

INHOUSE LIMITED
FINANCIAL STATEMENTS
31 JANUARY 2001

Company Registration Number SC106984



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

INHOUSE LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2001

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INHOUSE LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mr W A Potter Mrs S A Potter
Company secretary	S A Potter
Registered office	28 Howe Street Edinburgh EH3 6TG
Auditors	HLB Kidsons Chartered Accountants & Registered Auditors 23 Queen Street Edinburgh EH2 1JX
Bankers	National Westminster Plc 80 George Street Edinburgh
Solicitors	Maclay Murray Spens 3 Glenfinlas Street Edinburgh EH3 6AQ

INHOUSE LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 JANUARY 2001

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 January 2001.

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 parent company

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

	Ordinary in the parent company	
	At 31 January 2001	At 1 February 2000
Mr W A Potter	1,000	1,000
Mrs S A Potter	<u>1,000</u>	<u>1,000</u>

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 7, 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 2001

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 30/9/01

INHOUSE LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 JANUARY 2001

We have audited the financial statements on pages 5 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of the directors and the auditors

As described on page 2, 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 2001 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

10 October 2001

INHOUSE LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JANUARY 2001

	Note	2001 £	2000 £
Turnover		997,554	1,013,788
Cost of sales		(560,909)	(563,992)
Gross profit		<u>436,645</u>	<u>449,796</u>
Administrative expenses		(395,186)	(410,058)
Other operating income	2	-	1,458
Operating profit	3	<u>41,459</u>	<u>41,196</u>
Interest receivable		-	105
Interest payable		(1,574)	(5,376)
Profit on ordinary activities before taxation		<u>39,885</u>	<u>35,925</u>
Tax on profit on ordinary activities		(6,803)	(9,581)
Profit on ordinary activities after taxation		<u>33,082</u>	<u>26,344</u>
Dividends	5	(39,000)	(40,000)
Loss for the financial year		<u>(5,918)</u>	<u>(13,656)</u>
Balance brought forward		28,919	42,575
Balance carried forward		<u>23,001</u>	<u>28,919</u>

INHOUSE LIMITED

BALANCE SHEET

31 JANUARY 2001

	Note	2001 £	2000 £
Fixed assets			
Tangible assets	6	21,170	<u>21,530</u>
Current assets			
Stocks		243,289	232,293
Debtors	7	98,770	45,090
Cash at bank and in hand		5,533	60,220
		<u>347,592</u>	<u>337,603</u>
Creditors: amounts falling due within one year	8	<u>(340,289)</u>	<u>(329,214)</u>
Net current assets		7,303	8,389
Total assets less current liabilities		<u>28,473</u>	<u>29,919</u>
Creditors: amounts falling due after more than one year	9	<u>(4,472)</u>	-
		<u>24,001</u>	<u>29,919</u>
Capital and reserves			
Called-up equity share capital	15	1,000	1,000
Profit and loss account		23,001	28,919
Shareholders' funds		<u>24,001</u>	<u>29,919</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on the 30.09.2001, and are signed on their behalf by:



Mr W A Potter

INHOUSE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2001

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

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.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

2. Other operating income

	2001	2000
	£	£
Other operating income	-	1,458
	<u> </u>	<u> </u>

INHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2001

3. Operating profit

Operating profit is stated after charging:

	2001	2000
	£	£
Depreciation	13,191	11,071
Auditors' fees	<u>6,235</u>	<u>6,689</u>

4. Directors' emoluments

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

	2001	2000
	£	£
Aggregate emoluments	<u>60,805</u>	<u>59,168</u>

5. Dividends

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

	2001	2000
	£	£
Proposed dividend on ordinary shares	<u>39,000</u>	<u>40,000</u>

6. Tangible fixed assets

	Leasehold Property £	Motor Vehicles £	Equipment £	Total £
Cost				
At 1 February 2000	26,326	68,329	40,245	134,900
Additions	<u>-</u>	<u>10,400</u>	<u>2,431</u>	<u>12,831</u>
At 31 January 2001	<u>26,326</u>	<u>78,729</u>	<u>42,676</u>	<u>147,731</u>
Depreciation				
At 1 February 2000	26,326	50,543	36,501	113,370
Charge for the year	<u>-</u>	<u>10,997</u>	<u>2,194</u>	<u>13,191</u>
At 31 January 2001	<u>26,326</u>	<u>61,540</u>	<u>38,695</u>	<u>126,561</u>
Net book value				
At 31 January 2001	<u>-</u>	<u>17,189</u>	<u>3,981</u>	<u>21,170</u>
At 31 January 2000	<u>-</u>	<u>17,786</u>	<u>3,744</u>	<u>21,530</u>

INHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2001

6. Tangible fixed assets (*continued*)

Hire purchase agreements

Included within the net book value of £21,170 is £8,320 (2000 - £17,786) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £2,080 (2000 - £8,962).

7. Debtors

	2001 £	2000 £
Amounts owed by group undertakings	95,829	44,747
Other debtors	2,941	343
	<u>98,770</u>	<u>45,090</u>

8. Creditors: amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	3,617	-
Trade creditors	199,608	139,054
Corporation Tax	9,026	9,581
Hire purchase agreements	2,334	17,852
Other creditors	125,704	162,727
	<u>340,289</u>	<u>329,214</u>

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

	2001 £	2000 £
Hire purchase agreements	<u>4,472</u>	<u>-</u>

10. Commitments under operating leases

At 31 January 2001 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2001 £	2000 £
Operating leases which expire:		
Within 2 to 5 years	<u>6,000</u>	<u>-</u>

INHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2001

11. 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 £105,506 (2000:£119,315).

12. Transactions with the directors

During the year the directors incurred expenditure of £470 on behalf of the company, this amount is included in the directors current account. The balance owing at the balance sheet date was £5,845 (2000:£5,375).

13. 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 £255,813 (2000:£179,409). At the balance sheet date the company was due £95,829 (2000:£44,747) from group companies. During the year the company incurred expenditure relating to overheads and salaries of £81,201 (2000:£61,551) on behalf of group companies this expenditure was then recharged accordingly.

14. 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.

15. Share capital

Authorised share capital:

	2001	2000
	£	£
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	2001	2000
	£	£
£ Ordinary share capital	<u>1,000</u>	<u>1,000</u>

INHOUSE LIMITED
MANAGEMENT INFORMATION
YEAR ENDED 31 JANUARY 2001

**The following pages do not form part of the statutory financial statements
which are the subject of the auditors' report on page 4.**