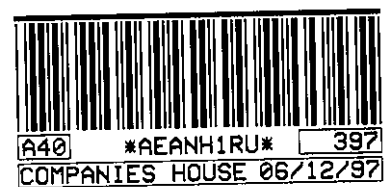


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Company Number: 3106295

Nicholas Haslam Limited
Financial Statements
for the period ended 31st January 1997



Nicholas Haslam Limited

Company Information

Company No: 3106295

Chairman

P. Moschino

Business Address

12, Holbein Place,
London,
SW1 8NL.

Registered Office

5, Wigmore Street,
London,
W1H 0HY.

Directors

P. Moschino
N.P. Haslam

Secretary

P. Moschino

Auditors

Benjamin, Taylor & Co.,
5, Wigmore Street,
London,
W1H 0HY.

Bankers

National Westminster Bank plc,
1st Floor,
Portland House,
Stag Place,
London,
SW1E 5NW.

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1 and 2	Directors' Report
3	Auditors' Report
4	Profit and Loss Account
5	Balance Sheet
6	Cash Flow Statement
7 to 14	Notes to the Financial Statements

Nicholas Haslam Limited

Directors' Report

for the period ended 31st January 1997

The directors submit their report together with the audited financial statements for the period ended 31st January 1997.

Directors' Statement

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit 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;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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 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.

Results and Dividends

The profit on the ordinary activities of the company before taxation amounted to £13,647. After deducting taxation, the profit of £10,075 has been transferred to reserves.

The directors do not recommend a dividend.

Principal Activity and Business Review

The company was incorporated on 25th September 1995.

The principal activity of the company continued to be that of retailers and wholesalers of interior designing goods and services.

The company operates from shop premises in Holbein Place, London. The business was purchased as a going concern from FSI plc in September 1995.

The directors expect that the level of activity will continue in the foreseeable future.

Nicholas Haslam Limited

Directors' Report

for the period ended 31st January 1997

Directors and their Interests

The directors who served during the period and their beneficial interests in the share capital of the company were as follows:

	Ordinary shares of £1 each
	1997 No.
P. Moschino	90
N.P. Haslam	10

The directors were appointed to the board of directors on 25th September 1995.

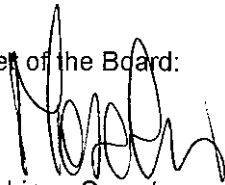
Tax Status

The company is a close company as defined by S414 of the Income and Corporation Taxes Act 1988.

Auditors

The Auditors, Benjamin, Taylor & Co., Chartered Accountants, have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

By Order of the Board:



P. Moschino, Secretary

14th November 1997

Auditors' Report to the Shareholders

on the Financial Statements for the period ended 31st January 1997

We have audited the financial statements on pages 4 to 14, which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of the directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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.

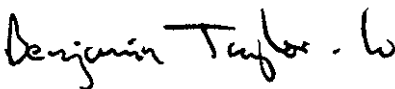
We planned and performed our audit so as to obtain all information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

Going Concern

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the continued support, by the creditors and bank of the company's day to day working capital requirements. In view of the significance of this support, we consider that it should be brought to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st January 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**Benjamin, Taylor & Co.,
Chartered Accountants
and Registered Auditors**

5, Wigmore Street,
London,
W1H 0HY.

14th November 1997

Nicholas Haslam Limited
Profit and Loss Account
for the period ended 31st January 1997

	Notes	1997 £
Turnover	2	480,516
Cost of sales		(278,909)
Gross profit		201,607
Administrative expenses		(193,083)
Other operating income	4	12,060
Operating profit	3	20,584
Interest receivable	5	688
Interest payable	6	(7,625)
Profit on ordinary activities before Taxation		13,647
Tax on profit on ordinary activities	8	(3,572)
Profit on ordinary activities after Taxation		10,075

All amounts relate to continuing activities.

There have been no recognised gains or losses, other than the results for the financial period, and all profits or losses have been accounted for on an historical cost basis.

The notes on pages 7 to 14 form part of these financial statements.

Nicholas Haslam Limited

Balance Sheet

as at 31st January 1997

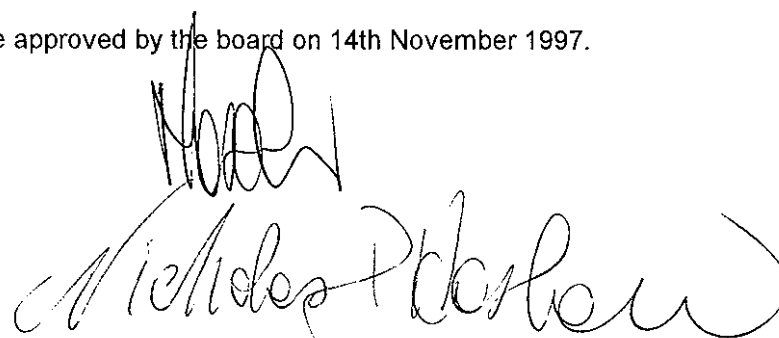
	Notes	1997	
		£	£
Fixed Assets			
Tangible fixed assets	9		12,890
Current Assets			
Stock	10	34,421	
Debtors	11	36,583	
Cash at bank		64,061	
		135,065	
Creditors:			
Amounts falling due within one year	12	(63,471)	
Net Current Assets			71,594
Total Assets Less Current Liabilities			84,484
Creditors:			
Amounts falling due after more than one year	13		(74,309)
			10,175
Capital and Reserves			
Share capital	14		100
Profit and loss account			10,075
Equity Shareholders' Funds	15		10,175

These accounts were approved by the board on 14th November 1997.

P. Moschino

N.P. Haslam

Directors



The notes on pages 7 to 14 form part of these financial statements.

Nicholas Haslam Limited

Cash Flow Statement

for the period ended 31st January 1997

	Notes	1997 £
Cash flow from operating activities	16	32,975
Returns on investments and servicing of finance	17	(6,937)
Capital expenditure and financial investment	17	(16,859)
Cash inflow before use of liquid resources and financing		9,179
Financing	17	54,882
Increase in cash in the period	18	64,061
Reconciliation of net cash flow to movement in net debt		
Increase in cash in the period		64,061
Cash inflow from increase in debt and lease financing	18	(54,782)
Change in net debt resulting from cashflows		9,279
Net debt at 31st January 1997	18	9,279

The notes on pages 7 to 14 form part of the financial statements.

Nicholas Haslam Limited
Notes to the Financial Statements
for the period ended 31st January 1997

1 Principal Accounting Policies

Accounting Convention

The Financial Statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

Going Concern

After making enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Turnover

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

Depreciation

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

Furniture and equipment	20% on cost
-------------------------	-------------

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

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. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advanced corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account./

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Profit and Loss Account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Profit and Loss Account on a straight-line basis over the lease term.

Nicholas Haslam Limited
Notes to the Financial Statements
for the period ended 31st January 1997

2 Turnover

The turnover and operating profit for the period was derived from the company's principal activity.

The geographical analysis of turnover is as follows:

	1997
	£
United Kingdom	330,282
Europe	65,675
Rest of the World	84,559
	<u>480,516</u>

3 Operating Profit

The operating profit is stated after charging or crediting:

	1997
	£
Other operating lease rentals	24,881
Amounts payable to the auditors in respect of audit services	3,500
Amounts payable to the auditors in respect of non-audit services	14,781
Depreciation - owned assets	<u>3,969</u>

4 Other Operating Income

	1997
	£
Rent receivable	12,060
	<u>12,060</u>

5 Interest Receivable

	1997
	£
Bank interest received	688
	<u>688</u>

6 Interest Payable

	1997
	£
Bank loan and overdraft	<u>7,625</u>

Nicholas Haslam Limited
Notes to the Financial Statements
for the period ended 31st January 1997

7 Directors and Employees

Staff costs during the year were as follows:

	1997
	£
Wages and salaries	51,925
Social security costs	4,881
	<u>56,806</u>

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

	1997
	Number
Administration	1
Management	2
	<u>3</u>

Remuneration in respect of directors was as follows:

	1997
	£
Aggregate amount of emoluments paid in respect of qualifying services	30,000
	<u>30,000</u>

8 Tax on Profit on Ordinary Activities

Based on the profit for the year:

	1997
	£
U.K. Corporation tax at 24%	3,572
	<u>3,572</u>

9 Tangible Fixed Assets

	Furniture and equipment £	Total £
Cost		
Additions	16,859	16,859
At 31st January 1997	<u>16,859</u>	<u>16,859</u>
Depreciation		
Charged for the period	3,969	3,969
At 31st January 1997	<u>3,969</u>	<u>3,969</u>
Net Book Value		
At 31st January 1997	<u>12,890</u>	<u>12,890</u>

Nicholas Haslam Limited
Notes to the Financial Statements
for the period ended 31st January 1997

10	Stocks	1997
		£
	Goods for re-sale	34,421
		<u>34,421</u>
11	Debtors	1997
		£
	Trade debtors	16,513
	Other debtors	10,506
	Prepayments	9,564
		<u>36,583</u>
		<u>36,583</u>

Other debtors include a rental deposit of £9,564, which is repayable at the end of lease on 21st December 2002.

12	Creditors: Amounts falling due within one year	1997
		£
	Bank loan	7,373
	Trade creditors	36,659
	Corporation tax	3,572
	Other taxes and social security	1,275
	Accruals	14,592
		<u>63,471</u>
		<u>63,471</u>

The bank loan is secured by a mortgage debenture dated 13th October 1995 over all the assets of the company.

Nicholas Haslam Limited

Notes to the Financial Statements

for the period ended 31st January 1997

13	Creditors: Amounts falling due after one year	1997
		£
	Bank loan	47,409
	Directors loan account	26,900
		<u>74,309</u>
	Bank loans repayable by instalments as follows:-	1997
		£
	Between one and two years	8,165
	Between two and five years	30,150
		<u>38,315</u>
	Within one year	7,373
		<u>45,688</u>
	Total bank loans repayable after more than five years	<u>9,094</u>
	Total bank loan repayments	<u>54,782</u>

The bank loan is secured by a mortgage debenture dated 13th October 1995 over all the assets of the company.

The directors loan account is interest free. The director has postponed repayment of the loan so long as the bank loan remains outstanding.

Nicholas Haslam Limited
Notes to the Financial Statements
for the period ended 31st January 1997

14 Share Capital

Authorised	1997 £
100,000 Ordinary shares of £1 each	100,000
	<u>100,000</u>
Allotted and fully paid	1997 £
100 Ordinary shares of £1 each	100
	<u>100</u>
Movements during the year	
	Ordinary shares of £1 each
Issues during the period	100
At 31st January 1997	<u>100</u>

On 25th September 1995, 100 ordinary shares were issued at par.

15 Reconciliation of the Movement in Shareholders' Funds

	1997 £
Profit for the financial period	10,075
New share capital subscribed	10,075 100
Increase in shareholders' funds	<u>10,175</u>
Closing shareholders' funds	<u>10,175</u>

Nicholas Haslam Limited

Notes to the Financial Statements

for the period ended 31st January 1997

16 Reconciliation of Operating Profit to Operating Cash Flows

	1997 £
Operating profit	20,584
Depreciation charges	3,969
(Increase) in stocks	(34,421)
(Increase) in debtors	(36,583)
Increase in creditors	79,426
Net Cash Inflow from Operating Activities	32,975

17 Analysis of Cash Flows for headings netted in the Cash Flow Statement

Returns on investments and servicing of finance	1997 £
Interest received	688
Interest paid	(7,625)
Net cash (outflow) for returns on investments and servicing of finance	(6,937)

Capital expenditure and financial investment	1997 £
Purchase of tangible fixed assets	(16,859)
Net cash (outflow) for capital expenditure and financial investment	(16,859)

Financing	1997 £
Issue of share capital	100
Bank loan advance due within a year:	7,373
Bank loan advance due beyond a year:	55,627
Repayment of bank loan due beyond a year:	(8,218)
Net cash inflow from financing	54,882

18 Analysis of changes in Net Debt

	At 26th September 1995 £	Cashflows £	At 31st January 1997 £
Cash at bank and in hand	-	64,061	64,061
Bank loan due within 1 year	-	(7,373)	(7,373)
Bank loan due after 1 year	-	(47,409)	(47,409)
Total	-	9,279	9,279

Nicholas Haslam Limited

Notes to the Financial Statements

for the period ended 31st January 1997

19 Operating lease commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the next financial year:

	1997
	Land and buildings
	£
Expiring:	
Within one year	-
Within two to five years	18,500
After five years	-
	18,500