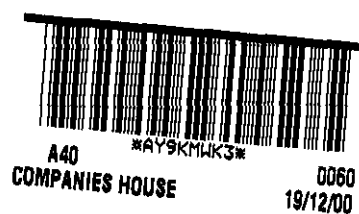


CARPET MATTERS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 2000



AUDITORS' REPORT TO CARPET MATTERS LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 2 to 4 together with the accounts of Carpet Matters Limited for the year ended 30th June 2000 prepared under section 226 of the Companies Act 1985.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of Opinion

We have carried out procedures we considered necessary to confirm, by reference to the accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the accounts.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 4 are properly prepared in accordance with those provisions.



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

27th November 2000

CARPET MATTERS LIMITED

ABBREVIATED BALANCE SHEET

AS AT 30TH JUNE 2000

	Notes	£	2000 £	£	1999 £
Fixed Assets	2				
Tangible fixed assets			12,544		3,890
Current Assets					
Stock and work in progress		40,638		43,315	
Debtors		36,124		24,719	
Cash at bank and in hand		26,346		24,580	
		103,108		92,614	
Creditors: Amounts Falling Due Within One Year	3	(300,464)		(333,862)	
Net Current Liabilities			(197,356)		(241,248)
Total Assets Less Current Liabilities			(184,812)		(237,358)
Capital and Reserves					
Share capital	4		100		100
Profit and loss account			(184,912)		(237,458)
Shareholders' Funds			(184,812)		(237,358)

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

These accounts were approved by the board on 27th November 2000 and signed on its behalf.



Mr E.L.S. Wright
Director

CARPET MATTERS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 2000

1 Accounting Policies

(a) Basis of Accounting

The accounts have been prepared under the historical cost convention, on a going concern basis. Of the company's liabilities, £193,443 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 £65,172 of the company's liabilities is in the form of a loan which is personally guaranteed by one of the directors.

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.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

(b) Turnover

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

(c) Depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets by the reducing balance method over their expected useful lives. The rates generally applicable are:

Motor vehicles	25%
Fixtures, fittings and equipment	25%

(d) Deferred Taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise.

CARPET MATTERS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 2000

2 Fixed Assets

	Tangible Fixed Assets	Total
	£	£
Cost		
At 1st July 1999	31,437	31,437
Additions	11,945	11,945
At 30th June 2000	43,382	43,382
Depreciation		
At 1st July 1999	27,547	27,547
Charge for the year	3,291	3,291
At 30th June 2000	30,838	30,838
Net Book Value		
At 30th June 2000	12,544	12,544
<i>At 30th June 1999</i>	<i>3,890</i>	<i>3,890</i>

3 Creditors: Amounts Falling Due Within One Year Includes:

	2000	1999
	£	£
Directors' loan accounts	193,443	222,811

'Directors' loan accounts' includes £183,411 (1999 - £222,811) due to Mr E.L.S. Wright which is secured by a charge over all the company's present and future assets.

4 Share Capital

	2000	1999
	£	£
Authorised		
2,000,000 Ordinary shares of £0.05 each	100,000	100,000
Allotted		
2,000 Allotted, called up and fully paid ordinary shares of £0.05 each	100	100