

INHOUSE LIMITED
FINANCIAL STATEMENTS
31 JANUARY 2000

Company Registration Number SC106984



HLB KIDSONS
Chartered Accountants & Registered Auditors
23 Queen Street
Edinburgh
EH2 1JX

INHOUSE LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2000

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INHOUSE LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 JANUARY 2000

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 January 2000.

Principal activities

The company's principal activity continued to be that of the retailing of contemporary furniture, lighting, fabrics and home accessories, much of which is imported.

The directors and their interests in shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 January 2000	At 1 February 1999
Mr W A Potter	-	-
Mrs S A Potter	-	-

Retirement of directors

In accordance with the Articles of Association, Mr W A Potter will retire from the board and, being eligible, will stand for re-appointment.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 6, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 that the financial statements comply with the Companies Act 1985. The directors 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.

Auditors

A resolution to re-appoint HLB Kidsons as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

INHOUSE LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 JANUARY 2000

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
28 Howe Street
Edinburgh
EH3 6TG

Signed by order of the directors



S A Potter
Company Secretary

Approved by the directors on 23/11/00

INHOUSE LIMITED
AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31 JANUARY 2000

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6 .

Respective responsibilities of the directors and the 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 the information and explanations which we considered 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 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 the company's affairs as at 31 January 2000 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

HLB Kidsons

23 Queen Street
Edinburgh
EH2 1JX

HLB KIDSONS
Chartered Accountants
& Registered Auditors

29 November 2000

INHOUSE LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JANUARY 2000

	Note	2000 £	1999 £
Turnover		1,013,788	955,237
Cost of sales		(563,992)	(550,107)
Gross profit		449,796	405,130
Administrative expenses		(410,058)	(397,848)
Other operating income	2	1,458	-
Operating profit	3	41,196	7,282
Interest receivable		105	-
Interest payable	5	(5,376)	(5,403)
Profit on ordinary activities before taxation		35,925	1,879
Tax on profit on ordinary activities		(9,581)	(3,615)
Profit/(loss) on ordinary activities after taxation		26,344	(1,736)
Dividends	6	(40,000)	(12,500)
Loss for the financial year		(13,656)	(14,236)
Balance brought forward		42,575	56,811
Balance carried forward		28,919	42,575

The company has no recognised gains or losses other than the results for the
Year as set out above.

All of the activities of the company are classed as continuing.

INHOUSE LIMITED

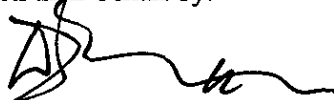
BALANCE SHEET

31 JANUARY 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	7	21,530	<u>30,745</u>
Current assets			
Stocks		232,293	229,392
Debtors	8	45,090	70,784
Cash at bank and in hand		60,220	35,289
		<u>337,603</u>	<u>335,465</u>
Creditors: amounts falling due within one year	9	<u>(329,214)</u>	<u>(304,441)</u>
Net current assets		8,389	31,024
Total assets less current liabilities		29,919	61,769
Creditors: amounts falling due after more than one year	10	-	(18,194)
		<u>29,919</u>	<u>43,575</u>
Capital and reserves			
Called-up equity share capital	16	1,000	1,000
Profit and loss account		28,919	42,575
Shareholders' funds	17	<u>29,919</u>	<u>43,575</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 23/11/00, and are signed on their behalf by:



Mr W A Potter

INHOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2000

1. Accounting policies

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	- 20% Straight line
Motor Vehicles	- 20% Straight Line
Equipment	- 20% Straight Line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

2. Other operating income

	2000	1999
	£	£
Other operating income	<u>1,458</u>	<u>-</u>

INHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2000

3. Operating profit

Operating profit is stated after charging:

	2000	1999
	£	£
Depreciation	11,071	18,569
Auditors' fees	<u>6,689</u>	<u>8,490</u>

4. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2000	1999
	£	£
Aggregate emoluments	<u>59,168</u>	<u>45,000</u>

5. Interest payable

	2000	1999
	£	£
Finance charges	2,151	2,122
Other interest	<u>3,225</u>	<u>3,281</u>
	<u>5,376</u>	<u>5,403</u>

6. Dividends

The following dividends have been paid or proposed in respect of the year:

	2000	1999
	£	£
Proposed dividend on ordinary shares	40,000	-
Dividend paid on ordinary shares	<u>-</u>	<u>12,500</u>
	<u>40,000</u>	<u>12,500</u>

INHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2000

7. Tangible fixed assets

	Leasehold Property £	Motor Vehicles £	Equipment £	Total £
Cost				
At 1 February 1999	26,326	68,329	38,388	133,043
Additions	-	-	1,856	1,856
At 31 January 2000	<u>26,326</u>	<u>68,329</u>	<u>40,244</u>	<u>134,899</u>
Depreciation				
At 1 February 1999	26,326	41,581	34,391	102,298
Charge for the year	-	8,962	2,109	11,071
At 31 January 2000	<u>26,326</u>	<u>50,543</u>	<u>36,500</u>	<u>113,369</u>
Net book value				
At 31 January 2000	<u>-</u>	<u>17,786</u>	<u>3,744</u>	<u>21,530</u>
At 31 January 1999	<u>-</u>	<u>26,748</u>	<u>3,997</u>	<u>30,745</u>

Hire purchase agreements

Included within the net book value of £21,530 is £17,786 (1999 - £26,748) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £8,962 (1999 - £17,836).

8. Debtors

	2000 £	1999 £
Amounts owed by group undertakings	44,747	66,595
Other debtors	343	4,189
	<u>45,090</u>	<u>70,784</u>

9. Creditors: amounts falling due within one year

	2000 £	1999 £
Trade creditors	139,054	156,384
Corporation Tax	9,581	-
Other creditors	180,579	148,057
	<u>329,214</u>	<u>304,441</u>

INHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2000

10. Creditors: amounts falling due after more than one year

	2000	1999
	£	£
Other creditors	-	18,194

11. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2000	1999
	£	£
Amounts payable within 1 year	17,852	2,333
Amounts payable between 2 to 5 years	-	18,194
	<u>17,852</u>	<u>20,527</u>

12. Contingencies

The company has given a guarantee in respect of the bank borrowings of the parent and fellow subsidiary companies. The net bank borrowings of these companies at the balance sheet date was £119,315 (1999:£122,137).

13. Transactions with the directors

During the year the company had transactions with the directors. The balance owing at the balance sheet date was £5,375 (1999:£19,408).

14. Related party transactions

During the year, the company made purchases on behalf of Inhouse Contracts Limited, a company owned by the directors. The value of purchases was £179,409 (1999:£230,913). At the balance sheet date the company was due £44,747 (1999:£66,591) from group companies. During the year overhead expenditure of £61,551 (1999:£57,868) was incurred by the company on behalf of group companies and recharged accordingly.

15. Ultimate parent undertaking

The ultimate parent undertaking is Inhouse Scotland Limited a company incorporated in Scotland. 100% of the share capital of the ultimate parent undertaking is owned by the directors of Inhouse Limited.

INHOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2000

16. Share capital

Authorised share capital:

	2000	1999
	£	£
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2000	1999
	£	£
Ordinary share capital	<u>1,000</u>	<u>1,000</u>

17. Reconciliation of movements in shareholders' funds

	2000	1999
	£	£
Profit/(loss) for the financial year	26,344	(1,736)
Dividends	<u>(40,000)</u>	<u>(12,500)</u>
	(13,656)	(14,236)
Opening shareholders' equity funds	<u>43,575</u>	<u>57,811</u>
Closing shareholders' equity funds	<u>29,919</u>	<u>43,575</u>