SYSTEM 6 KITCHENS LIMITED

ACCOUNTS FOR THE YEAR ENDED

31 JANUARY 2004

DIRECTORS:	M T FOSTER C L FOSTER
SECRETARY:	C L FOSTER
REGISTERED OFFICE:	4 Christow Road Marsh Barton EXETER EX2 8QP
BANKERS:	HSBC Bank plc 9 St Thomas Centre Cowick Street EXETER EX4 1DD
AUDITORS:	M J EDWORTHY AND CO Chartered Certified Accountants 23 Whipton Village Road EXETER EX4 8AN
COMPANY NUMBER:	1902921

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A43 0083
COMPANIES HOUSE 29/10/04

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2004

DIRECTORS' RESPONSIBILITIES

Company law requires us as 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 we 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the company and enable us to ensure that the financial statements comply with the Companies Act 1985. We 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 ANY SIGNIFICANT CHANGES

The principal activity of the company during the year continued to be that of a fitted kitchen manufacturer.

DIRECTORS' INTERESTS

The directors of the company who served during the year and their interests in the ordinary shares of the company were as follows:-

	Ordinary Shares of £1 each	
	31/01/04	31/01/03
M T FOSTER	2	2
C L FOSTER	-	-

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2004

AUDITORS

The auditors, M. J. Edworthy and Co. have indicated their willingness to accept reappointment under section 385 (2) of the Companies Act 1985.

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BY ORDER OF THE BOARD

.....Costar.....
Secretary

.....22/10/04.....
Date

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SYSTEM 6 KITCHENS LIMITED

We have audited the financial statements of System 6 Kitchens Limited for the year ended 31 January 2004 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 keep 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 misstatement within it.

6 KITCHENS LIMITED - CONTINUED

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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 31 January 2004 and of its profit for the year ended and have been properly prepared in accordance with the Companies Act 1985.

M.J. EDWORTHY AND CO
Registered Auditors

27 October 2004

SYSTEM 6 KITCHENS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2004

	Note	2004 £	2003 £
TURNOVER	2	2,224,491	2,047,041
Cost of sales		1,336,446	1,213,195
GROSS PROFIT		888,045	833,846
Administrative expenses		428,497	339,401
OPERATING PROFIT	3	459,548	494,445
Other interest receivable and similar income		11,133	4,271
Interest payable and similar charges		-	288
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		470,681	498,428
Tax on profit on ordinary activities	4	116,602	128,636
PROFIT FOR THE FINANCIAL YEAR		354,079	369,792
Dividends		225,000	150,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		129,079	219,792
Retained profits brought forward		870,409	650,617
RETAINED PROFITS CARRIED FORWARD		999,488	870,409

The annexed notes form part of these financial statements.

SYSTEM 6 KITCHENS LIMITED

BALANCE SHEET

AS AT 31 JANUARY 2004

	Note	£ 2004	£	£ 2003	£
FIXED ASSETS					
Tangible assets	5		245,284		284,982
CURRENT ASSETS					
Stocks	6	85,032		93,593	
Debtors	7	304,684		276,849	
Cash at bank and in hand		740,903		532,606	
		1,130,619		903,048	
CREDITORS					
Amount falling due within one year	8	363,259		300,869	
NET CURRENTASSETS			767,360		602,179
TOTAL ASSETS LESS CURRENT LIABILITIES			1,012,644		887,161
PROVISIONS FOR LIABILITIES AND CHARGES	9		13,154		16,750
NET ASSETS			999,490		870,411
CAPITAL AND RESERVES					
Called up share capital	10		2		2
Profit and loss account			999,488		870,409
SHAREHOLDERS' FUNDS			999,490		870,411

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the Board on ...22/10/04.....

ON BEHALF OF THE BOARD

..... Director .....22/10/04.....Date

The annexed notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2004

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

b) Depreciation

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:-

Property improvements	- 10% per annum of net book value
Plant and machinery	- 25% per annum of net book value
Fixtures and fittings	- 25% per annum of net book value
Motor vehicles	- 25% per annum of net book value

c) Stocks and work in progress

Stocks and work in progress have been valued at the lower of cost and net realisable value; in respect of work in progress, cost includes a relevant proportion of overheads according to the stage of manufacture.

d) Deferred taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

2. TURNOVER

The company's turnover represents the value, excluding value added tax, of goods and services supplied to customers during the year.

3. OPERATING PROFIT

Operating profit is stated after charging:-

	2004 £	2003 £
Directors' emoluments	77,954	56,981
Auditor's remuneration	4,200	3,600
Depreciation of owned assets	59,580	72,890
Hire of plant and machinery	18,527	12,696
Loss on sale of tangible fixed assets	1,748	13,877

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

Current tax:		
UK corporation tax on profits for the year	120,129	129,989
Adjustments in respect of previous years	69	2,031
Deferred tax		
Origination and reversal of timing differences	(3,596)	(3,384)
	116,602	128,636

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2004

5. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc £	Total £
Cost:			
At 1 February 2003	135,605	454,859	590,464
Additions	12,209	9,421	21,630
Disposals	-	4,671	4,671
At 31 January 2004	147,814	459,609	607,423
Depreciation:			
At 1 February 2003	36,880	268,602	305,482
Charge for the year	11,093	48,487	59,580
Eliminated on disposals	-	2,923	2,923
At 31 January 2004	47,973	314,166	362,139
Net book value:			
At 31 January 2004	99,841	145,443	245,284
At 31 January 2003	98,725	186,257	284,982

The cost of depreciable assets included in land and buildings at 31 January 2004 was £147,814

6. STOCKS AND WORK IN PROGRESS

	2004 £	2003 £
Stocks	85,032	93,593

7. DEBTORS – ALL RECEIVABLE WITHIN ONE YEAR

	2004 £	2003 £
Trade debtors	283,823	261,080
Other debtors	20,861	15,769
	304,684	276,849

8. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank overdraft	31,356	-
Trade creditors	113,601	98,645
Other creditors	53,104	29,011
Corporation tax	120,129	129,989
Other tax and social security	45,069	43,224
	363,259	300,869

Included in trade creditors are amounts totalling £76,747 (2003 £72,689) due in respect of goods for which title does not pass until payment is made.

9. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation £
Balance at 1 February 2003	16,750
Utilised during the year	(3,596)
Balance at 31 January 2004	13,154

The amount provided and the potential liability for deferred taxation is as follows:-

	2004		2003	
	Provided £	Potential £	Provided £	Potential £
The accumulated excess of capital allowances over corresponding depreciation	13,154	13,154	16,750	16,750

10. SHARE CAPITAL

	Authorised	Allotted, called up and fully paid
	£	£
Ordinary shares of £1 each	10,000	2

There have been no changes during the year