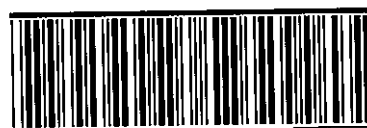


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Company Number: 3106295

Nicholas Haslam Limited
Financial Statements
for the year ended 31st January 1998



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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.

Nicholas Haslam Limited

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Nicholas Haslam Limited

Directors' Report

for the year ended 31st January 1998

The directors submit their report together with the audited financial statements for the year ended 31st January 1998.

Directors' Statement

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 and of the profit for that year. 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 £91,032. After deducting taxation, the profit of £70,934 has been transferred to reserves.

The directors do not recommend a dividend.

Principal Activity and Business Review

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

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

Directors and their Interests

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

	Ordinary shares of £1 each	
	1998 No.	1997 No.
P. Moschino	90	90
N.P. Haslam	10	10

Nicholas Haslam Limited

Directors' Report

for the year ended 31st January 1998

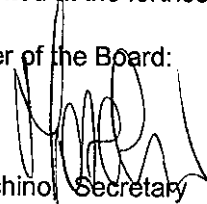
Tax Status

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

23rd September 1998

Nicholas Haslam Limited

Auditors' Report to the Shareholders

on the Financial Statements for the year ended 31st January 1998

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.

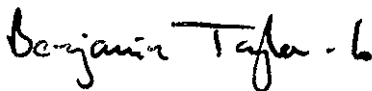
Basis of opinion

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.

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 1998 and of its profit for the year 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.

23rd September 1998

Nicholas Haslam Limited
Profit and Loss Account
for the year ended 31st January 1998

	Notes	1998 £	1997 £
Turnover	2	649,658	480,516
Cost of sales		(317,884)	(278,909)
Gross profit		331,774	201,607
Administrative expenses		(238,230)	(193,083)
Other operating income	3	1,137	12,060
Operating profit	4	94,681	20,584
Interest receivable	5	2,079	688
Interest payable	6	(5,728)	(7,625)
Profit on ordinary activities before Taxation		91,032	13,647
Tax on profit on ordinary activities	8	(20,098)	(3,572)
Profit on ordinary activities after Taxation		70,934	10,075
Retained profit brought forward		10,075	-
Retained profit carried forward		81,009	10,075

All amounts relate to continuing activities.

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

The 1997 comparative figures relate to the 17 month period from 25th September 1995 to 31st January 1997.

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

Nicholas Haslam Limited

Balance Sheet

as at 31st January 1998

	Notes	1998	1997
		£	£
Fixed Assets			
Tangible fixed assets	9	22,570	12,890
Current Assets			
Stock	10	66,028	34,421
Debtors	11	32,704	36,583
Cash at bank		137,740	64,061
		<u>236,472</u>	<u>135,065</u>
Creditors:			
Amounts falling due within one year	12	(153,671)	(63,471)
Net Current Assets		82,801	71,594
Total Assets Less Current Liabilities		<u>105,371</u>	<u>84,484</u>
Creditors:			
Amounts falling due after more than one year	13	(24,262)	(74,309)
		<u>81,109</u>	<u>10,175</u>
Capital and Reserves			
Called up share capital	15	100	100
Profit and loss account		81,009	10,075
Equity Shareholders' Funds	16	<u>81,109</u>	<u>10,175</u>

These accounts were approved by the board on 23rd September 1998.

P. Moschino

N.P. Haslam

Directors

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

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Nicholas Haslam Limited

Cash Flow Statement

for the year ended 31st January 1998

	Notes	1998 £	1997 £
Cash Flow from Operating Activities	17	98,050	32,975
Returns on Investments and Servicing of Finance	18	(3,649)	(6,937)
Taxation		(3,572)	-
Capital Expenditure and Financial Investment	18	(7,904)	(16,859)
Cash inflow before use of liquid resources and financing		82,925	9,179
Financing	18	(9,246)	54,882
Increase in Cash in the year	19	73,679	64,061
Reconciliation of Net Cash Flow to movement in Net Debt			
Increase in Cash in the year		73,679	64,061
Cash outflow/inflow from decrease/increase in debt and lease financing	19	9,246	(54,782)
Change in net debt resulting from cashflows		82,925	9,279
New finance leases	19	(7,335)	-
Movement in Net Debt in the period		75,590	9,279
Net Debt at 1st February 1997		9,279	-
Net Debt at 31st January 1998	19	84,869	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 year ended 31st January 1998

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:

Motor vehicles	25% on cost
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.

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.

Contribution to Pension Funds

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

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 year ended 31st January 1998

2 Turnover

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

The geographical analysis of turnover is as follows:

	1998	1997
	£	£
United Kingdom	451,244	330,282
Europe	63,901	65,675
Rest of the World	134,513	84,559
	<u>649,658</u>	<u>480,516</u>

3 Other Operating Income

	1998	1997
	£	£
Rental income	<u>1,137</u>	<u>12,060</u>

4 Operating Profit

The operating profit is stated after charging or crediting:

	1998	1997
	£	£
Other operating lease rentals	18,500	24,881
Amounts payable to the auditors in respect of audit services	5,000	3,500
Amounts payable to the auditors in respect of non-audit services	10,896	14,781
Depreciation - owned assets	<u>5,559</u>	<u>3,969</u>

5 Interest Receivable

	1998	1997
	£	£
Bank interest received	<u>2,079</u>	<u>688</u>

6 Interest Payable

	1998	1997
	£	£
Bank loan and overdraft	5,277	7,625
Hire purchase and finance lease interest	363	-
Interest on late payment of corporation tax	<u>88</u>	<u>-</u>
	<u>5,728</u>	<u>7,625</u>

Nicholas Haslam Limited
Notes to the Financial Statements
for the year ended 31st January 1998

7 Directors and Employees

Staff costs during the year were as follows:

	1998 £	1997 £
Wages and salaries	62,768	51,925
Social security costs	6,272	4,881
Other pension costs	4,000	-
	<u>73,040</u>	<u>56,806</u>

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

	1998 Number	1997 Number
Management	2	2
Selling and distribution	3	1
	<u>5</u>	<u>3</u>

Remuneration in respect of directors was as follows:

	1998 £	1997 £
Aggregate amount of emoluments paid in respect of qualifying services	24,000	30,000
Aggregate value of company contributions to money purchase pension schemes	4,000	-
	<u>28,000</u>	<u>30,000</u>

8 Tax on Profit on Ordinary Activities

Based on the profit for the year:

U.K. Corporation tax at 21% (1997 24%)

	1998 £	1997 £
	<u>20,098</u>	<u>3,572</u>

Nicholas Haslam Limited
Notes to the Financial Statements
for the year ended 31st January 1998

9 Tangible Fixed Assets

	Motor vehicles	Furniture and equipment	Total
Cost	£	£	£
At 1st February 1997	-	16,859	16,859
Additions	14,500	739	15,239
At 31st January 1998	14,500	17,598	32,098
Depreciation			
At 1st February 1997	-	3,969	3,969
Charged for the year	2,175	3,384	5,559
At 31st January 1998	2,175	7,353	9,528
Net Book Value			
At 31st January 1998	12,325	10,245	22,570
At 31st January 1997	-	12,890	12,890

10 Stocks

	1998 £	1997 £
Goods for re-sale	66,028	34,421

11 Debtors

	1998 £	1997 £
Trade debtors	15,964	16,513
Other debtors	9,676	10,506
Prepayments	7,064	9,564
	32,704	36,583

Other debtors include a rental deposit of £9,676, (1997: £9,564) which is repayable at the end of lease on 21st December 2002.

Nicholas Haslam Limited

Notes to the Financial Statements

for the year ended 31st January 1998

12	Creditors: Amounts falling due within one year	1998 £	1997 £
	Bank loan	47,409	7,373
	Net obligations under hire purchase and finance lease contracts	3,625	-
	Trade creditors	54,586	36,659
	Corporation tax	20,098	3,572
	Other taxes and social security	7,993	1,275
	Accruals	19,960	14,592
		<u>153,671</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.

Obligations under hire purchase and finance lease contracts are secured on the assets concerned.

13	Creditors: Amounts falling due after one year	1998 £	1997 £
	Bank loan	-	47,409
	Net obligations under hire purchase and finance lease contracts	1,837	-
	Directors' loan account	22,425	26,900
		<u>24,262</u>	<u>74,309</u>

Bank loans repayable by instalments are as follows:-

	1998 £	1997 £
Between one and two years	-	8,165
Between two and five years	-	30,150
	-	38,315
Within one year	47,409	7,373
	<u>47,409</u>	<u>45,688</u>
Total bank loans repayable after more than five years	-	9,094
Total bank loan repayments	<u>47,409</u>	<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.

Obligations under hire purchase and finance lease contracts are secured on the assets concerned.

Nicholas Haslam Limited

Notes to the Financial Statements

for the year ended 31st January 1998

14	Obligations Under Hire Purchase and Finance Lease	1998	1997
		£	£
	Obligations under finance leases and hire purchase contracts are analysed as follows:		
	Within one year	3,625	-
	Between one and two years	1,837	-
		<u>5,462</u>	<u>-</u>

Obligations under finance leases and hire purchase contracts are secured on the assets concerned.

15	Share Capital		
	Authorised	1998	1997
		£	£
	100,000 Ordinary shares of £1 each	100,000	100,000
		<u>100,000</u>	<u>100,000</u>
	Allotted, called up and fully paid	1998	1997
		£	£
	100 Ordinary shares of £1 each	100	100
		<u>100</u>	<u>100</u>

16	Reconciliation of the Movement in Shareholders' Funds	1998	1997
		£	£
	Profit for the financial year	70,934	10,075
	New share capital subscribed	70,934	10,075
		-	100
	Increase in shareholders' funds	70,934	10,175
	Opening shareholders' funds	10,175	-
	Closing shareholders' funds	<u>81,109</u>	<u>10,175</u>

Nicholas Haslam Limited
Notes to the Financial Statements
for the year ended 31st January 1998

17	Reconciliation of Operating Profit to Operating Cash Flows	1998	1997
		£	£
	Operating profit	94,681	20,584
	Depreciation charges	5,559	3,969
	(Increase) in stocks	(31,607)	(34,421)
	Decrease/(Increase) in debtors	3,879	(36,583)
	Increase in creditors	25,538	79,426
	Net Cash Inflow from Operating Activities	98,050	32,975
18	Analysis of Cash Flows for headings netted in the Cash Flow Statement		
	Returns on Investments and Servicing of Finance	1998	1997
		£	£
	Interest received	2,079	688
	Interest paid	(5,365)	(7,625)
	Interest element of finance lease rental payments	(363)	-
	Net Cash (Outflow) for Returns on Investments and Servicing of Finance	(3,649)	(6,937)
	Capital Expenditure and Financial Investment	1998	1997
		£	£
	Purchase of tangible fixed assets	(7,904)	(16,859)
	Net Cash (Outflow) for Capital Expenditure and Financial Investment	(7,904)	(16,859)
	Financing	1998	1997
		£	£
	Issue of share capital	-	100
	Bank loan advance due within a year:	-	7,373
	Debt due within a year: repayments made	(7,373)	-
	Bank loan advance due beyond a year:	-	55,627
	Repayment of bank loan due beyond a year:	-	(8,218)
	Capital elements of finance lease rental payments	(1,873)	-
	Net Cash (Outflow)/Inflow from Financing	(9,246)	54,882

Nicholas Haslam Limited

Notes to the Financial Statements

for the year ended 31st January 1998

19 Analysis of Changes in Net Debt

	At 1st February 1997 £	Cash flows £	Other non-cash changes £	At 31st January 1998 £
Cash in hand and at bank	64,061	73,679	-	137,740
Bank loan due within 1 year	(7,373)	7,373	(47,409)	(47,409)
Bank loan due after 1 year	(47,409)	-	47,409	-
Finance leases	-	1,873	(7,335)	(5,462)
Total	9,279	82,925	(7,335)	84,869

20 Operating Lease Commitments

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

	1998 Land and buildings £	1997 Land and buildings £
Expiring:		
Within one year	-	-
Within two to five years	18,500	18,500
After five years	-	-
	18,500	18,500

21 Pensions - Defined Benefit Scheme

The company operates a defined contribution pension scheme for the benefit of the director. The assets of the scheme are administered by trustees in a fund independent from those of the company.