Company Registration No. 01346421

Maris Interiors Services Limited
(formerly Maris Interiors Limited)

Report and Financial Statements

For the year ended 31 December 2003



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Maris Interiors Services Limited
(formerly Maris Interiors Limited)

REPORT AND FINANCIAL STATEMENTS
For the year ended 2003

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Maris Interiors Services Limited
(formerly Maris Interiors Limited)

DIRECTORS AND ADVISERS

DIRECTORS

M A Howard
J N Smith
A R Groom
G V Malkin
S Vaughan
M F Harris

SECRETARY

J N Smith (resigned 8 October 2003)
S Vaughan (appointed 8 October 2003)

REGISTERED OFFICE

13th Floor, The Tower Building
11 York Road
Waterloo
London
SE1 7NX

Telephone: 020 7902 1750
Website: www.maris-interiors.co.uk

BANKERS

Barclays Bank
Napier Court
Napier Road
Reading
RG1 9FD

SOLICITORS

Landwell
1 Embankment Place
London
WC2N 6RH

AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Maris Interiors Services Limited
(formerly Maris Interiors Limited)

DIRECTORS' REPORT
For the year ended 31 December 2003

The directors present their annual report and the audited financial statements for the year ended 31 December 2003. The company changed its name to Maris Interiors Services Limited on 12 December 2003.

PRINCIPAL ACTIVITY

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

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The directors of the company are delighted to announce the formation of a new business entity, Maris Interiors LLP, which was incorporated on 15 December 2003 and will be the trading vehicle of the group. Maris Interiors Services Limited will be the corporate member of the LLP.
All of the directors of Maris Interiors Services Limited and it's subsidiaries are very excited about becoming members of the partnership and having a more active involvement in the future success of the group.
The results for 2003 were exactly in line with the Company's forecast and predict 2004 to be even more successful.

RESULTS AND DIVIDENDS

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

Dividends amounting to £1,800,000 (2002: £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:

M A Howard
J N Smith
A R Groom
G V Malkin
S Vaughan
M F Harris
D Nock (resigned 3 June 2003)

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 ultimate parent company, Maris Interiors Holdings Limited.

AUDITORS

Deloitte & Touche resigned as auditors on 16 December 2003. The directors appointed PricewaterhouseCoopers LLP to fill the casual vacancy arising. PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to appoint them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

S Vaughan

Company Secretary

21 July 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, and
- prepare the financial statements 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 financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARIS INTERIORS SERVICES LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board. This report, including the opinion has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

21 July 2004

Maris Interiors Services Limited
(formerly Maris Interiors Limited)

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2003

	Note	2003 £'000	As restated 2002 £'000
TURNOVER		**32,821**	28,148
Cost of sales		**(25,370)**	(22,139)
GROSS PROFIT		**7,451**	6,009
Distribution costs		**(2,141)**	(2,209)
Administrative expenses		**(3,766)**	(4,042)
Other operating income		**187**	339
OPERATING PROFIT		**1,731**	97
Interest receivable		**316**	377
Interest payable on bank loans and overdrafts		**(35)**	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	3	**2,012**	474
Tax on profit on ordinary activities	6	**(341)**	(167)
PROFIT ON ORDINARY ACTIVITIES AFTER TAX		**1,671**	307
Dividends paid	7	**(1,800)**	(500)
RETAINED LOSS FOR THE YEAR	15	**(129)**	(193)

All results are derived from discontinued operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 December 2003

	2003 £'000	2002 £'000
Profit for the financial year	**1,671**	307
Surplus arising on revaluation of fixed assets	**-**	385
Total recognised gains and losses in the year	**1,671**	692

Maris Interiors Services Limited
(formerly Maris Interiors Limited)

NOTE OF HISTORICAL COST PROFITS AND LOSSES
For the year ended 31 December 2003

	2003	2002
	£'000	£'000
Profit on ordinary activities before taxation	**2,012**	474
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on the revalued amount	**7**	-
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	**2,019**	474
HISTORICAL COST LOSS FOR THE YEAR RETAINED AFTER TAXATION AND DIVIDENDS	**(122)**	(193)

Maris Interiors Services Limited
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BALANCE SHEET
As at 31 December 2003

	Note	2003 £'000	2002 £'000
FIXED ASSETS			
Tangible assets	8	**986**	1,197
Investments	9	**12,061**	-
		13,047	1,197
CURRENT ASSETS			
Debtors	10	-	9,786
Cash at bank and in hand		-	11,121
		-	20,907
CREDITORS: amounts falling due within one year	11	**(913)**	(10,691)
NET CURRENT (LIABILITIES)/ASSETS		**(913)**	10,216
CREDITORS: amounts falling due after more than one year	12	**(850)**	-
NET ASSETS		**11,284**	11,413
CAPITAL AND RESERVES			
Called up share capital	14	**100**	100
Share premium account	15	**35**	35
Capital redemption reserve	15	**10**	10
Revaluation reserve	15	**450**	450
Profit and loss account	15	**10,689**	10,818
EQUITY SHAREHOLDERS' FUNDS	16	**11,284**	11,413

These financial statements were approved by the Board of Directors on 21 July 2004 and were signed on its behalf by:

M A Howard
Director

S Vaughan
Director

Maris Interiors Services Limited
(formerly Maris Interiors Limited)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

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.

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 United Kingdom 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 Interiors Holdings 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	20 years – straight line
Motor vehicles	25% 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.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

1 ACCOUNTING POLICIES (CONTINUED)

Leases

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.

Cost of sales – change in accounting policy

During the year, the directors reviewed the classification basis between cost of sales and administrative expenses to consider its continued appropriateness. As a result of this review, certain direct costs of sale have been reclassified from administrative expenses to cost of sales.

The change in presentation has resulted in an increase of cost of sales of £3.495 million (2002: £3.478 million) and a corresponding decrease in administrative expenses. There has been no net impact on the reported profits of the company for the year ended 31 December 2003 or for any previous financial period. The results of 2002 have been restated to show the impact of the change in accounting policy.

2 SEGMENTAL INFORMATION

All turnover and the results for the year were generated in the UK from one class of business.

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

Profit on ordinary activities before taxation is stated after charging:

	2003	2002
	£'000	£'000
Profit on sale of fixed assets	**(3)**	(6)
Depreciation:		
- on owned assets	**185**	254
Auditors' remuneration:		
- audit services	**30**	31
- non-audit services	**27**	19
Operating lease - other	**493**	706

4 DIRECTORS' EMOLUMENTS

Remuneration

The remuneration of the directors was as follows:

	2003	2002
	£'000	£'000
Emoluments	**1,551**	1,109

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

4 DIRECTORS' EMOLUMENTS (CONTINUED)

Highest paid director

	2003	2002
	£'000	£'000
Emoluments	**387**	208

5 STAFF COSTS

	2003	2002
	£'000	£'000
Wages and salaries	**6,054**	6,150
Social security costs	**762**	725
	6,816	6,875

The average monthly number of persons employed by the group during the year was 105 (2002:127).

The company does not run a pension plan, nor does it contribute into employees' pension plans. The company makes provision for employees to make deductions from their salary directly into approved pension plans.

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003	2002
	£'000	£'000
Current tax		
- current year	**520**	120
- (over)/under provision in respect of previous year	**(79)**	47
Total current tax	**441**	167
Deferred tax		
- Origination and reversal of timing differences	**(100)**	-
Tax on profit on ordinary activities	**341**	167

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2003	2002
	£'000	£'000
Profit on ordinary activities before tax	**2,012**	474
Tax on profit on ordinary activities at the standard rate of 30%	**604**	142
Effects of income and expenses not chargeable/deductible for tax purposes	**42**	54
Depreciation in excess of capital allowances	**4**	19
Adjustments to tax charge in respect of prior years	**(79)**	50
Group relief claimed	**(130)**	(145)
Total actual amount of current tax	**441**	120

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

7 DIVIDENDS

	2003 £'000	2002 £'000
Final dividend paid of 901 p (2002: 250.28p) per ordinary share	1,800	500

8 TANGIBLE FIXED ASSETS

	Freehold property £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost/valuation				
At 31 December 2002	1,025	-	1,076	2,101
Additions	-	61	24	85
Disposals (see note 9)	-	*(61)*	*(1,100)*	*(1,161)*
At 31 December 2003	1,025	-	-	1,025
Depreciation				
At 31 December 2002	-	-	904	904
Charge for the year	39	13	133	185
Disposals (see note 9)	-	(13)	(1,037)	(1,050)
At 31 December 2003	39	-	-	39
Net book value				
At 31 December 2003	986	-	-	986
At 31 December 2002	1,025	-	172	1,197

Freehold land amounting to £250,000 (2002: £250,000) has not been depreciated.

The freehold properties were valued independently by Atkinson Richards, as at 31 December 2002, 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 £543,000 (2002: £575,000).

9 FIXED ASSET INVESTMENTS

	£'000
At 1 January 2003	-
Additions	12,061
At 31 December 2003	12,061

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

9 FIXED ASSET INVESTMENTS (CONTINUED)

Transfer of Maris Interiors Services business

On 23 December 2003, the company transferred its trade and net assets to Maris Interiors LLP in exchange for a corporate interest in the LLP. The cost of the company's investment in Maris Interiors LLP has been recorded at the net book value of the identifiable assets and liabilities transferred to the LLP.

Net assets transferred to Maris Interiors LLP:	**£'000**
Fixed assets	111
Debtors	11,430
Cash	9,621
Creditors	(9,101)
Investment in Maris Interiors LLP	12,061

In 2002, the company held investments recorded at a cost of £296 in the following subsidiaries, all of which are registered in England and Wales: Maris Interiors City Limited, Maris Trustees Limited, Maris Regions Limited, Furniture Solutions Limited, Burlington Interiors (formerly Maris Midtown & Docklands Limited), Maris West End Limited, Maris Works Limited, Maris Synergy Limited, Maris Projects Limited and Maris Advance Finance Limited. The investments represented 100% of the ordinary share capital of each of the above companies. All of the investments have been transferred to Maris Interiors LLP.

Maris Trustees Limited is a trustee of the Maris Discretionary Trust. This holds 440,800 (48.09%) of the ordinary shares of Maris Interiors Holdings Limited, the company's ultimate parent. The shares are not traded on any market.

10 DEBTORS

	2003 **£'000**	2002 £'000
Trade debtors	-	3,275
Amounts recoverable on contracts	-	640
Amounts owed by group undertakings	-	5,442
Other debtors and prepayments	-	422
Called-up share capital unpaid	-	7
	-	9,786

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 **£'000**	2002 £'000
Bank loans (secured – see note 12)	913	-
Amounts invoiced on account in excess of work in progress	-	3,347
Trade creditors	-	5,395
Corporation tax	-	211
Other taxes and social security	-	626
Other creditors and accruals	-	1,112
	913	10,691

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003 £'000	2002 £'000
Bank loans (secured)	850	-

The bank loans are secured by way of a first legal mortgage over the company's freehold property.

	2003 £'000	2002 £'000
Maturity of debt		
In one year or less	913	-
In more than one year but not more than two years	410	-
In more than two years but less than five years	440	-
Total bank loans	1,763	-

13 PROVISION FOR DEFERRED TAXATION

	2003 £'000
At 1 January 2003	-
Deferred tax credit in profit and loss account	100
Disposals (see note 9)	(100)
At 31 December 2003	-

14 CALLED UP SHARE CAPITAL

	2003 £'000	2002 £'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

15 RESERVES

	Share premium account £'000	Capital redemption reserve £'000	Re-valuation reserve £'000	Profit and loss account £'000	Total £'000
At beginning of year	35	10	450	10,818	11,313
Retained loss for the year	-	-	-	(129)	(129)
At end of year	35	10	450	10,689	11,184

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2003

16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2003 **£'000**	2002 £'000
Opening shareholders' funds	11,413	11,221
Profit for the year	1,671	307
Dividends	(1,800)	(500)
Increase in revaluation reserve	-	385
Closing shareholders' funds	11,284	11,413

17 COMMITMENTS AND CONTINGENCIES

Operating leases

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

	2003		2002	
	Land and buildings £'000	**Other £'000**	Land and buildings £'000	Other £'000
Expiry date				
- within one year	-	28	5	42
- between two and five years	223	33	170	141
- after five years	125	-	125	-
	348	61	300	183

18 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available to it under FRS8, related party transactions and has not disclosed transactions with fellow group companies.

During the year, the company undertook work on an arms length basis on behalf of Mike Howard, one of the directors. The amount of work carried out but unbilled at the year end was £85,688.

19 CONTROLLING PARTIES

The company's immediate parent undertaking is Maris Group Limited, a company registered in England and Wales. The smallest and largest group in which the company's results are consolidated is that headed by the company's ultimate parent company, Maris Interiors Holdings Limited, a company registered in England and Wales. Its consolidated financial statements are available from the Company Secretary, Maris Interiors Holdings Limited, The Tower Building, 11 York Road, London SE1 7NX.