RABART DECORATORS MERCHANTS LTD

DIRECTORS:	Mr A Bush - Chairman and managing director Mr S Bush
SECRETARY:	Mr S Bush
REGISTERED OFFICE:	Pontsarn Road Merthyr Industrial Estate Dowlais Merthyr Tydfil Mid Glam CF48 2SR
COMPANY NUMBER:	1744021 England and Wales
AUDITORS:	Martin Howell & Co Chartered Accountants & Registered Auditor Rabart House Pontsarn Road Merthyr Tydfil Mid Glam CF48 2SR

DIRECTORS' REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2001

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2001

The directors present their report and the financial statements for the year ended 31st December 2001.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
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 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.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS
The principal activities of the company continue to be that of trade and retail sale of decorating materials. The results for the year are set out on page 4. During the year the company continued its expansion programme by purchasing the goodwill and fixed assets of H W Davies & Sons (Bath) Ltd and commenced trading from leasehold premises in May 2001. As expected during this initial period trading at Bath has had a detrimental effect on the company's overall performance, however the directors are confident that Bath will make a positive contribution in the near future.

DIRECTORS
The directors at 31st December 2001 and their interests in the share capital of the company were as follows:

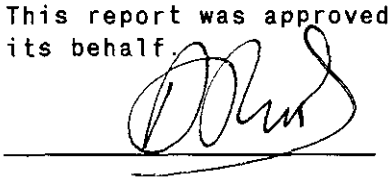
	31.12.01	31.12.00
Mr A Bush	1	1
Mr S Bush	1	1

In accordance with the Articles of Association Mr S Bush retires by rotation at the forthcoming annual general meeting and offers himself for re-election.

EVENTS SINCE THE END OF THE YEAR
In May 2003 the company commenced trading from leasehold premises in Gloucester.

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

This report was approved by the board on 29th August 2002 and signed on its behalf.



A BUSH - Director

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF RABART DECORATORS MERCHANTS LTD

We have audited the financial statements of Rabart Decorators Merchants Ltd for the year ended 31st December 2001 on pages 3 to 13. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 6 & 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and UK 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 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 as at 31st December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Martin Howell & Co.

MARTIN HOWELL & CO
Chartered Accountants and Registered Auditor
Rabart House, Pontsarn Road
Merthyr Tydfil, Mid Glam

29th August 2002

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2001

	Notes	2001		2000	
		£	£	£	£
TURNOVER	(1,2)		3710425		3046110
COST OF SALES			(2851152)		(2329824)
GROSS PROFIT			859273		716286
Selling & Distribution costs			(373834)		(298017)
Administrative expenses			(170318)		(103928)
Other operating charges			(222808)		(164190)
OPERATING PROFIT	(3)		92313		150151
Profit/(loss) on disposal of tangible fixed assets			(2073)		0
PROFIT on ordinary activities before interest			90240		150151
Interest receivable			5796		9099
Interest payable	(4)		(1148)		(2180)
PROFIT on ordinary activities before taxation			94888		157070
TAXATION	(7)		(18167)		(33395)
PROFIT on ordinary activities after taxation			76721		123675
EQUITY DIVIDENDS paid			(80000)		(90000)
RETAINED PROFIT/(LOSS) for the financial period			(3279)		33675
RETAINED PROFIT brought forward			915543		881868
RETAINED PROFIT carried forward			£912264		£915543

None of the company's activities were acquired or discontinued during the year and there were no recognised gains and losses for 2000 or 2001 other than those included in the profit and loss account.

The notes on pages 6-13 form part of these financial statements.

BALANCE SHEET
AS AT 31ST DECEMBER 2001

	Notes	2001		2000	
		£	£	£	£
FIXED ASSETS					
Tangible assets	(8)		136688		92726
Intangible assets	(9)		81348		0
			218036		92726
CURRENT ASSETS					
Stocks	(10)	611119		430198	
Debtors	(11)	522608		487155	
Cash at bank & in hand		350227		417928	
		1483954		1335281	
CREDITORS: amounts falling due within one year	(12)	(763575)		(512462)	
NET CURRENT ASSETS			720379		822819
TOTAL ASSETS LESS CURRENT LIABILITIES			938415		915545
CREDITORS: amounts falling due after more than one year	(13)		(22223)		0
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred Taxation	(15)		(3926)		0
NET ASSETS			£912266		£915545
CAPITAL AND RESERVES -					
Called up share capital	(16)		2		2
Profit and loss account	(17)		912264		915543
EQUITY SHAREHOLDERS' FUNDS			£912266		£915545

The financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 applicable to medium-sized companies.

Signed on behalf of the board of directors:



A BUSH - director

Approved by the Board: 29th August 2002

The notes on pages 6-13 form part of these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2001

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW OPERATIONS

	Notes	2001 £	2000 £
Operating profit		92313	150151
Amortisation of intangible fixed assets		4282	0
Depreciation of tangible fixed assets		50522	37826
Increase in stocks		(180921)	(6672)
Increase in debtors		(35453)	79934
Increase in creditors		216199	(238824)
NET CASH INFLOW FROM OPERATIONS		£ 146942	£ 22415

CASH FLOW STATEMENT

Net cash infow from operations		146942	22415
Returns on investments and servicing of finance	(20)	4648	6919
Taxation		(33400)	(33395)
Capital expenditure	(20)	(182187)	(16089)
Disposals	(21)	350	0
		(63647)	(20150)
Financing	(20)	(9286)	(16209)
Increase/(Decrease) in cash		£(72933)	£(36359)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

Increase/(Decrease) in cash this period	(72933)	(36359)
Cash paid in repaying finance leases and hire purchase agreements	10435	18389
Change in net debt	(62498)	(17970)
Net funds at 1st January 2001	396222	414192
Net funds at 31st December 2001	£ 333724	£ 396222

The notes on pages 6-13 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2001

1. ACCOUNTING POLICIES

1.1 **Basis of preparation of financial statements**
The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

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

1.3 **Intangible fixed assets and amortisation**
Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the separable net assets It is amortised to profit and loss account over its estimated economic life of twenty years.

1.4 **Tangible fixed assets and depreciation**
Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold premises	-	remainder of the lease
Fixtures & fittings	-	15% per annum straight line basis
Motor vehicles	-	25% per annum straight line basis
Plant & office equipment	-	20% per annum straight line basis

1.5 **Leasing and Hire Purchase**
Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives. Assets acquired under HP contracts are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period. Rentals applicable to operating leases where substantially all of The benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

1.6 **Stocks and work in progress**
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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2001 - Continued

1. ACCOUNTING POLICIES (continued)

1.7 **Deferred taxation**

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which future reversal of the underlying timing differences can be deducted. In accordance with FRS19, deferred tax is not recognised on revaluation gains. Deferred tax is measured on non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. TURNOVER

In the year to 31st December 2001, none of the company's turnover was derived from markets outside the United Kingdom (2000 - none).

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2001 £	2000 £
Amortisation of intangible fixed assets	4282	0
Depreciation of tangible fixed assets		
- owned by the company	54804	23899
- held under hire purchase contracts	0	13927
(Profit)/Loss on disposal of tangible fixed assets	2073	0
Operating lease rentals		
- hire of plant and machinery	2922	3653
- other	110193	81120
Audit and accountancy	10466	8873
Pension costs	10030	9285

4. INTEREST PAYABLE

	2001 £	2000 £
On bank loans and overdrafts	0	0
Finance leases and hire purchase contracts	1148	2180
	1148	2180

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2001 - Continued

5. STAFF COSTS

Staff costs were as follows:-

	2001 £	2000 £
Wages and salaries	329076	259854
Social security costs	29113	23006
Other pension costs	10030	9285
	368219	292145

The average monthly number of employees, including directors, during the year was as follows:-

	2001 £	2000 £
Office and administration	7	6
Sales & marketing	18	16
	25	22

6. DIRECTORS' REMUNERATION

	2001 £	2000 £
Emoluments	0	0
Contributions under money purchase schemes	0	0
	0	0

7. TAXATION

	2001 £	2000 £
UK Corporation tax - current year	14241	33400
- prior year	0	(5)
Total current tax charge	14241	33395
Deferred tax charge/(credit) - capital allowances	3926	0
	18167	33395

The tax assessed for the period is higher than the standard rate of UK taxation applicable to the company of 20% (2000 - 20%).

Profit on ordinary activities before tax	94888	157070
Profit on ordinary activities multiplied by standard rate of 20% (2000 - 20%)	18978	31414
Expenses not deductible for tax purposes	713	406
Depreciation for period in excess of capital all'ces	(5450)	1580
Adjustments to tax charge in respect of prior year	0	(5)
Current tax charge for the period	14241	33395

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2001 - Continued

8. TANGIBLE FIXED ASSETS

	Leasehold premises	Plant & equip £	Office equip £	Fixt & fitts £	Motor veh's £	Total £
Cost -						
At 1.1.01	39997	53461	32982	137109	81367	344916
Additions	14550	6450	56418	19489	0	96907
Disposals	0	0	(15408)	0	0	(15408)
At 31.12.01	54547	59911	73992	156598	81367	426415
Depreciation -						
At 1.1.01	9801	48374	24267	112080	57668	252190
Charge for year	6267	3109	14727	9132	17287	50522
Disposals	0	0	(12985)	0	0	(12985)
At 31.12.01	16068	51483	26009	121212	74955	289727
Net book values -						
At 31.12.00	30196	5087	8715	25029	23699	92726
At 31.12.01	38479	8428	47983	35386	6412	136688

Included above are assets held under finance leases or hire purchase contracts amounting to £nil (2000 - £10874).

9. INTANGIBLE FIXED ASSETS

	Goodwill £	Total £
Cost -		
At 1.1.01	0	0
Additions at cost	85630	85630
At 31.12.01	85630	85630
Amortisation -		
At 1.1.01	0	0
Charge for year	4282	4282
At 31.12.01	4282	4282
Net book values -		
At 31.12.00	0	0
At 31.12.01	81348	81348

10. STOCKS

	2001 £	2000 £
Goods for resale	611119	430198
	611119	430198

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2001 - Continued

11. DEBTORS: due within one year

	2001 £	2000 £
Trade debtors	489935	459522
Prepayments and accrued income	20755	14314
Other debtors	11918	13319
	522608	487155

12. CREDITORS: amounts falling due within one year

	2001 £	2000 £
Trade creditors	500205	287625
Corporation tax	14241	33400
Other taxes and social security costs	25266	33815
Directors' loan accounts	129764	90263
Bank overdraft	16503	12420
Loan from Akzo Nobel Decorative Coatings Ltd	27777	0
Net obligations under finance leases and hire purchase contracts	0	9286
Other creditors	49819	45653
	763575	512462

Of the creditors falling due within and after more than one year, the bank overdraft totalling £16503 (2000 - £12420), and the net obligations under finance leases and hire purchase contracts totalling £Nil (2000 - £9286) are secured.

13. CREDITORS: amounts falling due after more than one year

	2001 £	2000 £
Net obligations under finance leases and hire purchase contracts	0	0
Loan from Akzo Nobel Decorative Coatings Ltd	22223	0
	22223	0

14. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	2001 £	2000 £
Amounts payable:		
Within one year	0	10415
Between one and five years	0	0
	0	10415
Less: finance charges allocated to future periods	0	(1129)
	0	9286

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2001 - Continued

15. DEFERRED TAXATION

	2001 £	2000 £
Balance at 1st January	0	0
Charge (credit) for the year	3926	0
Balance at 31st December	3926	0

The provision for deferred taxation is made up of accelerated capital allowances.

16. SHARE CAPITAL

	2001 £	2000 £
Authorised:		
Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
Ordinary shares of £1 each	2	2

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the year	76721	123675
Dividend	(80000)	(90000)
Net movement during the year	(3279)	33675
Shareholders' funds at 1st January 2001	915543	881868
Shareholders' funds at 31st December 2001	912264	915543

18. COMMITMENTS

	2001 £	2000 £
Capital commitments:		
Contracted but not provided for in accounts	Nil	Nil
Authorised by the directors but not contracted for	Nil	Nil

Pension commitments:

The company does not operate a pension scheme but has defined contribution commitments to personal pensions of certain employees. The annual commitments are for contributions of £7338 (2000 - £8167).

Operating lease commitments:

At 31st December 2001 the company had annual commitments of £Nil (2000 - £836) under non-cancellable operating leases which expire within one year, £1520 (2000 - £nil) which expire between two and five years, £20200 (2000 - £nil) relating to the lease of land and buildings, which expire between two and five years and £20200 (2000 - £20200) relating to the lease of land and buildings, which expire in more than five years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2001 - Continued

19. TRANSACTIONS WITH DIRECTORS

Mr A Bush and Mr S Bush are partners in R A Bush Decorators, painting contractors, to whom the company made sales during the year to the value of £63843 (2000 £67015) on normal commercial terms. At the balance sheet date the amount outstanding was £7158 (2000 £7702). The company also bought services to the value of £31836 (2000 £34326) from R A Bush Decorators on normal commercial terms. At the balance sheet date the amount outstanding was £1320.

The company occupies premises owned by its directors. The rent for the properties during the year was £60856 (2000 £60856) on normal rates. At the balance sheet date no amount was outstanding.

20. GROSS CASH FLOWS

	2001 £	2000 £
Returns on investments and servicing of finance		
Interest received	5796	9099
Interest paid	(1148)	(2180)
	4648	6919
Capital expenditure		
Payments to acquire intangible fixed assets	(85630)	0
Payments to acquire tangible fixed assets	(96907)	(16089)
Receipts from sales of tangible fixed assets	350	0
	(182187)	(16089)
Financing		
Capital element of repayments under finance leases and hire purchase agreements	(9286)	(16209)
	(9286)	(16209)

21. DISPOSALS

	2001 £	2000 £
Net book value of tangible fixed assets disposed of	2423	0
Loss on disposal	(2073)	0
Disposal proceeds	350	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2001 - Continued

22. ANALYSIS OF CHANGES IN NET FUNDS

	Balance 01.01.01	Cash flows	Inception finance leases	Balance 31.12.01
	£	£	£	£
Cash in hand and at bank	417928	(67701)	0	350227
Overdrafts	(12420)	(4083)	0	(16503)
	405508	(71784)	0	333724
Finance leases	(9286)	9286	0	0
Total	396222	(62498)	0	333724