limited was written off in consideration of the sale.

In February 2001 the company disposed of one of its freehold properties for £850,000, realising a gain of £340,000. This building was shown as held for resale in the previous year. The building has previously been revalued in 1997, the gain based on historical cost would have been £473,000.

During the course of 2001 the company refurbished its premises resulting in a significant disposal of fixed assets (mainly fixtures and fittings) for which no consideration was received.

4 Directors' emoluments

a) Remuneration

The remuneration of the directors was as follows:

	2001 £'000	2000 £'000
Emoluments	1,391	1,045
Compensation for loss of office	122	-
	1,513	1,045

None of the directors were members of money purchase schemes in either year.

4 Directors' emoluments (continued)

b) Highest paid director

	2001 £'000	2000 £'000
Emoluments	378	280

5 Staff costs

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

	2001 £'000	2000 £'000
Wages and salaries	8,997	6,926
Social security costs	1,027	840
	10,024	7,766

The average monthly number of persons employed by the company during the year was 157 (2000: 149).

The company does not run a pension plan, nor does it contribute into employees' pension plans.

6 Tax on profit on ordinary activities

		2001 £'000	2000 £'000
UK corporation tax	- current year	1,184	1,037
	- under provision in respect of previous year	-	79
		1,184	1,116

At 31 December 2001 there was no material deferred tax balance (2000: none).

7 Dividends

	2001 £'000	2000 £'000
Final dividend paid of 250.28p (2000: 250.28p) per ordinary share	500	500

8 Tangible fixed assets

	Freehold property £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At beginning of year	800	133	1,376	2,309
Additions	-	-	198	198
Disposals	-	(51)	(535)	(586)
At end of year	800	82	1,039	1,921
Depreciation				
At beginning of year	93	56	732	881
Charge for period	35	21	219	275
Impairment	-	-	157	157
Disposals	-	(39)	(408)	(447)
At end of year	128	38	700	866
Net book value				
At end of year	672	44	339	1,055
At beginning of year	707	77	644	1,428

Freehold land amounting to £175,000 (2000: £175,000) 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.

Had the freehold properties not been revalued they would have been carried at a net book value based on historical cost of £607,000 (2000: £642,000).

During the year the directors reviewed the carrying values of the fixtures and fittings. They concluded that the refurbishment to the offices of the company during the year had reduced the recoverable value of the fixtures and fittings and that consequently the carrying value of a number of the fixed assets was in excess of their recoverable value. They therefore performed an impairment review of all assets in that class and wrote down the value of certain assets accordingly.

9 Fixed asset investments

	2001 £	2000 £
Investment in subsidiaries	296	296

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 Regions Limited, Maris Interiors South Limited, Furniture Solutions Limited, Maris Midtown Limited, Maris West End Limited, Maris Call Centres Limited, Maris Works Limited and Maris Synergy Limited.

Maris Trustees Limited is a trustee of the Maris Discretionary Trust. This holds 410,800 (41.08%) of the ordinary shares of Maris Interiors Holdings Limited, the company's ultimate parent. The shares are not traded on any market.

10 Debtors

	2001 £'000	2000 £'000
Trade debtors	4,023	4,390
Amounts recoverable on contracts	771	901
Amounts owed by group undertakings	4,188	3,649
Other debtors and prepayments	218	351
Called-up share capital unpaid	7	7
	9,207	9,298

11 Creditors: Amounts falling due within one year

	2001 £'000	2000 £'000
Bank loans	-	598
Amounts invoiced on account in excess of work in progress	2,948	3,485
Trade creditors	3,562	6,087
Corporation tax	612	714
Other taxes and social security costs	809	725
Other creditors and accruals	1,422	1,696
	9,353	13,305

12 Called-up share capital

	2001 £'000	2000 £'000
Authorised		
200,000 Ordinary shares of 50p each	100	100
Issued, called-up and fully paid		
185,000 Ordinary shares of 50p each	93	93
Issued, called-up and unpaid		
14,777 Ordinary shares of 50p each	7	7
	100	100

13 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	198	8,797	9,040
Retained profit for the year	-	-	-	2,081	2,081
Transfer of realised profits	-	-	(133)	133	-
At end of year	35	10	65	11,011	11,121

14 Reconciliation of movements in shareholders' funds

	2001 £'000	2000 £'000
Opening shareholders' funds	9,140	6,982
Profit for the year	2,581	2,658
Dividends	(500)	(500)
Closing shareholders' funds	11,221	9,140

15 Commitments and contingencies

Operating leases

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

	2001		2000	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date:				
- within one year	10	77	9	47
- between two and five years	204	254	170	238
- after five years	170	-	205	-
	384	331	384	285

16 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 ultimate parent company is Maris Interiors Holdings Limited, a company registered in England and Wales. This company was formed to effect a management buy-out of Maris Group Limited and its subsidiaries. Maris Group Limited was acquired by Maris Interiors Holdings Limited on 21 December 2001. Maris Interiors Holdings Limited will produce its first set of accounts for the period to 31 December 2002.

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