

CARPET MATTERS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1997

P F O BROOM & CO
CHARTERED CERTIFIED ACCOUNTANTS
REGISTERED AUDITORS



CARPET MATTERS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1997

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AUDITORS' REPORT TO THE MEMBERS OF**CARPET MATTERS LIMITED****FOR THE YEAR ENDED 30TH JUNE 1997****PURSUANT TO PARAGRAPH 10 OF SCHEDULE 8 TO THE COMPANIES ACT 1985**

We have examined the annexed abbreviated accounts together with the annual accounts of the company for the year ended 30th June 1997. The scope of our work for the purpose of this report was limited to confirming that the directors are entitled to deliver abbreviated accounts and that these have been properly prepared from the annual accounts.

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to deliver abbreviated accounts in respect of the year ended 30th June 1997 and the annexed abbreviated accounts have been properly prepared in accordance with Schedule 8 to that Act.

As auditors, we reported to the members of the company on the annual accounts prepared under section 227 of the Companies Act 1985 for the year ended 30th July 1997 as follows:-

We have audited the accounts on pages 4 to 11 which have been prepared under the accounting policies set out in note 1 on page 7.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 assurances that the accounts are free from material misstatement, whether caused by fraud or error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

continued.....

AUDITORS' REPORT TO THE DIRECTORS OF

CARPET MATTERS LIMITED

FOR THE YEAR ENDED 30TH JUNE 1997

PURSUANT TO PARAGRAPH 10 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

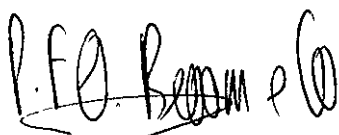
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Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in note 1(a) of the accounts concerning the amounts due to the company's directors and the loan guaranteed by one of the directors. In view of these matters we consider that there is a significant level of concern as to the appropriateness of the going concern basis and that this inherent uncertainty is fundamental to the accounts as a whole. However, our opinion is not qualified in this respect, and on the basis of our discussions with the directors and other information which we obtained during our audit we consider that it is appropriate for the directors to prepare the accounts on a going concern basis.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 30th June 1997 and of its results for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



P.F.O. Broom & Co.
Chartered Certified Accountants
Registered Auditors
Broom House
39/43 London Road
Hadleigh Benfleet
Essex SS7 2QL

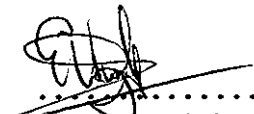
25th November 1997

CARPET MATTERS LIMITED
ABBREVIATED BALANCE SHEET
AS AT 30TH JUNE 1997

	Note	1997 £	1996 £
Fixed assets			
Tangible assets	2	10,420	13,017
Current assets			
Stocks		45,712	41,993
Debtors		30,974	30,630
Cash at bank and in hand		60	61
		<u>76,746</u>	<u>72,684</u>
Creditors: amounts falling due within one year		<u>(391,433)</u>	<u>(400,334)</u>
Net current (liabilities)		(314,687)	(327,650)
Total assets less current liabilities		<u>(304,267)</u>	<u>(314,633)</u>
Capital and reserves			
Called up share capital	4	100	100
Profit and loss account		(304,367)	(314,733)
		<u>(304,267)</u>	<u>(314,633)</u>

Approved by the board of directors on 25th November 1997.

In preparing these abbreviated accounts we have relied on the exemptions given by section A of part III of schedule 8 to the Companies Act 1985. We have done so on the grounds that the company is entitled to the benefit of those exemptions as a small company.


.....
E.L.S. Wright


.....
P. Rush

CARPET MATTERS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1997

1 Accounting policies**a. Basis of accounting**

The financial statements have been prepared on a going concern basis. Of the company's liabilities, £230,811 is owed to the directors who have agreed not to demand repayment of this amount until at least one year after the date on which the accounts are approved. A further £83,032 of the companies liabilities is in the form of a loan which is personally guaranteed by one of the directors.

The company meets its day to day working capital requirements through an overdraft facility which, in common with all such facilities, is repayable on demand. The company is operating within its agreed facility and in view of the directors' relationship with the company's bankers, they consider it reasonable to rely on the continuation of the facility for the foreseeable future.

If the going concern basis were not appropriate, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities that might arise and to reclassify fixed assets as current assets.

b. Turnover

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities and is stated net of trade discounts and value added tax.

c. Depreciation of tangible assets

Depreciation is calculated to write off the cost (less estimated residual value) of fixed assets over their estimated useful lives at the following annual rates:

Leasehold land and buildings	evenly over the term of the lease.
Equipment	25% reducing balance

d. Leases and hire purchase contracts

Assets acquired under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful lives. The interest element of the rental obligations is charged over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged on a straight line basis over the term of the lease.

e. Stocks

Stocks are stated at the lower of cost and net realisable value.

CARPET MATTERS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1997

2 Tangible fixed assets

	Total
Cost	£
1st July 1996	36,976
30th June 1997	<u>36,976</u>
Depreciation	
1st July 1996	23,959
Charge for year	2,597
30th June 1997	<u>26,556</u>
Net book amount	
30th June 1997	<u>10,420</u>
30th June 1996	<u>13,017</u>

3 Creditors: amounts falling due within one year includes:

	1997	1996
	£	£
Directors' current accounts	230,811	230,811
Other creditors	<u>87,526</u>	<u>91,454</u>

4 Called up share capital

	1997	1996
	£	£
Authorised		
2,000,000 ordinary shares of 5p each	<u>100,000</u>	<u>100,000</u>
Allotted called up and fully paid		
2,000 ordinary shares of 5p each	<u>100</u>	<u>100</u>