

Inhouse Limited
FINANCIAL STATEMENTS
Year Ended 31 January 2003



Inhouse Limited

FINANCIAL STATEMENTS

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Inhouse Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr W A Potter
Mrs S A Potter

SECRETARY

S A Potter

REGISTERED OFFICE

28 Howe Street
Edinburgh
EH3 6TG

AUDITORS

Baker Tilly
Chartered Accountants
23 Queen Street
Edinburgh
EH2 1JX

BANKERS

National Westminster Plc
80 George Street
Edinburgh
EH2 2SB

SOLICITORS

Maclay Murray Spens
3 Glenfinlas Street
Edinburgh
EH3 6AQ

Inhouse Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Inhouse Limited for the year ended 31 January 2003.

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, Inhouse Scotland Limited were as follows:

Ordinary shares of £1 each in parent company

	At 31 January 2003	At 1 February 2002
Mr W A Potter	1,000	1,000
Mrs S A Potter	<u>1,000</u>	<u>1,000</u>

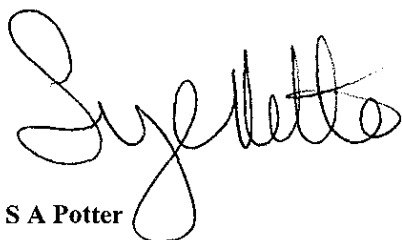
AUDITORS

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

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.

By order of the board



S A Potter

Company Secretary

28/11/03

Inhouse Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INHOUSE LIMITED

Independent auditors' report to the shareholders of Inhouse Limited

We have audited the financial statements on pages 5 to 10 of Inhouse Limited for the year ended 31 January 2003. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2002) under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 of our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

23 Queen Street
Edinburgh
EH2 1JX

29 November 2003

Baker Tilly
BAKER TILLY
Chartered Accountants
& Registered Auditors

Inhouse Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 January 2003

	<i>Notes</i>	2003 £	2002 £
TURNOVER		925,711	896,863
Direct costs		<u>524,170</u>	<u>453,174</u>
Gross profit		401,541	443,689
Administrative expenses		<u>399,083</u>	<u>439,741</u>
OPERATING PROFIT	2	2,458	3,948
Interest payable		6,728	917
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(4,270)</u>	<u>3,031</u>
Taxation		<u>-</u>	<u>(4,367)</u>
(LOSS)/RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>(4,270)</u>	<u>7,398</u>

The loss for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

Inhouse Limited

BALANCE SHEET

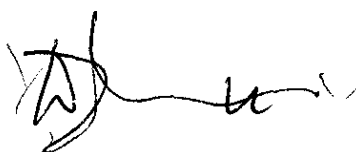
31 January 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible assets	4	8,974	10,775
CURRENT ASSETS			
Stocks		234,419	238,855
Debtors	5	90,757	63,925
Cash at bank and in hand		424	2,985
		325,600	305,765
CREDITORS			
Amounts falling due within one year	7	307,445	283,002
NET CURRENT ASSETS		18,155	22,763
TOTAL ASSETS LESS CURRENT LIABILITIES		27,129	33,538
CREDITORS			
Amounts falling due after more than one year	8	—	2,139
		27,129	31,399
CAPITAL AND RESERVES			
Called up equity share capital	13	1,000	1,000
Profit and loss account	14	26,129	30,399
SHAREHOLDERS' FUNDS		27,129	31,399

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 28/11/03 and are signed on their behalf by:

Mr W A Potter
Director



Inhouse Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 January 2003

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, exclusive of Value Added Tax.

FIXED ASSETS

All fixed assets are initially recorded at cost.

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.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Inhouse Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 January 2003

2 OPERATING PROFIT

Operating profit is stated after charging:

	2003	2002
	£	£
Depreciation	3,814	13,489
Auditors' fees	4,789	4,120

3 DIRECTORS' EMOLUMENTS

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

	2003	2002
	£	£
Aggregate emoluments	45,000	61,621

4 TANGIBLE FIXED ASSETS

	Leasehold Property £	Motor Vehicles £	Equipment £	Total £
Cost				
At 1 February 2002	26,326	78,730	45,769	150,825
Additions	—	—	2,013	2,013
Disposals	—	(44,584)	—	(44,584)
At 31 January 2003	26,326	34,146	47,782	108,254
Depreciation				
At 1 February 2002	26,326	72,490	41,234	140,050
Charge for the year	—	2,080	1,734	3,814
On disposals	—	(44,584)	—	(44,584)
At 31 January 2003	26,326	29,986	42,968	99,280
Net book value				
At 31 January 2003	—	4,160	4,814	8,974
At 31 January 2002	—	6,240	4,535	10,775

Hire purchase agreements

Included within the net book value of £8,974 is £4,160 (2002 - £6,240) 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 (2002 - £2,080).

5 DEBTORS

	2003	2002
	£	£
Amounts owed by group undertakings	72,683	42,506
Other debtors	18,074	16,191
Deferred taxation	—	5,228
	90,757	63,925

Inhouse Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 January 2003

6 DEFERRED TAXATION

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2003 £	2002 £
Excess of taxation allowances over depreciation on fixed assets	(5,494)	(5,228)
	<u>(5,494)</u>	<u>(5,228)</u>
Less provision for losses	5,494	—
	<u>—</u>	<u>(5,228)</u>

7 CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	57,738	23,629
Trade creditors	171,172	178,465
Other taxation and social security	45,713	46,264
Hire purchase agreements	2,218	2,333
Directors current account	—	5,845
Other creditors	30,604	26,466
	<u>307,445</u>	<u>283,002</u>

8 CREDITORS: Amounts falling due after more than one year

	2003 £	2002 £
Hire purchase agreements	<u>—</u>	<u>2,139</u>

9 COMMITMENTS UNDER OPERATING LEASES

At 31 January 2003 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2003 £	2002 £
Operating leases which expire:		
Within 2 to 5 years	<u>6,000</u>	<u>6,000</u>

10 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 £92,802 (2002:£105,498).

11 TRANSACTIONS WITH THE DIRECTORS

On 5 April 2002 the company disposed of a motor vehicle with a net book value of £nil to W Potter for a consideration of £10,000. At the year end there were no amounts outstanding at the balance sheet date.

Inhouse Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2003

12 RELATED PARTY TRANSACTIONS

During the year, the company made purchases on behalf of Inhouse Contracts Limited, a fellow subsidiary company. The value of purchases was £121,376 (2002:£98,635). During the year the company incurred expenditure relating to overheads and salaries of £87,227 (2002:£83,093) on behalf Inhouse Contracts Limited this expenditure was then recharged accordingly. At the balance sheet date the company was due £62,792 (2002:£30,366) from Inhouse Contracts Limited.

At the balance sheet date the company owed £5,752 (2002:£8,907) in unpaid dividends to Inhouse Scotland Limited, this balance is included in other creditors.

13 SHARE CAPITAL

	2003 £	2002 £
Authorised:		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid:		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

14 PROFIT AND LOSS ACCOUNT

	£
At 1 February 2002	30,399
(Accumulated loss)	<u>(4,270)</u>
At 31 January 2003	<u>26,129</u>

15 ULTIMATE PARENT COMPANY

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