

REGISTRAR

LELIEVRE (UK) LIMITED

Registered no. 1446023

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

BYRNE PALMER & CO  
14, QUEENS ROAD  
HERSHAM  
WALTON ON THAMES  
SURREY  
KT12 5LS



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**Directors' Report For The Year Ended 31 December 2002**

The directors present their report and the financial statements of the company for the year ended 31 December 2002.

**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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a 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. 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.

**Directors**

P Lelievre  
J Bayldon

**Secretary**

J Bayldon

**Registered Office**

1/19 Chelsea Harbour Design Centre  
London  
SW10 0XE

**Principal Activity**

The principal activity of the company throughout the year was that of selling agents for the furnishing fabric trade.

**Review of Business**

The results for the year and the financial position at the year end were considered satisfactory by the directors, who expect continued growth in the foreseeable future.

### Directors' Report For The Year Ended 31 December 2002 (cont)

#### Future Developments

The directors aim to maintain the management policies which have resulted in the company's continued growth. They consider that the current year will show a further growth in sales.

#### Fixed Assets

In the opinion of the directors, the market value of freehold land and buildings was not significantly different from book value.

#### Results and Dividends

The results of the year's trading and the financial position of the company are shown in the annexed accounts.

The company's profit for the year, after taxation, amounted to £6,726 (2001 - £3,307).

The directors recommend that no dividend be paid.

#### Directors

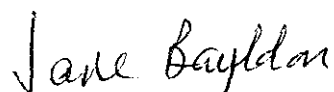
The present directors are as shown above. All served on the board throughout the year.

The company's Articles of Association do not require directors to retire by rotation.

#### Auditors

The auditors, Byrne Palmer & Co, have indicated their willingness to accept re-appointment under Section 385(2) of the Companies Act 1985.

On behalf of the board



J Bayldon - Managing Director

Date: 8<sup>th</sup> May 2003

### Independent Auditors' Report To The Members Of Lelievre (uk) Limited

We have audited the financial statements of Lelievre (UK) Limited for the year ended 31 December 2002 which comprises the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

#### Respective responsibilities of 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 United Kingdom Accounting Standards.

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 for our report if we become aware of any apparent misstatement within it.

#### Basis of 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 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Byrne Palmer & Co**  
Registered Auditors

14, Queens Road  
Hersham  
Walton on Thames  
Surrey  
KT12 5LS

Date: 12/1/2003

### Profit And Loss Account For The Year Ended 31 December 2002

	Note	2002 £	2001 £
<b>Turnover</b>	2	516,996	470,960
Cost of sales		2,684	685
<b>Gross profit</b>		514,312	470,275
Net operating expenses	3	494,596	455,549
<b>Operating profit</b>	4	19,716	14,726
Profit on sale of fixed assets		-	3,250
<b>Profit on ordinary activities before interest</b>		19,716	17,976
Other interest receivable and similar income		1,438	2,125
Interest payable and similar charges	7	(3,577)	(5,045)
<b>Profit on ordinary activities before taxation</b>		17,577	15,056
Tax on profit on ordinary activities	8	10,851	11,749
<b>Retained profit for the financial year</b>		6,726	3,307
Retained profit brought forward		62,190	58,883
<b>Retained profit carried forward</b>		68,916	62,190

The company's turnover and expenses all relate to continuing operations.

There are no recognised gains or losses other than the profit for the financial year shown above.

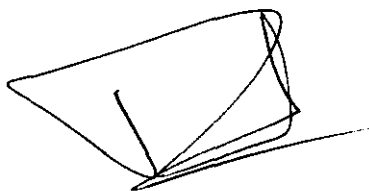
# LELIEVRE (UK) LIMITED

## Balance Sheet At 31 December 2002

	Note	2002 £	2001 £
<b>Fixed assets</b>			
Tangible assets	9	31,049	65,617
<b>Current assets</b>			
Stocks	10	1,956	-
Debtors	11	91,374	83,885
Cash at bank and in hand		88,078	48,037
		<u>181,408</u>	<u>131,922</u>
<b>Creditors</b>			
Amounts falling due within one year	12	<u>141,109</u>	<u>102,252</u>
<b>Net current assets</b>		40,299	29,670
<b>Total assets less current liabilities</b>		<u>71,348</u>	<u>95,287</u>
<b>Creditors</b>			
Amounts falling due after more than one year	13	(2,332)	(32,997)
<b>Net assets</b>		<u><u>69,016</u></u>	<u><u>62,290</u></u>
<b>Capital and reserves</b>			
Called up share capital	14	100	100
Profit and loss account		68,916	62,190
<b>Shareholders' funds</b>	15	<u><u>69,016</u></u>	<u><u>62,290</u></u>

These financial statements were approved by the board on 17 April 2003  
On behalf of the board

P Lelievre - Director



The annexed notes form part of these financial statements.

### Cash Flow Statement For The Year Ended 31 December 2002

	Note	2002 £	2001 £
Net cash inflow from operating activities	18	55,627	38,314
Returns on investments and servicing of finance	19	(2,139)	1,676
Taxation		(9,051)	(12,911)
Capital expenditure	19	(396)	(4,334)
		<hr/> 44,041	<hr/> 22,745
Financing	19	(3,998)	(1,666)
Increase in cash	20	<hr/> 40,043	<hr/> 21,079

The annexed notes form part of these financial statements.



## Notes To The Accounts For The Year Ended 31 December 2002

**1. Accounting Policies**

The accounts have been prepared in accordance with applicable accounting standards. There were no material departures from those standards.

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

**Basis of Preparation of Financial Statements**

The financial statements have been prepared under the historical cost convention and applicable accounting standards.

The effect of events in relation to the year ended 31 December 2002 which occurred before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31 December 2002 and of the results for the year ended on that date.

**Depreciation**

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:

Leasehold property	- 20% per annum of cost
Office equipment	- 25% per annum of cost
Fixtures and fittings	- 20% per annum of cost
Motor vehicles	- 25% per annum of cost

**Stocks**

Stocks have been valued at the lower of cost and net realisable value.

**Leasing**

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**2. Turnover**

The company's turnover represents the value of goods and services supplied to customers during the year.

## Notes To The Accounts For The Year Ended 31 December 2002 (cont)

## 3. Net operating expenses

	2002 £	2001 £
Distribution costs	42,514	36,881
Administrative expenses	452,082	418,668
	<u>494,596</u>	<u>455,549</u>

## 4. Operating profit

Operating profit is stated after charging/(crediting):

	2002 £	2001 £
Directors' emoluments	71,245	66,203
Hire of other assets - operating leases	72,677	51,387
Depreciation and amortisation of owned assets	34,965	36,134
Auditors' remuneration	2,000	1,500
	<u></u>	<u></u>

## 5. Directors' remuneration

There is one director to whom retirement benefits are accruing under a money purchase pension scheme in respect of qualifying services (2001 - 1).

Notes To The Accounts For The Year Ended 31 December 2002 (cont)

6. Staff costs

The average number of persons employed by the company, including directors, during the year was as follows:

	2002 Number	2001 Number
Management and administration	4	4
Sales	3	3
	<u>7</u>	<u>7</u>

The aggregate payroll costs of these persons were as follows:

	2002 £	2001 £
Wages and salaries	234,904	215,735
Social security	21,789	22,865
Other pension costs	4,667	6,417
	<u>261,360</u>	<u>245,017</u>

7. Interest payable and similar charges

	2002 £	2001 £
Other loans	2,641	4,560
Finance charges payable - finance leases and hire purchase	936	485
	<u>3,577</u>	<u>5,045</u>

### Notes To The Accounts For The Year Ended 31 December 2002 (cont)

#### 8. Taxation

Analysis of charge in period	2002 £	2001 £
Current tax:		
UK corporation tax on profits of the year	10,851	9,051
Adjustments in respect of prior periods	-	2,698
Total current tax	<u>10,851</u>	<u>11,749</u>
Tax on profit on ordinary activities	<u>10,851</u>	<u>11,749</u>

#### Factors affecting tax charge for the period

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (22%). The differences are explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	<u>17,577</u>	<u>15,056</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22% (21%)	3,867	3,162
Effects of		
Expenses not deductible for tax purposes	5,679	5,141
Depreciation for year in excess of capital allowances	1,305	748
Adjustments to charge in respect of previous periods	-	2,698
Current tax charge for year	<u>10,851</u>	<u>11,749</u>

#### Factors that may affect future tax charges

Depreciation has been charged in advance of tax writing down allowances, There is a potential deferred tax credit £3,712 at the balance sheet date.

	2002 £	2001 £
Corporation tax charge	<u>10,851</u>	<u>11,749</u>

### Notes To The Accounts For The Year Ended 31 December 2002 (cont)

#### 9. Tangible fixed assets

	Land and buildings £	Office equipment £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 2002	91,501	26,087	62,750	31,556	211,894
Additions	-	162	234	-	396
At 31 December 2002	<u>91,501</u>	<u>26,249</u>	<u>62,984</u>	<u>31,556</u>	<u>212,290</u>
<b>Depreciation</b>					
At 1 January 2002	62,587	23,088	42,822	17,779	146,276
Charge for the year	18,297	1,809	10,923	3,936	34,965
At 31 December 2002	<u>80,884</u>	<u>24,897</u>	<u>53,745</u>	<u>21,715</u>	<u>181,241</u>
<b>Net book value</b>					
At 31 December 2002	<u>10,617</u>	<u>1,352</u>	<u>9,239</u>	<u>9,841</u>	<u>31,049</u>
At 31 December 2001	<u>28,914</u>	<u>2,998</u>	<u>19,928</u>	<u>13,777</u>	<u>65,617</u>

Net book value of land and buildings at 31 December 2002 comprised:

	2002 £	2001 £
Short leasehold property	<u>10,617</u>	<u>28,914</u>

Included in the total net book value of tangible fixed assets held at 31 December 2002 was £9,841 (2001 - £13,777) in respect of assets held under finance leases and hire purchase contracts.

#### 10. Stocks

	2002 £	2001 £
Finished goods and goods for resale	<u>1,956</u>	<u>-</u>

### Notes To The Accounts For The Year Ended 31 December 2002 (cont)

#### 11. Debtors

##### Receivable within one year:

	2002 £	2001 £
Trade debtors	2,870	867
Amounts owed by group undertakings	33,947	34,693
Other debtors	5,612	5,827
Prepayments and accrued income	26,174	19,727
	<u>68,603</u>	<u>61,114</u>

##### Receivable after one year:

	2002 £	2001 £
Other debtors	<u>22,771</u>	<u>22,771</u>
<b>Total debtors</b>	<u><b>91,374</b></u>	<u><b>83,885</b></u>

#### 12. Creditors - amounts due within one year

	2002 £	2001 £
Obligations under finance leases and hire purchase contracts	3,999	3,998
Trade creditors	16,653	3,687
Amounts owed to group undertakings	62,077	53,234
Social security and other taxes	8,064	7,872
Corporation tax payable	10,850	9,051
Accruals and deferred income	39,466	24,410
	<u>141,109</u>	<u>102,252</u>

#### 13. Creditors - amounts due after one year

	2002 £	2001 £
Obligations under finance leases and hire purchase contracts	2,332	6,331
Amounts owed to group undertakings	-	26,666
	<u>2,332</u>	<u>32,997</u>

Obligations under finance leases and hire purchase contracts are secured by related assets.

### Notes To The Accounts For The Year Ended 31 December 2002 (cont)

#### Obligations under finance leases and hire purchase contracts

	2002 £	2001 £
Amounts payable:		
Within two to five years	2,332	6,331
After five years	-	-
	<u>2,332</u>	<u>6,331</u>

#### 14. Share capital

	2002 £	2001 £
Authorised 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

#### 15. Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year	6,726	3,307
Opening shareholders' funds	<u>62,290</u>	<u>58,983</u>
Closing shareholders' funds	<u>69,016</u>	<u>62,290</u>

#### 16. Leasing commitments

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as detailed below:

	2002 Land and buildings £	Other £	2001 Land and buildings £	Other £
Operating leases which expire:				
After more than five years	<u>56,203</u>	-	<u>52,748</u>	-
	<u>56,203</u>	-	<u>52,748</u>	-

### Notes To The Accounts For The Year Ended 31 December 2002 (cont)

#### 17. Related parties

The company is a wholly owned subsidiary of H Lelievre S.A., a company incorporated in France. P Lelievre is also a director of the parent company.

Transactions with the parent during the year were;

Commission income	£512,939
Purchase of goods for resale	£4,184
Overhead expenses and interest	£34,641
Repayment of loan capital	£32,000

Debtor balances include £33,947 due from the parent and creditor balances include £62,077 due to the parent.

#### 18. Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	2002 £	2001 £
Operating profit	19,716	14,726
Depreciation charge	34,965	36,134
Increase in stocks	(1,956)	-
Increase in debtors	(7,489)	(3,702)
Increase/(decrease) in creditors	10,391	(8,844)
Net cash inflow/outflow from operating activities	<u>55,627</u>	<u>38,314</u>



### Notes To The Accounts For The Year Ended 31 December 2002 (cont)

#### 19. Gross cash flows

	2002 £	2001 £
<b>Returns on investments and servicing of finance</b>		
Interest received	1,438	2,161
Interest paid	(2,641)	-
Interest element of finance lease rental payments	(936)	(485)
	<u>(2,139)</u>	<u>1,676</u>
<b>Capital expenditure</b>		
Payments to acquire fixed assets	(396)	(7,584)
Receipts from sales of fixed assets	-	3,250
	<u>(396)</u>	<u>(4,334)</u>
<b>Financing</b>		
Capital element of finance lease repayments	<u>(3,998)</u>	<u>(1,666)</u>

#### 20. Analysis of net funds

	2001 £	Cash flow £	Other changes £	2002 £
Cash at bank and in hand	48,037	40,041	-	88,078
Finance leases	(10,329)	3,998	-	(6,331)
Total	<u>37,708</u>	<u>44,039</u>	<u>-</u>	<u>81,747</u>

## LELIEVRE (UK) LIMITED

## Notes To The Accounts For The Year Ended 31 December 2002 (cont)

## 21. Reconciliation of net cash flow to movement in net funds

	2002 £	2001 £
<b>Increase in cash in the year</b>	40,043	21,079
Cash outflow from decrease in lease financing	3,998	1,666
Change in net funds resulting from cash flows	44,039	18,151
New finance leases	-	(11,995)
<b>Movement in net funds in the year</b>	44,039	6,156
Net funds at 1 January 2002	37,708	31,552
Net funds at 31 December 2002	81,747	37,708

## 22. Parent Undertakings

The ultimate parent company is H Lelievre S.A., a company incorporated in France.