VALE FURNISHERS LIMITED

FINANCIAL STATEMENTS

30 APRIL 2002

Company Registration Number 2056621





MENZIES
CHARTERED ACCOUNTANTS

VALE FURNISHERS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2002

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VALE FURNISHERS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS	A R Chandler V J Chandler A Mundell
COMPANY SECRETARY	A R Chandler
REGISTERED OFFICE	Wharf Road Ash Vale Surrey GU12 5AS
AUDITORS	Menzies Chartered Accountants & Registered Auditors Longbridge House 3 Downing Street Farnham Surrey GU9 7PA
BANKERS	Fleming Premier Banking Sovereign House 16-22 Western Road Romford RM1 3SP

VALE FURNISHERS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 APRIL 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 April 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity during the year was the retail sale of furniture and carpets.

The company's turnover has increased by 23% to £4,991,884 (2001 - £4,063,719), resulting from the catch-up of supplier lead times from the previous year and organic growth. The organic growth is attributable in part to greater spending on advertising and sales promotion. This, together with higher property related costs, has contributed to the increase in administrative expenses for the year.

The directors are pleased to report a profit before taxation of £1,662,191 (2001 - £1,275,143).

Although turnover is expected to fall as supplier lead times return to normal, the directors are confident that the company will remain profitable during the current financial year.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 30 April 2002	At 1 May 2001
A R Chandler	2,724	2,724
V J Chandler	1,080	1,080
A Mundell	–	–

In addition to the shareholding noted above, A R Chandler holds 49 £1 ordinary shares as a Trustee of a bare trust (2001 - 49) in favour of Miss L Chandler.

INTRODUCTION OF THE EURO

The directors have reviewed the potential impact associated with the introduction of the Euro, but consider that there should be no adverse effect upon the company or its business.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

a) select suitable accounting policies, as described on page 9, and then apply them consistently;

b) make judgements and estimates that are reasonable and prudent; and

c) 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. The directors 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.

DONATIONS

During the year the company made the following contributions:

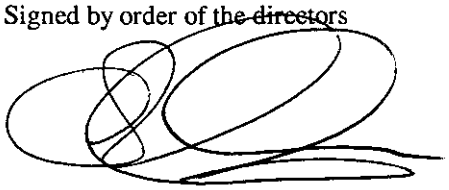
	2002 £	2001 £
Charitable	1,030	815

AUDITORS

A resolution to re-appoint Menzies as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Wharf Road
Ash Vale
Surrey
GU12 5AS

Signed by order of the directors



A R Chandler
Company Secretary

Approved by the directors on 12 December 2002

VALE FURNISHERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 30 APRIL 2002

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on pages 2 to 3.

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 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. Our responsibilities do not extend to any other information.

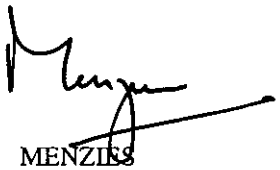
BASIS OF AUDIT OPINION

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 30 April 2002 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



MENZIES
Chartered Accountants
& Registered Auditors

Longbridge House
3 Downing Street
Farnham
Surrey
GU9 7PA

12 December 2002

VALE FURNISHERS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 APRIL 2002

	Note	2002 £	2001 £
TURNOVER	2	4,991,884	4,063,719
Cost of sales		2,999,635	2,573,585
GROSS PROFIT		1,992,249	1,490,134
Administrative expenses		444,949	306,398
OPERATING PROFIT	3	1,547,300	1,183,736
Interest receivable	6	114,911	91,407
Interest payable	7	(20)	–
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,662,191	1,275,143
Tax on profit on ordinary activities	8	504,139	376,900
RETAINED PROFIT FOR THE FINANCIAL YEAR		1,158,052	898,243

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 9 to 15 form part of these financial statements.

VALE FURNISHERS LIMITED

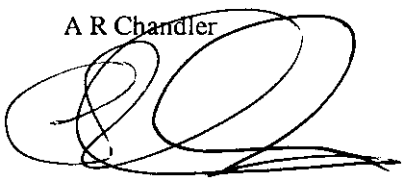
BALANCE SHEET

30 APRIL 2002

	Note	2002 £	2002 £	2001 £	2001 £
FIXED ASSETS					
Intangible assets	9		–		–
Tangible assets	10		844,884		485,238
			844,884		485,238
CURRENT ASSETS					
Stocks	11	314,493		292,037	
Debtors	12	857,224		785,777	
Cash at bank and in hand		3,188,558		2,314,131	
		4,360,275		3,391,945	
CREDITORS: Amounts falling due within one year	13	1,399,570		1,229,692	
NET CURRENT ASSETS			2,960,705		2,162,253
TOTAL ASSETS LESS CURRENT LIABILITIES			3,805,589		2,647,491
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	15		46		–
			3,805,543		2,647,491
CAPITAL AND RESERVES					
Called-up equity share capital	18		4,000		4,000
Profit and Loss Account	19		3,801,543		2,643,491
SHAREHOLDERS' FUNDS	20		3,805,543		2,647,491

These financial statements were approved by the directors on the 12 December 2002 and are signed on their behalf by:

A R Chandler



V J Chandler

Vanessa Chandler

The notes on pages 9 to 15 form part of these financial statements.

VALE FURNISHERS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 30 APRIL 2002

	2002		2001	
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		1,537,969		1,544,039
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	114,911		91,407	
Interest paid	(20)		–	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		114,891		91,407
TAXATION		(379,095)		(377,890)
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets	(399,338)		(2,416)	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(399,338)		(2,416)
INCREASE IN CASH		874,427		1,255,140

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002	2001
	£	£
Operating profit	1,547,300	1,183,736
Depreciation	39,692	21,858
Increase in stocks	(22,456)	(10,481)
(Increase)/Decrease in debtors	(71,447)	284,501
Increase in creditors	44,880	64,425
Net cash inflow from operating activities	1,537,969	1,544,039

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2002	2001
	£	£
Increase in cash in the period	874,427	1,255,140
Movement in net funds in the period	874,427	1,255,140
Net funds at 1 May 2001	2,314,131	1,058,991
Net funds at 30 April 2002	3,188,558	2,314,131

The notes on pages 9 to 15 form part of these financial statements.

VALE FURNISHERS LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 30 APRIL 2002

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 May 2001 £	Cash flows £	At 30 Apr 2002 £
Net cash:			
Cash in hand and at bank	2,314,131	874,427	3,188,558
Net funds	2,314,131	874,427	3,188,558

The notes on pages 9 to 15 form part of these financial statements.

VALE FURNISHERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Amortisation of goodwill

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	-	written off in full in the year of acquisition

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold buildings	-	2% straight line
Long leasehold property	-	2% straight line
Fixtures and fittings	-	25% net book value
Motor vehicles	-	25% net book value
Plant and machinery	-	25% net book value

Freehold land is not depreciated.

Stocks

Stock is stated at the lower of cost and net realisable value. In the case of stocks held for resale, cost means purchase price calculated on a first in, first out basis. In the case of showroom display stocks, stock values reflect credits received to compensate for wear and tear and supplier display contributions. Net realisable value means the estimated selling price less all costs to be incurred in marketing, selling and distribution.

Operating lease agreements

Payments under operating leases are charged to the profit and loss account as incurred.

Deferred taxation

Provision is made for deferred taxation on the liability method for all short-term timing differences. Provision is also made for long-term timing differences, except to the extent that there is a reasonable probability of the tax not falling due for payment in the foreseeable future. Such tax not provided for is disclosed as a contingent liability.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2002 £	2001 £
United Kingdom	4,991,884	4,063,719

3. OPERATING PROFIT

Operating profit is stated after charging:

	2002 £	2001 £
Depreciation	39,692	21,858
Auditors' remuneration - as auditors	7,000	7,000

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2002 No.	2001 No.
Office and management	7	7
Sales and warehouse	15	16
	22	23

The aggregate payroll costs of the above were:

	2002 £	2001 £
Wages and salaries	404,995	354,385
Social security costs	34,496	32,305
	439,491	386,690

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2002 £	2001 £
Emoluments receivable	51,018	50,226

None of the directors accrued any pension benefits during the year (2001 - £nil).

6. INTEREST RECEIVABLE

	2002 £	2001 £
Bank interest receivable	114,911	90,990
Interest received on tax overpayment	–	417
	114,911	91,407

7. INTEREST PAYABLE

	2002 £	2001 £
Interest payable on bank borrowing	20	–

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of tax charge in period

	2002 £	2001 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2001 - 29.57%)	504,093	379,095
Over/under provision in prior year	–	(2,195)
Total current tax	504,093	376,900
Deferred tax:		
Increase in deferred tax provision **(note 15)**		
Capital allowances	46	–
Tax on profit on ordinary activities	504,139	376,900

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2001 - 29.57%).

	2002 £	2001 £
Profit on ordinary activities before taxation	1,662,191	1,275,143
Profit/(loss) on ordinary activities by rate of tax	498,657	377,089
Expenses not deductible for tax purposes	3,435	653
Depreciation in excess of capital allowances	2,001	1,353
Adjustments to tax charge in respect of previous periods	–	(2,195)
Total current tax **(note 8(a))**	504,093	376,900

9. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 May 2001 and 30 April 2002	1
AMORTISATION	
At 1 May 2001	1
At 30 April 2002	1
NET BOOK VALUE	
At 30 April 2002	–
At 30 April 2001	–

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings & Long leasehold property £	Fixtures and fittings £	Motor vehicles £	Plant and machinery £	Total £
COST					
At 1 May 2001	472,831	13,283	–	124,795	610,909
Additions	340,903	7,090	15,000	36,345	399,338
At 30 April 2002	813,734	20,373	15,000	161,140	1,010,247
DEPRECIATION					
At 1 May 2001	30,706	9,555	–	85,410	125,671
Charge for the year	14,305	2,705	3,750	18,932	39,692
At 30 April 2002	45,011	12,260	3,750	104,342	165,363
NET BOOK VALUE					
At 30 April 2002	768,723	8,113	11,250	56,798	844,884
At 30 April 2001	442,125	3,728	–	39,385	485,238

Included within the net book value for "freehold land and buildings and long leasehold property" is £201,547 (2001 - £206,085) which relates to a 20% interest in the freehold land and buildings situated at Wharf Road, Ash Vale where the company carries on its business.

Included within the net book value for "freehold land and buildings and long leasehold property" is £338,852 which relates to long leasehold property.

11. STOCKS

	2002 £	2001 £
Goods for resale	314,493	292,037

There was no significant difference between the replacement cost and the value of stock disclosed above.

12. DEBTORS

	2002 £	2001 £
Trade debtors	746,554	707,080
Other debtors	49,720	30,856
Directors current accounts	13,311	2,250
Prepayments and accrued income	47,639	45,591
	857,224	785,777

Trade debtors represent amounts due under short term, interest free, financing arrangements provided to certain customers. Transactions in this regard are normally required to be fully repaid over a period of 6 months.

All amounts included above are considered receivable within one year of the balance sheet date.

13. CREDITORS: Amounts falling due within one year

	2002 £	2001 £
Trade creditors	392,953	400,863
Other creditors including taxation and social security:		
Corporation tax	504,093	379,095
PAYE and social security	7,369	7,282
VAT	125,626	99,296
Other creditors	6,503	4,023
Directors current accounts	–	22,201
Accruals and deferred income	363,026	316,932
	1,399,570	1,229,692

14. DIRECTORS' CURRENT ACCOUNTS

The balances owed to/(by) the directors at the 30 April 2002 were as follows:

	2002 £	2001 £
A Mundell loan account	–	(2,250)
A R Chandler current account	(7,653)	22,201
V J Chandler current account	(5,658)	–
	(13,311)	19,951

The directors' current accounts are unsecured and interest free. The maximum balances outstanding during the year were as follows:

	£
A R Chandler	7,653
V J Chandler	5,658
A Mundell	2,250

15. DEFERRED TAXATION

	2002 £	2001 £
The movement in the deferred taxation provision during the year was:		
Profit and Loss Account movement arising during the year	46	–
Provision carried forward	46	–

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2002		2001	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	46	–	–	(2,245)
	46	–	–	(2,245)

15. DEFERRED TAXATION *(continued)*

The unprovided balance of £2,245 at 30 April 2001 was a deferred tax asset, representing the excess of depreciation over capital allowances.

16. COMMITMENTS UNDER OPERATING LEASES

At 30 April 2002 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2002	2001
	£	£
Operating leases which expire:		
After more than 5 years	48,000	50,860

17. RELATED PARTY TRANSACTIONS

a) During the year the company was charged £60,000, and received £12,000, rent in connection with its showroom premises which A R Chandler and other members of his family hold an 80% interest. At 30 April 2002 the company was owed net rents amounting to £21,000 (2001 - 9,000).

b) A relative of A R Chandler and Mrs V J Chandler has advanced the company a short term, interest free loan to the company which is unsecured and considered to be repayable on demand. At 30 April 2002 the balance outstanding in favour of the relative was £6,503 (2001 - £4,023).

18. SHARE CAPITAL

Authorised share capital:

	2002	2001
	£	£
4,000 Ordinary shares of £1 each	4,000	4,000

Allotted, called up and fully paid:

	2002	2001
	£	£
Ordinary share capital	4,000	4,000

19. PROFIT AND LOSS ACCOUNT

	2002	2001
	£	£
Balance brought forward	2,643,491	1,745,248
Retained profit for the financial year	1,158,052	898,243
Balance carried forward	3,801,543	2,643,491

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit for the financial year	1,158,052	898,243
Opening shareholders' equity funds	2,647,491	1,749,248
Closing shareholders' equity funds	3,805,543	2,647,491

21. CONTROLLING PARTY

The company is controlled by A R Chandler by virtue of his controlling interest in the issued share capital of the company.