INTERDESIGN (UK) LIMITED

REPORT AND
FINANCIAL STATEMENTS

FOR THE PERIOD
FROM 27 JANUARY 2000 TO 31 JANUARY 2001



REGISTERED NUMBER: 3917421

INTERDESIGN (UK) LIMITED

FINANCIAL STATEMENTS
FOR THE PERIOD FROM 27 JANUARY 2000 TO 31 JANUARY 2001

Contents **Pages**

Company information	1
Directors' report	2 - 3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 11

INTERDESIGN (UK) LIMITED

COMPANY INFORMATION
AT 31 JANUARY 2001

DIRECTORS

G.Y.Khachfe
L.A.Wahba

SECRETARY

M.T.Khachfe

REGISTERED OFFICE

Union House
Walton Lodge
Bridge Street
Walton on Thames
Surrey KT12 1BT

AUDITORS

Lawfords Limited
Registered Auditors
Union House
Walton Lodge
Bridge Street
Walton on Thames
Surrey KT12 1BT

INTERDESIGN (UK) LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the period ended 31 January 2001.

PRINCIPAL ACTIVITIES

The principal activities of the company in the period under review were those of furniture importer and interior designer.

The company commenced trading on 1st February 2000.

DIRECTORS AND THEIR INTERESTS

The directors in office in the period and their beneficial interests in the company at the balance sheet date (or on appointment if later) were as follows:

		Number of Shares 2001
G.Y.Khachfe		-
L.A.Wahba	Ordinary £1 shares	25

Directors appointed during the period:
G.Y.Khachfe 27th January 2000
L.A.Wahba 27th March 2000

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 as at the end of the financial year 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;
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the period, the company made charitable contributions totalling £272.

INTERDESIGN (UK) LIMITED

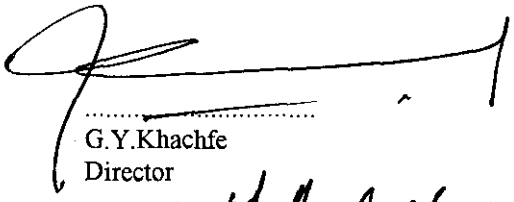
DIRECTORS' REPORT

AUDITORS

Lawfords Limited were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985 are willing to be re-appointed.

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board:



.....

G.Y.Khachfe
Director

Date: 22nd August 2001

INTERDESIGN (UK) LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the directors' report, the company's directors are responsible for the preparation of 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 the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 January 2001 and of its profit for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

In our opinion the company is entitled to the exemption conferred by section 248 of the Companies Act 1985 from the requirement to prepare group accounts for the financial period ended 31 January 2001.

Lawfords Limited

Lawfords Limited
Registered Auditors

Union House
Walton Lodge
Bridge Street
Walton on Thames
Surrey KT12 1BT

Date: 7th September 2001

INTERDESIGN (UK) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD FROM 27 JANUARY 2000 TO 31 JANUARY 2001

	Notes	2001 £
TURNOVER		2,175,177
Cost of sales		(1,389,393)
GROSS PROFIT		785,784
Distribution costs		(80,572)
Administrative expenses		(390,549)
OPERATING PROFIT	2	314,663
Profit on disposal of fixed assets		1,061
Investment income and interest receivable		408
Interest payable and similar charges		(1,123)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		315,009
Tax on profit on ordinary activities	4	(85,374)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		229,635

Continuing operations
None of the company's activities were acquired or discontinued during the above financial period.

Total recognised gains and losses
The company has no recognised gains or losses other than the profit for the above financial period.

The notes on pages 7 to 11 form part of these financial statements.

INTERDESIGN (UK) LIMITED

BALANCE SHEET
AT 31 JANUARY 2001

	Notes	£	2001 £
FIXED ASSETS			
Tangible assets	5		11,271
Investments	6		100
			11,371
CURRENT ASSETS			
Stocks		51,195	
Debtors	7	258,808	
Cash at bank and in hand		520,997	
		831,000	
CREDITORS: amounts falling due within one year	8	(612,636)	
NET CURRENT ASSETS			218,364
TOTAL ASSETS LESS CURRENT LIABILITIES			229,735
CAPITAL AND RESERVES			
Called up share capital	9		100
Profit and loss account			229,635
TOTAL SHAREHOLDERS' FUNDS	10		229,735

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board of directors on 20th August 2001 and signed on its behalf by:

.....
G Y.Khachfe
Director

The notes on pages 7 to 11 form part of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

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

Consolidation
The company forms part of a small group. The ultimate parent company has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

Cash flow
The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1: "Cash flow statements".

Turnover
Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the period.

Depreciation of tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Office furniture and equipment	20% straight line

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

Investments
Investments held as fixed assets are stated at cost less provision for permanent impairment. Those held as current assets are stated at the lower of cost and net realisable value.

Dividends are brought to account in the profit and loss account when received.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into the profit and loss account for the year.

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 estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

2. OPERATING PROFIT

Operating profit is stated	2001 £
After charging:	
Depreciation of fixed assets	2,664
Auditors' remuneration	3,500
Operating lease rentals	
Land and buildings	65,000

3. INFORMATION ON DIRECTORS AND EMPLOYEES

	2001 £
Directors' emoluments	
Emoluments, including pension contributions to money purchase (defined contribution) schemes	71,735

One director is accruing benefits under a money purchase pension scheme.

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £
The taxation charge comprises:	
Current tax on income for the period	85,374

5. TANGIBLE FIXED ASSETS

	Plant and machinery etc. £
Cost:	
Additions	13,935
Depreciation:	
Charge for period	2,664
Net book value:	
At 31 January 2001	11,271

6. INVESTMENTS

Cost or valuation:	Additions £
Other investments	100

Other investments other than loans

Shares in related undertakings:

Cost or valuation:	Additions £
Shares:	
Group undertaking	100
Net book value	100

Financial information summary:

Name and country of incorporation	Type of shareholding	Proportion held
Interdesign (1992) Limited England and Wales	Ordinary shares	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last financial year were as follows:-

	Capital and reserves £	Results £
Interdesign (1992) Limited	(22,660)	-

7. DEBTORS

	2001 £
Trade debtors	102,826
Director's current account	10,968
Amounts owed by group undertakings	79,214
Other debtors	36,043
Prepayments and accrued income	29,758
	258,809

During the period the maximum amount by which G. Khachfe's current account was overdrawn was £15,697.

8. **CREDITORS:** amounts falling due within one year

	2001 £
Payments received on account	85,229
Trade creditors	152,614
Amounts owed to group undertakings	23,110
Corporation tax	85,374
Other taxes and social security costs	22,982
Accruals and deferred income	243,327
	612,636

9. **SHARE CAPITAL**

	2001 £
Authorised:	
Equity interests:	
100,000 Ordinary shares of £1 each	100,000
Allotted, called up and fully paid:	
Equity interests:	
100 Ordinary shares of £1 each	100

During the period 100 ordinary £1 shares were issued at par (for cash) to form the capital base of the company.

10. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2001 £
Profit for the period	229,635
New share capital subscribed	100
Net addition to shareholders' funds	229,735
Closing shareholders' funds	229,735
Represented by:-	
Equity interests	229,735

11. **ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is the Soussa Settlement which is a foreign discretionary trust.

12. RELATED PARTY DISCLOSURES

During the period sales of £13,284 were made to Varenna Kitchens Limited, a company of which G.Y. Khachfe is a director. At the balance sheet date there was no balance outstanding from this company.

During the period the company was charged rent and related expenses by a fellow subsidiary, Sage Management & Marketing Limited, totalling £65,000 and marketing fees of £217,518. At the balance sheet date a total of £56,554 was due from this company. In addition accruals contains £232,526 of marketing fees due to this company.

At the balance sheet date an amount of £23,110 was due to the company's ultimate parent company (see note 13) and amount of £22,660 was due from Interdesign (1992) Limited the subsidiary of this company.

On the 31st January 2000 all the assets, liabilities and the trade of Interdesign (1992) Limited were transferred to the company.

The directors consider that all related party transactions took place on an arms length basis.

13. ULTIMATE PARENT COMPANY

The ultimate parent company is G K Designs International Limited, a company incorporated in Nevis.