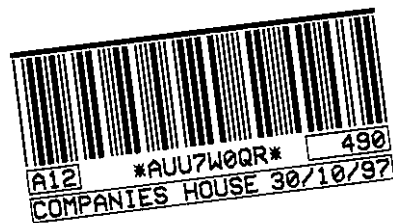


Company Number:
1645708 (ENGLAND & WALES)

HALLMARK BLINDS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1996



HALLMARK BLINDS LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1996

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HALLMARK BLINDS LIMITED

COMPANY INFORMATION

Company Number: 1645708 (England & Wales)

Directors: D N Bush
L A Jenkin

Secretary: D N Bush

Registered Office: 173 Caledonian Road
London
N1 OSL

Auditors: Ian Hewertson & Co.
Certified Accountants

Bankers: Barclays Bank PLC

HALLMARK BLINDS LIMITEDDIRECTORS' REPORTFOR THE YEAR ENDED 31ST DECEMBER 1996

The Directors present their report and the financial statements for the year ended 31st December 1996.

Principal activities

The principal activity of the company continues to be that of external and internal window blind suppliers and installers.

Directors' interests

The directors of the company during the year and their interests in the share capital of the company as recorded in the register of directors' interests were as follows:

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
I R Hall (resigned)	-	50
D N Bush	80	50
L A Jenkin	5	-

Responsibilities of the directors

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company 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;
- 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 to enable them to ensure that the financial statements 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.

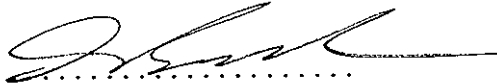
Auditors

The auditors, Ian Hewertson & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

HALLMARK BLINDS LIMITEDDIRECTORS' REPORT (Continued)FOR THE YEAR ENDED 31ST DECEMBER 1996

This report was approved by the board on 23rd June 1997, taking advantage of special exemptions available to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

On behalf of the board



.....
D N Bush

REPORT OF THE AUDITORS
TO THE SHAREHOLDERS OF
HALLMARK BLINDS LIMITED

FOR THE YEAR ENDED 31ST DECEMBER 1996

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies on page 6.

Respective responsibilities of directors and auditors

As described in the directors' report the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 misstatements, 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 31st December 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ian Hewertson & Co.

Ian Hewertson & Co.
Registered Auditors
Certified Accountants
14 Edward Street
Blackpool
FY1 1BA

21/10/97

HALLMARK BLINDS LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST DECEMBER 1996

	<u>Note</u>	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
<u>Turnover</u>	2	438,384	13,300
Cost of sales		232,377	13,269
<u>Gross profit</u>		206,007	31
Administrative expenses		199,703	1,011
<u>Operating profit/(loss)</u>	3	6,304	(980)
(Loss)/Profit on sale of fixed assets		(51,999)	-
<u>Loss on ordinary activities before interest</u>		(45,695)	(980)
Tax on loss on ordinary activities	4	(1,278)	9
<u>Retained loss for the year</u>		£(46,973)	£ (971)

The company has made no acquisitions nor discontinued any operations within the meaning of Financial Reporting Standard 3 during 1996 or 1995 therefore turnover and operating profit/(loss) derive entirely from continued operations

The company has no recognised gains or losses other than the loss for the financial year.

The annexed notes form part of these financial statements.

5.
HALLMARK BLINDS LIMITED

BALANCE SHEET

AT 31ST DECEMBER 1996

	<u>Note</u>	<u>1996</u>	<u>1995</u>
		£	£
<u>Fixed assets</u>			
Tangible assets	5	4,757	-
Investments	6	-	21,999
<u>Current assets</u>			
Stocks		1,985	-
Debtors	7	112,325	30,000
Cash at bank and in hand		1,157	1,549
		<u>115,467</u>	<u>31,549</u>
<u>Creditors</u>			
Amounts falling due within one year	8	110,902	7,253
<u>Net current assets</u>		<u>4,565</u>	<u>24,296</u>
<u>Total assets less current liabilities</u>		<u>9,322</u>	<u>46,295</u>
<u>Creditors</u>			
Amounts falling due after more than one year	9	(30,000)	(20,000)
<u>Net (liabilities)/assets</u>		<u>£(20,678)</u>	<u>£ 26,295</u>
<u>Capital and reserves</u>			
Called up share capital	10	30,100	30,100
Profit and loss account	11	(50,778)	(3,805)
Shareholders' funds	12	<u>£(20,678)</u>	<u>£ 26,295</u>

In preparing these financial statements advantage has been taken of the special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985, and in the directors' opinion the company is entitled to these exemptions as a small company. Approved by the board of directors on 23rd June 1997 and signed on its behalf.

.....
D N Bush

The annexed notes form part of these financial statements.

HALLMARK BLINDS LIMITEDNOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31ST DECEMBER 19961. Accounting policies

The financial statements are prepared under the historical cost convention and incorporate the results of the principal activity which is described in the directors' report and which is continuing.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

Depreciation and diminution in value of assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and Machinery	- 25% reducing balance basis
Motor Vehicles	- 25% reducing balance basis

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2. Turnover

Turnover is attributable solely to continuing operations and derives from one activity that of Window Blind Suppliers and installers.

3. Operating profit

	<u>1996</u>	<u>1995</u>
	£	£
This is stated after charging:		
Directors' Salaries	38,153	-
Auditors' remuneration and expenses	2,500	-
Depreciation and amortisation of owned assets	1,585	-
	<u> </u>	<u> </u>

HALLMARK BLINDS LIMITEDNOTES TO THE FINANCIAL STATEMENTS (Continued)FOR THE YEAR ENDED 31ST DECEMBER 19964. Taxation on profit on ordinary activities

	<u>1996</u> £	<u>1995</u> £
Current year:		
United Kingdom Corporation Tax	1,278	(9)
	<u>£1,278</u>	<u>£ (9)</u>

5. Tangible fixed assets

	<u>Plant & Machinery etc</u> £
Cost:	
Additions	6,342
At 31st December 1996	<u>6,342</u>
Depreciation:	
Charge for the period	1,585
At 31st December 1996	<u>1,585</u>
Net book value:	
At 31st December 1996	<u>£4,757</u>

6. Fixed asset investments

	£
Cost	
At 1st January 1996	21,999
Disposals	(21,999)
Cost at 31st December 1996	<u>-</u>
Net Book Values:	
As at 31st December 1996	<u>£ -</u>
As at 1st January 1996	<u>£ 21,999</u>

HALLMARK BLINDS LIMITEDNOTES TO THE FINANCIAL STATEMENTS (Continued)FOR THE YEAR ENDED 31ST DECEMBER 19967. Debtors

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
<u>Due within one year:</u>		
Trade debtors	90,626	-
Other debtors	21,699	-
	<u>£112,325</u>	<u>£ -</u>
<u>Due after one year:</u>		
Amounts owed by group undertakings	-	30,000
	<u>£112,325</u>	<u>£ 30,000</u>

8. Creditors - amounts falling due within one year

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Trade creditors	62,937	-
Taxation and social security	30,590	-
Directors' current accounts	9,079	-
Other creditors	8,296	7,253
	<u>£110,902</u>	<u>£ 7,253</u>

9. Creditors - amounts falling due after more than one year

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Other Creditors	30,000	20,000

HALLMARK BLINDS LIMITEDNOTES TO THE FINANCIAL STATEMENTS (Continued)FOR THE YEAR ENDED 31ST DECEMBER 199610. Share capital

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
<u>Authorised</u>		
Ordinary shares of £1 each	5,000	5,000
10% interest preference shares of £1 each	30,000	30,000
	<u>35,000</u>	<u>35,000</u>
 <u>Allotted, called up and fully paid</u>		
Ordinary shares of £1 each	100	100
10% interest preference shares of £1 each	30,000	30,000
	<u>30,100</u>	<u>30,100</u>

Of the above preference shares, 30,000 of £1 each are held by Hall Blinds Retirement Benefit Scheme.

11. Profit and loss account

	<u>1996</u>
	<u>£</u>
Balance at 1st January 1996	(3,805)
Loss suffered for the year	(46,973)
Balance at 31st December 1996	<u>£(50,778)</u>

12. Reconciliation of movements in shareholders' funds

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Loss for the financial year	(46,973)	(971)
New share capital subscribed	-	30,098
Shareholders' funds at 1st January 1996	26,295	(2,832)
Shareholders' funds at 31st December 1996	<u>£(20,678)</u>	<u>£ 26,295</u>

HALLMARK BLINDS LIMITEDNOTES TO THE FINANCIAL STATEMENTS (Continued)FOR THE YEAR ENDED 31ST DECEMBER 199613. Loss on Investment in Subsidiary

During the year the company made an investment of £51,999 into a subsidiary by way of share purchase and loans. The subsidiary went into liquidation in May 1997 and therefore consider the investment has no value. we are of the opinion that the company will still continue to trade profitably due to the support of the directors and extended credit facilities offered by its major trade creditors.

14. Other Creditors - Due after one year

The company had a liability to the Hall Blinds Retirement Benefit Scheme of £30,000 at the year end date.

15. Related Party Transactions

Mr D N Bush, a director of the company, has a 15% interest in Hall Blinds Limited, which is the main suppliers of the made up products under the distribution agreement with the Hallmark Blinds Limited.

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