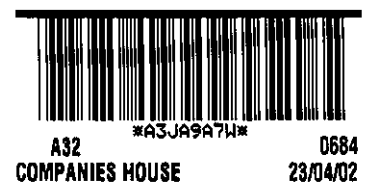


CAPITAL FLOORS LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE, 2001



COMPANY NUMBER 3871069

CAPITAL FLOORS LIMITED

Directors	G. Waring D. R. Felstead
Secretary	Mrs. S. Felstead
Registered office	6a Welford Road, Blaby, Leicester, LE8 4FS.

FINANCAL STATEMENTS – 30TH JUNE, 2001

Page 1	Report of the Directors
2	Report of the Accountants
3	Profit and loss account
4	Balance sheet
5 to 10	Notes to the Financial Statements

The following page does not form part of the Statutory Accounts

11 & 12	Profit and loss Account
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CAPITAL FLOORS LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and financial statements for the year ended 30th June, 2001.

Principal activities

The principal activity of the company throughout the year was that of the installation of hardwood flooring.

Directors and their interests

The directors who served the company during the year together with their interests (including family interest) in the shares of the company at the beginning and end of the year was as follows:

Ordinary shares of £1 each **30TH June, 2001**

G. Waring	2
D. R. Felstead	2

Statement of 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 and of the profit or loss of the company 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; and prepare the financial statements on a going concern basis unless it is inappropriate to assume 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 enable them to ensure that 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.

Accountants

Berry & Partners have indicated their willingness to continue in office and it is proposed that they be re-appointed accountants to the company for the ensuing year.

Small company rules

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

By Order of the Board

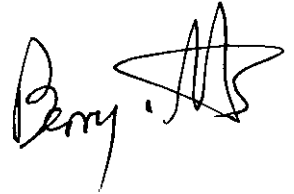

Mrs. S. Felstead
Secretary

West Walk House,
99 Princess Road East,
Leicester,
LE1 7LF.

22nd December, 2001

ACCOUNTANTS REPORT ON THE UNAUDITED ACCOUNTS TO
CAPITAL FLOORS LIMITED

As described on page 5, you have approved the accounts for the year ended 30th June, 2001 set out on pages 4 to 9. In accordance with your instructions, we have compiled these unaudited accounts from the accounting records and information and explanations supplied to us.



Berry & Partners
Chartered Accountants

West Walk House
99 Princess Road East
Leicester
LE1 7LF.

22nd December 2001

CAPITAL FLOORS LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE, 2001**

	<u>Note</u>	<u>2001</u>	<u>(8 months)</u>
		<u>£</u>	<u>2000</u>
		<u>£</u>	<u>£</u>
TURNOVER	2	832,902	188,657
COST OF SALES		638,103	119,312
GROSS PROFIT		194,799	69,345
Establishment expenses	6,570		4,693
Administrative expenses	121,037	127,607	66,777
OPERATING PROFIT/(LOSS)	3	67,192	(2,125)
Interest payable and similar charges	7	697	139
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		66,495	(2,264)
Taxation	6	12,740	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		53,755	(2,264)
Dividends on equity shares	8	32,000	-
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		21,755	(2,264)
RETAINED LOSS 1st July, 2000		(2,264)	-
RETAINED PROFIT/(LOSS) 30th June, 2001		19,491	(2,264)

The notes on pages (6) to (9) form part of these accounts.

CAPITAL FLOORS LIMITED**BALANCE SHEET AT 30TH JUNE, 2001**

	<u>Note</u>	<u>£</u>	<u>2001</u> <u>£</u>	<u>£</u>	<u>2000</u> <u>£</u>
FIXED ASSETS	9		10,925		11,373
CURRENT ASSETS					
Stock and work in progress	10	115,467		87,666	
Debtors and prepayments	11	149,871		23,295	
Cash at bank and in hand		13,265		315	
		278,603		111,276	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	265,288		118,809	
NET CURRENT ASSETS/(LIABILITIES)			13,315		(7,533)
			24,240		3,840
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13		4,741		6,096
			19,499		(2,256)
CAPITAL AND RESERVES					
Called up share capital	15		8		8
Profit and loss account			19,491		(2,264)
			19,499		(2,256)

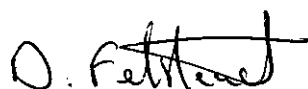
The directors confirm that:

- (a) for the year in question the company was entitled to exemption under subsection (1) of section 249A of the Companies Act 1985,
- (b) no notice has been deposited under section 249B(2) in relation to its accounts for the financial year, and
- (c) they acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with section 221, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating the accounts, so far as applicable to the company.

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

Approved by the Board on *22nd December*, 2001

D. R. FELSTEAD – DIRECTOR



The notes on pages (4) to (7) form part of these accounts.

CAPITAL FLOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30TH JUNE, 2001**

1. ACCOUNTING POLICIES

(a) *Accounting basis and standards*

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

(b) *Turnover*

Turnover represents the invoiced value of services provided net of value added tax..

(c) *Depreciation*

Depreciation on fixed assets is provided at rates estimated to write off the cost less estimated Residual value of each asset over its expected useful life as follows:

Plant and machinery	20% on cost
Fixtures and fittings	20% on cost
Motor vehicles	25% on cost

(d) *Work in progress*

Work in progress is stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the work in progress to their present location and condition, including where appropriate, a proportion of manufacturing overheads.

(e) *Deferred taxation*

Deferred taxation is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

(f) *Leasing and hire purchase commitments*

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet And are depreciated over their useful lives.

The interest element of the rental obligations is charged to profit and loss account over the period of the lease (and represents a constant proportion of the balance of capital repayments outstanding).

2. TURNOVER

The company derived all of its turnover from supplies within the UK.

3. OPERATING PROFIT/(LOSS)

	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
The operating profit/(loss) is stated after charging:		
Depreciation:		
- owned assets	307	719
- assets on hire purchase contracts	1,430	1,430
Operating lease rentals	11,544	4,555

CAPITAL FLOORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2001 (CONTINUED)****4. EMPLOYEE INFORMATION**

The average number of employees during the year was 7. Due to the size of the company there is no formal classification of duties.

	<u>2001</u> £	<u>2000</u> £
Their total remuneration was:-		
Wages and salaries	147,187	54,710
Social security costs	13,618	4,371
	160,805	59,081

5. DIRECTORS EMOLUMENTS

	<u>2001</u> £	<u>2000</u> £
Emoluments	19,828	8,000

6. TAXATION

	<u>2001</u> £	<u>2000</u> £
Corporation tax at the rate of 20% (2000 20%)	12,740	-
Deferred taxation	-	-
	12,740	-

The taxation charge for the year has been affected by the disallowance of certain expenditure.

7. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2001</u> £	<u>2000</u> £
Bank loans and overdrafts	210	65
Finance leases and hire purchase contracts	487	74
	697	139

CAPITAL FLOORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2001 (CONTINUED)****8. DIVIDENDS**

	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
Paid	32,000	-
Proposed	-	-
	32,000	-

9. TANGIBLE FIXED ASSETS

	<u>Plant & machinery</u>	<u>Fixtures & fittings</u>	<u>Motor vehicles</u>	<u>Totals</u>
Cost or valuation				
At 1 st July, 2000	1,226	1,872	10,424	13,522
Additions	340	1,622	-	1,962
	1,566	3,494	10,424	15,484
Depreciation				
At 1 st July, 2000	163	249	1,737	2,149
Charge for the year	208	465	1,737	2,410
	371	714	3,474	4,559
NET BOOK VALUE				
At 30 th June, 2001	1,195	2,780	6,950	10,925
At 30 th June, 2000	1,063	1,623	8,687	11,373

10. WORK IN PROGRESS

	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
Stock and work in progress	115,467	87,666

CAPITAL FLOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2001 (CONTINUED)

11. DEBTORS AND PREPAYMENTS

	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
Trade debtors	149,144	22,412
Other debtors	727	883
	149,871	23,295

12. CREDITORS: Amounts falling due within one year

	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
Trade creditors	134,641	51,530
Directors current accounts	78,306	13,251
Social security and other taxes	9,312	2,941
Hire purchase liability (note 19)	1,355	1,355
Accrued expenses	15,112	19,581
Other creditors	13,822	30,151
Corporation tax	12,740	-
	265,288	118,809

13. CREDITORS: Amounts falling due after more than one year

	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
Obligation under finance leases and hire purchase contracts (note 19)	4,741	6,096
Amounts repayable by instalments:-		
Between one and two years	4,741	6,096
Between two and five years	-	-
After five years	-	-
	4,741	6,096

CAPITAL FLOORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30TH JUNE, 2001 (CONTINUED)**14. PROVISIONS FOR LIABILITIES AND CHARGES**

	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
<i>Deferred taxation</i>		
Balance brought forward	-	-
Amounts transferred to the profit and loss account in the year	-	-
Balance carried forward	-	-

Provision for deferred taxation has been made in these financial statements in accordance with the accounting policy described in Note 1(e). The amounts provided and the full potential liability are as follows:

	<u>Amount</u> <u>provided</u> <u>£</u>	<u>2001</u> <u>Potential</u> <u>liability</u> <u>£</u>	<u>Amount</u> <u>provided</u> <u>£</u>	<u>2000</u> <u>Potential</u> <u>liability</u> <u>£</u>
Short-term timing differences	-	-	-	-
Accelerated capital allowances	-	-	-	-
	-	-	-	-

15. CALLED UP SHARE CAPITAL

	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
Authorised 1,000 ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid 2 ordinary shares of £1 each	8	8

16. CAPITAL COMMITMENTS

	<u>2001</u> <u>£</u>	<u>2000</u> <u>£</u>
Expenditure contracted but not provided in the financial statements	Nil	Nil

CAPITAL FLOORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2001 (CONTINUED)

17. **TRANSACTIONS WITH DIRECTORS**

Included in other creditors is an amount of £13,822 due to Amber Floors Limited, a company beneficially owned by G. Waring and of which G. Waring is a director.

Accrued expenses include £8,000 due to Amber Floors Limited, in respect of management charges arising from the provision of administrative and technical support to Capital Floors Limited.

During the year Capital Floors Limited purchased goods and services to a value of £5,748 from Amber Floors Limited and made sales of £nil to Amber Floors Limited.

18. **CONTINGENT LIABILITIES**

As at 30th June, 2001 the company had no contingent liabilities not provided for within these accounts.

19. **FUTURE FINANCIAL COMMITMENTS**

(a) ***Operating leases***

At 30th June, 2001 the company had annual commitments under operating leases as set out below:

	<u>Land and buildings</u>	<u>2001</u>	<u>Land and buildings</u>	<u>2000</u>
	<u>£</u>	<u>Other</u>	<u>£</u>	<u>Other</u>
		<u>£</u>		<u>£</u>
Operating leases which expire:-				
(a) within one year	2,756	8,944	2,199	4,555
(b) in the second to fifth year	-	13,499	-	8,944
(c) after five years	-	-	-	-
	<u>2,756</u>	<u>22,443</u>	<u>2,199</u>	<u>13,499</u>

The majority of leases of land and buildings are subject to rent reviews. The company's total future financial commitments under operating leases are £25,199 (2000 £15,698).

(b) ***Finance leases***

At 30th June, 2001 the company had obligations under finance leases and hire purchase contracts which are set out below:-

	<u>2001</u>	<u>2000</u>
	<u>£</u>	<u>£</u>
Gross amount payable:		
Within one year	1,355	1,355
Between one and two years	5,251	6,786
Between two and five years	-	-
	<u>6,606</u>	<u>8,141</u>
<u>Less</u> Finance charges allocated to future periods	<u>510</u>	<u>690</u>
	<u>6,096</u>	<u>7,451</u>