

AUDITORS REPORT TO THE SHAREHOLDERS OF
CORD CONTRACT FURNITURE

We have examined the abbreviated accounts on pages 2 to 3 together with the full accounts of Cord Contract Furniture Limited for the year ended 31st December 1997. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors' statement on page 2 and that the abbreviated accounts have been properly prepared from the full accounts.

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act in respect of the year 31st December 1997, and the abbreviated accounts on pages 2 and 3 have been properly prepared in accordance with that Schedule.

We reproduce below our audit report to the shareholders of the company on the full accounts (not appended hereto) for the year ended 31st December 1997.

"We have audited the accounts on pages 4 to 9, which have been prepared under the historical cost convention and the accounting policies set out on page 6."

Respective Responsibilities of Directors and Auditors

As described on page 2, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practice Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed the 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 that the accounts 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 accounts.

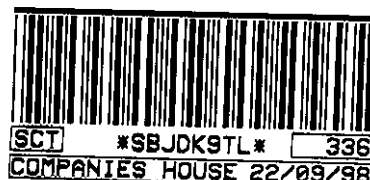
Opinion

In our opinion, "the accounts give a true and fair view of the state of the company's affairs as at 31st December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985."

15th September, 1998

Stark, Robert Es

Registered Auditor,
Chartered Accountants,
1 Ardgowan Square,
Greenock. PA16 8NG



CORD CONTRACT FURNITURE LIMITED

ABBREVIATED BALANCE SHEET AS AT 31ST DECEMBER 1997

1996		Note	£	£	£
£					
55,462	TANGIBLE FIXED ASSETS	2			78,420
	CURRENT ASSETS				
56,786	Stock & Work in Progress			68,766	
57,923	Debtors			78,845	
39,523	Cash at Bank			22,177	
154,232				169,788	
98,277	Deduct: CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	3		123,834	
55,955	NET CURRENT ASSETS				45,954
111,417	TOTAL ASSETS LESS CURRENT LIABILITIES				124,374
15,479	Deduct: CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				17,674
£95,938					£106,700

Represented by :-

SHARE CAPITAL

Authorised

£100,000	100,000 Ordinary Shares of £1 each	£100,000
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Issued and Fully Paid

5,000	5,000 Ordinary shares of £1 each	£5,000
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90,938	PROFIT AND LOSS ACCOUNT	101,700
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£95,938		£106,700
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The abbreviated accounts have been prepared in accordance with the special provision of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board of Directors on 7/9/ 1998

C.T. MUIR

Director

The notes on page 3 form part of these abbreviated accounts.

CORD CONTRACT FURNITURE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS-YEAR TO 31ST DECEMBER 1997

1. Accounting Policies

(a) Accounting Convention- the accounts are prepared under the historical cost convention.

(b) Depreciation-Depreciation has been provided on fixed assets using the straight-line method at rates which will write-off the assets over their expected lives. The rates are:-

Property Alterations and Improvements	5% p.a.
Office Equipment and Fittings	20% p.a.
Motor Vehicles	25% p.a.

(c) Stocks and work -in-progress have been valued on the basis of cost or net realisable value , whichever is lower.

(d) Costs in respect of hire purchase contracts are charged on a straight line basis over the contract term. The assets are included in fixed assets and the capital proportion of the balance outstanding is included in creditors.

(e) Turnover

Turnover is the net value of goods and services supplied, exclusive of Value Added Tax, less credits granted where applicable.

2. <u>Fixed Assets</u>	<u>1997</u>	<u>1996</u>
Net book value at 1.1.1997	55,462	56,466
Additions	37,609	11,303
Disposals	(567)	-
	92,504	67,769
Depreciation charge for the year	14,084	12,307
	<u>£78,420</u>	<u>£55,462</u>
NET BOOK VALUE AT 31ST DECEMBER 1997		

3. Creditors

Creditors include the following :

	<u>1997</u>	<u>1996</u>
	£	£
Bank loan repayable within five years	13,813	17,063
Bank overdraft	46,597	5,889

The bank loan and overdraft are secured.