

INTERDESIGN (UK) LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 JANUARY 2002**



REGISTERED NUMBER: 3917421

INTERDESIGN (UK) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2002

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INTERDESIGN (UK) LIMITED

COMPANY INFORMATION
AT 31 JANUARY 2002

DIRECTORS

G.Y.Khachfe

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 year ended 31 January 2002.

PRINCIPAL ACTIVITIES

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

DIRECTORS AND THEIR INTERESTS

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

		Number of Shares	
		2002	2001
G.Y.Khachfe		-	-
L.A.Wahba	Ordinary £1 shares	-	25
Directors appointed since year end:			
A. C. O'Neill	20th February 2002		
Directors retired during the year:			
L. A. Wahba	10th October 2001		

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 year, the company made charitable contributions totalling £1,335.

INTERDESIGN (UK) LIMITED

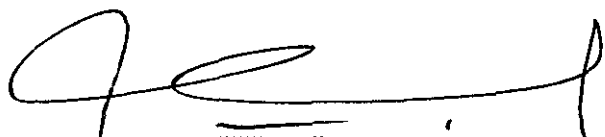
DIRECTORS' REPORT

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: 28/11/02

INTERDESIGN (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements of Interdesign (UK) Limited for the year ended 31 January 2002 on pages 5 to 12. The financial statements 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 in accordance with applicable law and UK Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and UK Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any misstatement within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with UK 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 2002 and of its profit for the year 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 year ended 31 January 2002.

Lawfords Limited
Lawfords Limited
Registered Auditors

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

Date: 29/1/02.....

INTERDESIGN (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 2002

	Notes	2002 £	2001 £
TURNOVER		2,038,689	2,175,177
Cost of sales		(1,314,195)	(1,389,393)
GROSS PROFIT		724,494	785,784
Distribution costs		(53,014)	(80,572)
Administrative expenses		(578,297)	(390,549)
OPERATING PROFIT	2	93,183	314,663
(Loss) / profit on disposal of fixed assets		(1,188)	1,061
Investment income and interest receivable		3,021	408
Interest payable and similar charges		-	(1,123)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		95,016	315,009
Tax on profit on ordinary activities	4	(43,074)	(85,374)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		51,942	229,635

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two financial years.

The notes on pages 7 to 12 form part of these financial statements.

INTERDESIGN (UK) LIMITED

BALANCE SHEET AT 31 JANUARY 2002

	Notes	£	2002 £	£	2001 £
FIXED ASSETS					
Tangible assets	5		7,919		11,271
Investments	6		100		100
			<u>8,019</u>		<u>11,371</u>
CURRENT ASSETS					
Stocks		80,331		51,195	
Debtors	7	252,787		258,808	
Cash at bank and in hand		645,590		520,997	
		<u>978,708</u>		<u>831,000</u>	
CREDITORS: amounts falling due within one year	8	<u>(705,050)</u>		<u>(612,636)</u>	
NET CURRENT ASSETS			273,658		218,364
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>281,677</u>		<u>229,735</u>
CAPITAL AND RESERVES					
Called up share capital	9		100		100
Profit and loss account	10		281,577		229,635
TOTAL SHAREHOLDERS' FUNDS	11		<u>281,677</u>		<u>229,735</u>

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 28th Nov. 2002 and signed on its behalf by:


G.Y. Khachfe
Director

INTERDESIGN (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2002

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 year.

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
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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.

INTERDESIGN (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2002

2. OPERATING PROFIT

Operating profit is stated	2002 £	2001 £
After charging:		
Depreciation of fixed assets	3,295	2,664
Auditors' remuneration	3,500	3,500
Operating lease rentals		
Land and buildings	71,500	65,000

3. INFORMATION ON DIRECTORS AND EMPLOYEES

	2002 £	2001 £
Directors' emoluments		
Emoluments, including pension contributions to money purchase (defined contribution) schemes	121,887	71,735

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

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £	2001 £
The taxation charge comprises:		
Profit on ordinary activities multiplied by effective rate of corporation tax in the UK of 25.5% (2001: 27.1%)	24,244	85,374
Adjustments due to permanent timing differences	8,725	-
Current tax on income for the year	32,969	85,374
Adjustment in respect of prior years	10,105	-
	43,074	85,374

INTERDESIGN (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2002

5. TANGIBLE FIXED ASSETS

	Plant and machinery etc. £
Cost:	
At 1 February 2001	13,935
Additions	1,131
Disposals	(5,393)
At 31 January 2002	9,673
Depreciation:	
At 1 February 2001	2,664
Charge for year	3,295
On disposals	(4,205)
At 31 January 2002	1,754
Net book value:	
At 31 January 2002	7,919
At 31 January 2001	11,271

6. INVESTMENTS

Cost or valuation:	1 February 2001 and 31 January 2002 £
Other investments	100
Other investments other than loans	
Shares in related undertakings:	
Cost or valuation:	1 February 2001 and 31 January 2002 £
Shares:	
Group undertaking	100
Net book value	100

INTERDESIGN (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2002

6. INVESTMENTS - (continued)

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

	2002	2001
	£	£
Trade debtors	65,383	102,826
Director's current account	-	10,968
Amounts owed by group undertakings	124,000	79,214
Other debtors	3,800	36,043
Prepayments and accrued income	59,604	29,758
	252,787	258,809

8. CREDITORS: amounts falling due within one year

	2002	2001
	£	£
Payments received on account	95,145	85,229
Trade creditors	177,163	152,614
Amounts owed to group undertakings	139,561	23,110
Corporation tax	32,969	85,374
Other taxes and social security costs	26,689	22,982
Other creditors	3,645	-
Accruals and deferred income	229,878	243,327
	705,050	612,636

INTERDESIGN (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2002

9. SHARE CAPITAL

	2002 £	2001 £
Authorised:		
Equity interests:		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid:		
Equity interests:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

10. PROFIT AND LOSS

	2002 £	2001 £
Retained profit as at 1 February 2001	229,635	-
Profit for the year	<u>51,942</u>	<u>229,635</u>
Retained profit as at 31 January 2002	<u>281,577</u>	<u>229,635</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the year	51,942	229,635
New share capital subscribed	<u>-</u>	<u>100</u>
Net addition to shareholders' funds	51,942	229,735
Opening shareholders' funds	<u>229,735</u>	<u>-</u>
Closing shareholders' funds	<u>281,677</u>	<u>229,735</u>
Represented by:-		
Equity interests	<u>281,677</u>	<u>229,735</u>

12. ULTIMATE CONTROLLING PARTY

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

INTERDESIGN (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2002

13. RELATED PARTY DISCLOSURES

During the year the company was charged rent and related expenses by a fellow subsidiary, Sage Management & Marketing Limited, totalling £71,500 (2001: £65,000) and marketing fees of £203,869 (2001: £217,518). At the balance sheet date a total of £139,561 (2001: £(56,554)) was due to this company. In addition accruals contains £218,877 (2001: £232,526) of marketing fees due to this company.

During the year sales of £1,493 (2001: £nil) were made to Poliform UK Limited, a company in which the group has a significant shareholding. At the balance sheet date the balance due from this company was £nil (2001: £nil).

During the year sales of £1,255 (2001: £nil) were made to G. Y. Khachfe, the director. At the balance sheet date G. Y. Khachfe was owed £2,300 (2001: £(10,968)).

At the balance sheet date an amount of £124,000 (2001: £(23,110)) was due from the company's ultimate parent company (see note 14) and amount of £nil (2001: £22,660) was due from Interdesign (1992) Limited the subsidiary of this company.

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

14. ULTIMATE PARENT COMPANY

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