

HALLMARK BLINDS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

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HALLMARK BLINDS LIMITED

COMPANY INFORMATION

COMPANY NUMBER:

1645708

DIRECTORS:

D.N. Bush Esq.
Mrs G.P. Bush

SECRETARY:

D.N. Bush Esq.

REGISTERED OFFICE:

173 Caledonian Road,
London,
N1 0SL

AUDITORS:

Jeffrey Altman & Company,
Chartered Accountants,
Wayman House,
141 Wickham Road,
Shirley, Croydon
Surrey CR0 8TE.

BANKERS:

Lloyds TSB Bank Plc,
31 Holloway Road,
London,
N7 8JU.

HALLMARK BLINDS LIMITED

REPORT OF THE DIRECTORS

The Directors present their Report and the Audited Financial Statements for the year ended 31st December 1999.

PRINCIPAL ACTIVITY

The principal activities of the Company are those of the supply and installation of window blinds.

REVIEW OF THE BUSINESS

A summary of the Company's results during the trading year is set out in the attached Financial Statements.

PROPOSED DIVIDEND

The Directors do not recommend payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The Directors who held office throughout the year, and their interests in the shares of the Company, as shown in the Register of Directors' interests, were as stated below:-

	<u>Class of Share</u>	<u>At</u> <u>31.12.1999</u>	<u>At</u> <u>31.12.1998</u>
D.N. Bush Esq.	£1 Ordinary	99	84
Mrs G.P. Bush	£1 Ordinary	1	1

DIRECTORS' RESPONSIBILITIES FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are obliged by law to prepare Financial Statements for each financial year and to present them annually to the Company's Members in Annual General Meeting.

The Financial Statements, of which the form and content is prescribed by the Companies Act, 1985, must give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the profit or loss of the Company for that period, and they must comply with applicable accounting standards.

The Directors are also responsible for the adoption of suitable Accounting Policies and their consistent use in the Financial Statements, supported where necessary by reasonable and prudent judgements and estimates, and for applying the going concern basis to the Financial Statements unless it is not appropriate to presume that the Company will continue in business.

The Directors confirm that the above requirements have been complied with in the Financial Statements.

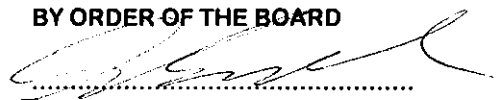
In addition, the Directors are responsible for maintaining adequate accounting records and sufficient internal controls to safeguard the assets of the Company and to prevent and detect fraud or any other irregularities.

AUDITORS

Messrs. Jeffrey Altman & Company, Chartered Accountants, are willing to be reappointed as Auditors to the Company in accordance with Section 384 of the Companies Act, 1985.

This Report has been prepared in accordance with the special provisions of Part V11 of the Companies Act, 1985 relating to small companies.

BY ORDER OF THE BOARD


Secretary

11th October 2000

HALLMARK BLINDS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF

HALLMARK BLINDS LIMITED

We have audited the annexed Financial Statements which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities under the Historical Cost Convention and the Accounting Policies set out in the Notes to the Accounts.

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 Financial Statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Accounting 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 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.

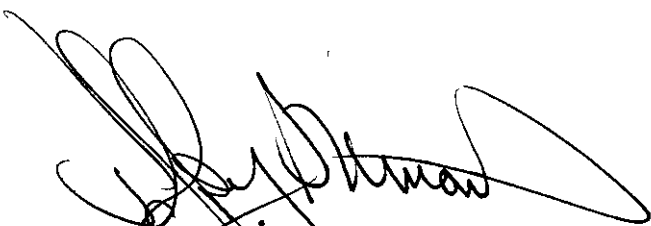
In forming our opinion we have considered the adequacy of the disclosures made in note 1 of the Financial Statements concerning the assumption made that the Directors will, in line with their assurances given to so do, continue to financially support the Company. In view of the significance of this assumption, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion the Financial Statements give a true and fair view of the state of affairs of the Company as at 31st December 1999, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act, 1985.

Wayman House,
141 Wickham Road,
Shirley, Croydon,
Surrey CR0 8TE.

11th October 2000



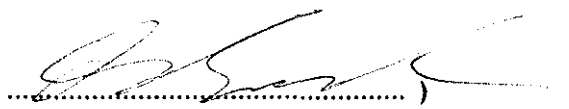
JEFFREY ALTMAN & COMPANY
Chartered Accountants &
Registered Auditors

HALLMARK BLINDS LIMITED**BALANCE SHEET****AS AT 31ST DECEMBER 1999**

	<u>NOTES</u>	<u>1999</u>	<u>1998</u>
		<u>£</u>	<u>£</u>
<u>FIXED ASSETS</u>			
Tangible	5	11,185	14,642
<u>CURRENT ASSETS</u>			
Stock and Work in Progress		11,130	7,752
Debtors: Amounts falling due within one year	6	169,807	134,730
Cash at Bank and in Hand		106	133
		<u>181,043</u>	<u>142,615</u>
<u>CREDITORS: Amounts falling due within one year</u>	7	<u>197,136</u>	<u>177,656</u>
<u>NET CURRENT LIABILITIES</u>		<u>(16,093)</u>	<u>(35,041)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>(4,908)</u>	<u>(20,399)</u>
<u>CREDITORS: Amounts falling due after more than one year</u>	8	<u>31,111</u>	<u>34,972</u>
<u>NET LIABILITIES</u>		<u>£(36,019)</u> =====	<u>£(55,371)</u> =====
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	9	30,100	30,100
Profit and Loss Account		(66,119)	(85,471)
		<u>£(36,019)</u> =====	<u>£(55,371)</u> =====

These modified Accounts have been prepared in accordance with the special provisions of Part V11 of the Companies Act, 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 1999).

Signed on behalf of the board


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) Directors 2000
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HALLMARK BLINDS LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST DECEMBER 1999**

	<u>NOTES</u>	<u>1999</u>	<u>1998</u>
		<u>£</u>	<u>£</u>
<u>TURNOVER</u>	1,2	612,115	661,497
<u>COST OF SALES</u>		367,329	398,558
<u>GROSS PROFIT</u>		244,786	262,939
Establishment Expenses		18,899	17,212
Administrative Expenses		198,872	235,544
		217,771	252,756
<u>OPERATING PROFIT</u>	3	27,015	10,183
<u>INTEREST PAYABLE</u>	10	6,998	8,497
<u>PROFIT ON ORDINARY ACTIVITIES</u>			
before Taxation		20,017	1,686
<u>TAXATION</u>	4	665	(1,278)
<u>RETAINED PROFIT FOR THE YEAR</u>		19,352	2,964
<u>DEFICIENCY, brought forward</u>		(85,471)	(88,435)
<u>DEFICIENCY, carried forward</u>		£(66,119)	£(85,471)
		=====	=====

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1999

1. ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by the Company in the preparation of its accounts.

(a) Basis of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention. The Financial Statements have also been prepared on the going concern basis on the assumption that the Directors will, in line with their assurances given to so do, continue to financially support the Company. The Company has taken advantage of the exemption in Financial Reporting Standard No. 1 from producing a cash flow statement on the grounds that it is a small Company as defined by the Companies Act, 1985.

(b) Turnover

Turnover represents the total value, excluding Value Added Tax, of sales during the year.

(c) Depreciation

Depreciation has been provided using the following rates and bases to reduce by annual instalments the cost of the tangible Fixed Assets over their estimated useful lives:-

Motor Vehicles	- 25% of net book value
Plant and Machinery	- 25% of net book value

(d) Stock and Work in Progress

Stock and Work in Progress have been valued by the Directors at the lower of cost and net realisable value.

(e) Deferred Taxation

No deferred taxation has been provided as it is unlikely that a liability or asset will crystallize in the foreseeable future.

(f) Leases

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the Balance Sheet as a tangible Fixed Asset and is depreciated over its estimated useful life. Future instalments under such leases, net of finance charges, are included within Creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss Account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the Profit and Loss Account on a straight line basis over the life of the lease.

(g) Pensions

The Company operates a defined contribution pension scheme for its Directors. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge represents the amounts payable by the Company to the fund in respect of the year.

2. TURNOVER

The turnover and profit before taxation is attributable to the principal activities of the Company.

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
United Kingdom	612,115	661,497
	<u>£612,115</u>	<u>£661,497</u>
	=====	=====

3. OPERATING PROFIT

This is stated, after charging:-

Directors' Remuneration	29,105	43,055
Auditors' Remuneration	2,000	2,000
Depreciation of Tangible Fixed Assets	3,727	4,881
	<u>665</u>	<u>55</u>
	=====	=====

4. TAXATION

Except where either trading loss relief is claimable, or the value of capital expenditure tax allowances exceed adjusted taxable profits, United Kingdom Corporation Tax is provided for at the prevailing Small Companies rate.

Corporation Tax overprovision in prior years	665	-
	-	(1,278)
	<u>£665</u>	<u>£(1,278)</u>
	=====	=====

5. TANGIBLE FIXED ASSETS

	<u>MOTOR VEHICLES</u>	<u>PLANT AND MACHINERY</u>	<u>TOTAL</u>
	<u>£</u>	<u>£</u>	<u>£</u>
<u>COST OR VALUATION</u>			
At 1st January 1999	18,131	4,166	22,297
Additions	-	270	270
At 31st December 1999	<u>18,131</u>	<u>4,436</u>	<u>22,567</u>
	=====	=====	=====
<u>DEPRECIATION</u>			
At 1st January 1999	5,588	2,067	7,655
Charge for the Year	3,135	592	3,727
At 31st December 1999	<u>8,723</u>	<u>2,659</u>	<u>11,382</u>
	=====	=====	=====
<u>NET BOOK VALUES</u>			
At 31st December 1998	<u>£12,543</u>	<u>£2,099</u>	<u>£14,642</u>
	=====	=====	=====
At 31st December 1999	<u>£9,408</u>	<u>£1,777</u>	<u>£11,185</u>
	=====	=====	=====

The net book value of Tangible Fixed Assets includes an amount of £8,390 (1998 - £11,186) in respect of assets held under hire purchase contracts.

HALLMARK BLINDS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1999

(Continued)

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
6. DEBTORS:		
Amounts falling due within one year:-		
Trade Debtors	149,551	118,126
Other Debtors and Prepayments	20,256	16,604
	<u>£169,807</u>	<u>£134,730</u>
	*****	*****

7. CREDITORS:

Amounts falling due within one year:-		
Bank Overdraft	2,976	4,444
Trade Creditors	107,796	113,846
Deposits Held	7,237	5,042
Social Security and Other Taxes	34,393	24,105
Corporation Tax (Note 4)	665	-
Directors' Current Accounts	9,626	9,985
Hire Purchase Obligations	3,861	3,728
Other Creditors and Accruals	30,582	16,506
	<u>£197,136</u>	<u>£177,656</u>
	*****	*****

8. CREDITORS:

Amounts falling due after more than one year:-		
Hire Purchase Obligations	1,111	4,972
Other Creditors	30,000	30,000
	<u>£31,111</u>	<u>£34,972</u>
	*****	*****

The Hire Purchase Obligations are repayable by instalments and none of these instalments are payable after five years.

9. CALLED UP SHARE CAPITAL

AUTHORISED

5,000 Ordinary Shares of £1 each	5,000	5,000
30,000 10% Interest Preference Shares of £1 each	30,000	30,000
	<u>£35,000</u>	<u>£35,000</u>
	*****	*****

ALLOTTED, ISSUED AND FULLY PAID

100 Ordinary Shares of £1 each	100	100
30,000 10% Interest Preference Shares of £1 each	30,000	30,000
	<u>£30,100</u>	<u>£30,100</u>
	*****	*****

10. INTEREST PAYABLE

Interest on Preference Shares	3,000	3,000
Interest on Pension Fund Loan	3,000	3,000
Bank Overdraft Interest	186	673
Hire Purchase Interest	812	1,824
	<u>£6,998</u>	<u>£8,497</u>
	*****	*****

11. RELATED PARTY TRANSACTIONS

The Company trades with Blind Trade Supplies Limited, a Company of which D. N. Bush is a Director and in which he has a 75% shareholding. During the year the company supplied goods to Blind Trade Supplies Limited amounting to £15,263 (1998 - £Nil). All of the above-stated transactions were made at arms length prices on normal commercial terms.