

Colefax and Fowler Limited

Registration No. 1520607

DIRECTORS

R Barker
D B Green
A Grafton
R D Robinson

SECRETARY

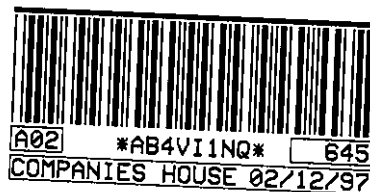
R Barker

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

REGISTERED OFFICE

39 Brook Street
London W1Y 2JE



Colefax and Fowler Limited

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 30 April 1997.

RESULTS AND DIVIDENDS

The trading profit for the year, after taxation, amounted to £Nil (1996 – £Nil). The directors do not recommend payment of a dividend (1996 – £Nil).

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

With effect from 1 May 1993 Colefax and Fowler Limited entered into a Business Transfer Agreement and an Agency agreement with Jane Churchill Limited which is a fellow subsidiary of Colefax and Fowler Group PLC. Under this agreement all assets, liabilities and trading were transferred to Jane Churchill Limited at book value and as a going concern. This change was effected in order to streamline the operations and administration of both companies. Prior to this date the company's principal activities were the design, distribution and retailing of wallpaper, fabrics, furniture and soft furnishings.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year ended 30 April 1997 were as listed on page 1.

No director held any interest in the shares of the company at 30 April 1997. The interests of the directors who are also directors in the ultimate parent undertaking are shown in the accounts of that company. The interest of the other director in the ultimate parent undertaking at the beginning and end of the year was as follows:

Share options:

	<i>No. of shares</i>	<i>Exercise price</i>	<i>Date of grant</i>	<i>Exercisable From</i>	<i>To</i>
R D Robinson	6,103	35p	4/3/93	4/3/96	3/3/03
R D Robinson	4,000	78p	22/8/94	22/8/97	21/8/04

All shares are 10p Ordinary shares.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board

R. M. Barker

Secretary

12 August 1997

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 to 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.

REPORT OF THE AUDITORS
to the members of Colefax and Fowler Limited

We have audited the accounts on pages 5 and 6, which have been prepared under the historical cost convention and on the basis of the accounting policy set out on page 6.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

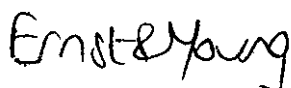
Basis of opinion

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 judgements made by the directors in the preparation of the accounts, 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 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 as at 30 April 1997 and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
London

12 August 1997

Colefax and Fowler Limited

BALANCE SHEET

at 30 April 1997

	Notes	1997 £000	1996 £000
CREDITORS: amounts falling due within one year	2	(1,065)	(1,065)
NET CURRENT LIABILITIES		<u>(1,065)</u>	<u>(1,065)</u>
CAPITAL AND RESERVES			
Called up share capital	3	—	—
Profit and loss account		(1,065)	(1,065)
		<u>(1,065)</u>	<u>(1,065)</u>

R. M. Barker

Director

12 August 1997

Colefax and Fowler Limited

NOTES TO THE ACCOUNTS

at 30 April 1997

1. ACCOUNTING POLICY

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. The balance sheet shows that liabilities exceed assets by £1,065,000. Colefax and Fowler Group PLC has confirmed its intention to maintain its financial support for the foreseeable future to enable the company to continue normal trading operations.

2. CREDITORS: amounts falling due within one year

	1997 £000	1996 £000
Amounts due to parent and fellow subsidiary undertakings	1,065	1,065

3. SHARE CAPITAL

	1997 £	Authorised 1996 £	Allotted, called up and fully paid 1997 £	1996 £
1,000 Ordinary shares of £1 each	1,000	1,000	2	2

4. PARENT UNDERTAKING

The ultimate parent undertaking of the company and the parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is Colefax and Fowler Group PLC, registered in England and Wales. Copies of Colefax and Fowler Group PLC's accounts can be obtained from 19-23 Grosvenor Hill, London W1X 9HG.