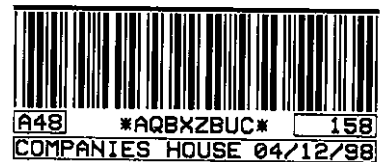


POW LTD
FINANCIAL STATEMENTS
28TH FEBRUARY 1998

Registered number: 1479534

SULLY & CO
CHARTERED ACCOUNTANTS
Barnstaple



POW LTD
FINANCIAL STATEMENTS
for the year ended 28th February 1998

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The following pages do not form part of the statutory accounts

| | |
|---|------------|
| Detailed trading and profit and loss account | Appendix 1 |
|---|------------|

POW LTD

COMPANY INFORMATION

28th February 1998

| | |
|-------------------|---|
| NUMBER | 1479534 |
| CHAIRMAN | Mr A. Pow |
| OTHER DIRECTORS | Mr M. Pow Mrs M. Pow |
| SECRETARY | Mrs M. Pow |
| REGISTERED OFFICE | 40 Mill Street Bideford North Devon |
| BANKERS | National Westminster Bank plc 86 High Street Bideford North Devon |
| ACCOUNTANTS | Sully & Co Chartered Accountants Choweree House 21 Boutport Street Barnstaple Devon EX31 1RP |

POW LTD

DIRECTORS' REPORT

28th February 1998

The directors present their report and the financial statements for the year ended 28th February 1998.

Principal activity

The principal activity of the company was that of furniture retailing.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

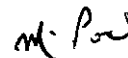
| | 28th February 1998 | 1st March 1997 |
|------------|--------------------|--------------------|
| | Ordinary shares | Ordinary shares |
| Mr A. Pow | 1 | 1 |
| Mr M. Pow | 1 | 1 |
| Mrs M. Pow | 1 | 1 |

Small company exemptions

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board

Mrs M. Pow
Secretary



40 Mill Street
Bideford
North Devon

POW LTD

ACCOUNTANTS' REPORT

Accountants' report to the directors
on the unaudited financial statements of
Pow Limited

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 28th February 1998, set out on pages , and you consider that the company is exempt from an audit. In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

A handwritten signature in dark ink, appearing to read 'Sully & Co', with a horizontal line underneath the name.

Barnstaple

Sully & Co
Chartered Accountants

POW LTD

PROFIT AND LOSS ACCOUNT

for the year ended 28th February 1998

| | Note | 1998 £ | 1997 £ |
|--|------|-----------|-----------|
| Turnover | 2 | 149,798 | 132,840 |
| Cost of sales | | (99,370) | (87,576) |
| Gross profit | | 50,428 | 45,264 |
| Net operating expenses | | | |
| Distribution costs | | (7,596) | (9,680) |
| Administrative expenses | | (59,863) | (44,457) |
| Operating loss | 3 | (17,031) | (8,873) |
| Non - trading income | 4 | 49,120 | 43,297 |
| Other operating expenses | 4 | (16,260) | (17,616) |
| Interest payable | | (11,658) | (12,960) |
| Profit on ordinary activities before taxation | | 4,171 | 3,848 |
| Taxation | 5 | (856) | (1,013) |
| Profit on ordinary activities after taxation | | 3,315 | 2,835 |
| retained for the year | 12 | | |

Movements in reserves are shown in note 12.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1998 or 1997 other than the profit for the year.

BALANCE SHEET

at 28th February 1998

| | Note | 1998 £ | 1997 £ |
|--|------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 6 | 16,968 | 17,186 |
| Current assets | | | |
| Stocks | | 35,891 | 36,241 |
| Debtors | 7 | 5,053 | 3,105 |
| Cash at bank and in hand | | 8 | 59 |
| | | <u>40,952</u> | <u>39,405</u> |
| Creditors: amounts falling due within one year | 8 | <u>(106,161)</u> | <u>(89,090)</u> |
| Net current liabilities | | <u>(65,029)</u> | <u>(49,685)</u> |
| Total assets less current liabilities | | <u>(48,241)</u> | <u>(32,499)</u> |
| Creditors: amounts falling due after more than one year | 9 | <u>(117,086)</u> | <u>(136,143)</u> |
| | | <u>(165,327)</u> | <u>(168,642)</u> |
| Capital and reserves | | | |
| Called up share capital | 11 | 3 | 3 |
| Profit and loss account | 12 | <u>(165,330)</u> | <u>(168,645)</u> |
| Total shareholders' funds | 10 | <u>(165,327)</u> | <u>(168,642)</u> |

Directors' Statement

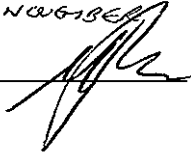
The exemption conferred by Section 249A(2) not to have these accounts audited applies to the company and the directors confirm that no notice has been deposited under Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibility for ensuring that:

- (i) the company keeps accounting records which comply with Section 221 of the Companies Act 1985; and
- (ii) the accounts give a true and fair view of the state of affairs of the company as at 28th February 1998 and of its profit or loss for the year then ended in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to accounts, so far as applicable to the company

In the preparation of the company's annual financial statements, the directors have taken advantage of special exemptions applicable to small companies under Part I of Schedule 8 to the Companies Act 1985 on the grounds that, in their opinion, the company is entitled to those exemptions.

The financial statements on pages 3 to 6 were approved by the board of directors on 12 NOVEMBER 1998.

Signed  Mr M. Pow (Director)

POW LTD

NOTES ON FINANCIAL STATEMENTS

28th February 1998

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement as conferred by Financial Reporting Standard No. 1 (Revised 1996) on the grounds that it qualifies as a small company under the Companies Act 1985.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Tangible fixed assets

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

| | |
|----------------------------------|-----------------|
| Freehold land and buildings | - Over 25 years |
| Furnishings, plant and equipment | - 10% on cost |
| Motor vehicles | - 25% on cost |

Stocks

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

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

2 Turnover

In the opinion of the directors, none of the turnover of the company is attributable to geographical markets outside the UK. (1997 nil)

3 Operating loss

| | 1998 £ | 1997 £ |
|---|-----------|-----------|
| Depreciation of tangible fixed assets (note 6) | | |
| Owned assets | 1,841 | 1,926 |

NOTES ON FINANCIAL STATEMENTS

28th February 1998

4 Non-trading income and other operating expenses

| | 1998 £ | 1997 £ |
|---|---------------|---------------|
| Rental Income | 49,120 | 43,297 |
| Other operating expenses re rental income | | |
| Rates paid | 7,991 | 10,607 |
| Light, heat and power | 316 | 703 |
| Directors' remuneration | 1,948 | 1,062 |
| Property repairs | 3,614 | 1,444 |
| Insurance | 909 | 2,183 |
| Bank charges and interest | 1,034 | 960 |
| Professional fees | 290 | 657 |
| Advertising | 158 | - |
| | <u>16,260</u> | <u>17,616</u> |

5 Taxation

| | 1998 £ | 1997 £ |
|--|------------|--------------|
| Corporation tax on profit on ordinary activities at 24/21% (1997 25/24%) | 855 | 1,013 |
| Under provision in earlier years | 1 | - |
| | <u>856</u> | <u>1,013</u> |

6 Tangible fixed assets

| | Land and Buildings £ | Plant and Machinery etc £ | Total £ |
|--------------------|-------------------------------|------------------------------------|---------------|
| Cost | | | |
| 1st March 1997 | 9,187 | 44,097 | 53,284 |
| Additions | - | 1,624 | 1,624 |
| 28th February 1998 | <u>9,187</u> | <u>45,721</u> | <u>54,908</u> |
| Depreciation | | | |
| 1st March 1997 | 1,923 | 34,175 | 36,098 |
| Charge for year | 367 | 1,474 | 1,841 |
| 28th February 1998 | <u>2,290</u> | <u>35,649</u> | <u>37,939</u> |
| Net book amount | | | |
| 28th February 1998 | <u>6,896</u> | <u>10,072</u> | <u>16,968</u> |
| 1st March 1997 | <u>7,264</u> | <u>9,922</u> | <u>17,186</u> |

7 Debtors

| | 1998 £ | 1997 £ |
|-------------------------------------|--------------|--------------|
| Amounts falling due within one year | | |
| Trade debtors | 3,560 | 1,807 |
| Other debtors | 1,493 | 1,298 |
| | <u>5,053</u> | <u>3,105</u> |

POW LTD

NOTES ON FINANCIAL STATEMENTS

28th February 1998

8 Creditors: amounts falling due within one year

| | 1998 £ | 1997 £ |
|------------------------------------|----------------|---------------|
| Bank loans and overdrafts | 66,172 | 57,546 |
| Trade creditors | 8,633 | 3,187 |
| Other taxation and social security | 4,164 | 5,999 |
| Other creditors | 27,192 | 22,358 |
| | <u>106,161</u> | <u>89,090</u> |

9 Creditors: amounts falling due after more than one year

| | 1998 £ | 1997 £ |
|-------------------|----------------|----------------|
| Other liabilities | | |
| Bank loans | 75,122 | 82,076 |
| Other creditors | 41,964 | 54,067 |
| | <u>117,086</u> | <u>136,143</u> |

Maturity of debt included above

| | | |
|-----------------------------------|----------------|----------------|
| In one year or less, or on demand | 13,650 | 13,650 |
| Between one and two years | 13,650 | 13,650 |
| Between two and five years | 40,950 | 40,950 |
| In five years or more | 62,486 | 81,543 |
| | <u>130,736</u> | <u>149,793</u> |

Creditors other than finance lease and hire purchase contracts

| | | |
|--|---------------|---------------|
| Amounts falling due after more than five years | <u>62,486</u> | <u>81,543</u> |
|--|---------------|---------------|

The bank loans are secured. Other creditors contain a director's loan of £49,111 from Mr H and Mrs M Pow. There are no fixed terms for repayment of the loan and no interest is currently being charged. The loan is currently being repaid over eight years in monthly instalments.

10 Reconciliation of movements in shareholders' funds

| | 1998 £ | 1997 £ |
|--|------------------|------------------|
| Profit for the financial year representing a Net addition to shareholders' funds | 3,315 | 2,835 |
| Opening shareholders' funds | <u>(168,642)</u> | <u>(171,477)</u> |
| Closing shareholders' funds | <u>(165,327)</u> | <u>(168,642)</u> |

POW LTD

NOTES ON FINANCIAL STATEMENTS

28th February 1998

11 Called up share capital

| | 1998 | | 1997 | |
|--------------------------------------|---------------------|-------|---------------------|-------|
| | Number of shares | £ | Number of shares | £ |
| Authorised | | | | |
| Ordinary shares | 5,000 | 5,000 | 5,000 | 5,000 |
| Allotted called up and fully paid | | | | |
| Ordinary shares | 3 | 3 | 3 | 3 |

12 Profit and loss account

| | 1998 £ |
|------------------------------|-----------|
| 1st March 1997 | (168,645) |
| Retained profit for the year | 3,315 |
| 28th February 1998 | (165,330) |

13 Related parties

At the balance sheet date the company owed the following balances to directors:

| | £ |
|-----------|--------|
| M Pow | 9,555 |
| A Pow | 9,011 |
| Mrs M Pow | 47,964 |

The company is controlled by the directors.