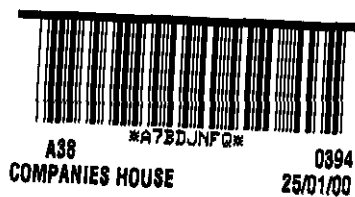


ZIBOH INTERIORS LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 AUGUST 1998**



REGISTERED NUMBER: 2844490

ZIBOH INTERIORS LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998**

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ZIBOH INTERIORS LIMITED

**COMPANY INFORMATION
AT 31 AUGUST 1998**

DIRECTORS

M A Ahari
B Fox
V L L Fox-Ahari

SECRETARY

V L L Fox-Ahari

REGISTERED OFFICE

2 Watling Gate
297/303 Edgware Road
London
NW9 6NB

BUSINESS ADDRESS

76 South Street
Dorking
Surrey
RH4 2HD

AUDITORS

Jolly Singh Partnership
Registered Auditors & Accountants
2 Watling Gate
297/303 Edgware Road
London
NW9 6NB

PRINCIPAL BANKERS

Barclays Bank PLC
8/12 Church Street
Walton on Thames
Surrey
KT12 2YW

ZIBOH INTERIORS LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the year ended 31 August 1998.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of interior designers and furnishers. In addition, the company earns rent for furniture and equipment displayed at show houses.

REVIEW OF THE BUSINESS

The net loss after providing for taxation amounted to £79,595.

DIVIDENDS

Dividends paid during the year amounted to £6000. (1997-Nil)

INTRODUCTION OF THE SINGLE EUROPEAN CURRENCY

There will be no potential impact of the introduction of the single European currency on the company.

DIRECTORS AND THEIR INTERESTS

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year were as follows:

		Number of Shares	
		1998	1997
M A Ahari	Ordinary Shares of £1 each	45	45
B Fox	Ordinary Shares of £1 each	45	45
V L L Fox-Ahari	Ordinary Shares of £1 each	10	10

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 as at the end of the financial year 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;
- 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 maintaining 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.

YEAR 2000 ISSUES

The directors do not envisage any problems due to the impending arrival of the year 2000.

ZIBOH INTERIORS LIMITED

DIRECTORS' REPORT

AUDITORS

The auditors, Jolly Singh Partnership, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board:



V L L Fox-Ahari
Secretary

Date: 23 November 1999

ZIBOH INTERIORS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the directors' report, the company's directors are responsible for the preparation of 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.

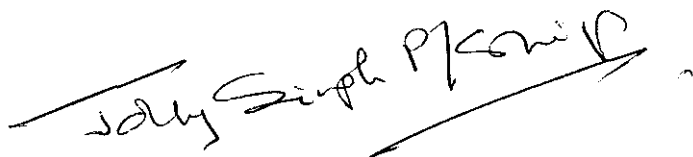
BASIS OF OPINION

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 as to whether 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 affairs of the company as at 31 August 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Jolly Singh Partnership
Registered Auditors & Accountants**

**2 Watling Gate
297/303 Edgware Road
London
NW9 6NB**

Date: 23 November 1999

ZIBOH INTERIORS LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 1998**

	Notes	1998 £	1997 £
TURNOVER		942,694	960,719
Cost of sales		763,769	779,172
GROSS PROFIT		178,925	181,547
Administrative expenses		353,155	300,914
		(174,230)	(119,367)
Other operating income		84,748	166,122
OPERATING (LOSS) / PROFIT	2	(89,482)	46,755
Investment income and interest receivable	3	545	279
Interest payable and similar charges	4	(4,412)	(3,643)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(93,349)	43,391
Tax on (loss) / profit on ordinary activities	7	13,754	(14,900)
(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(79,595)	28,491
Dividends		(6,000)	-
(ACCUMULATED LOSS) / RETAINED PROFIT FOR THE FINANCIAL YEAR	16	(85,595)	28,491

Continuing operations

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

Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

ZIBOH INTERIORS LIMITED**BALANCE SHEET
AT 31 AUGUST 1998**

	Notes	£	1998 £	£	1997 £
FIXED ASSETS					
Tangible assets	8		62,735		51,750
CURRENT ASSETS					
Stocks	9	105,833		149,188	
Debtors	10	73,958		91,714	
Cash at bank and in hand		15,924		7,581	
		195,715		248,483	
CREDITORS: amounts falling due within one year					
	11	(255,194)		(195,761)	
NET CURRENT (LIABILITIES) / ASSETS					
			(59,479)		52,722
TOTAL ASSETS LESS CURRENT LIABILITIES					
			3,256		104,472
CREDITORS: amounts falling due after more than one year					
	12		(30,196)		(45,817)
NET (LIABILITIES) / ASSETS					
			(26,940)		58,655
CAPITAL AND RESERVES					
Called up share capital	15		100		100
Profit and loss account	16		(27,040)		58,555
TOTAL SHAREHOLDERS' FUNDS					
	17		(26,940)		58,655

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board of directors on 23 November 1999 and signed on its behalf by:



M A Ahari
Director

ZIBOH INTERIORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1998

1. STATEMENT OF ACCOUNTING POLICIES

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

Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1: "Cash flow statements".

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Fixtures and Fittings	20% reducing value
Motor vehicles	25% reducing balance
Pattern Books	33% reducing balance

Stocks

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

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Pension costs

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

2. OPERATING (LOSS) / PROFIT

Operating (loss) / profit is stated	1998	1997
	£	£
After charging:		
Depreciation of fixed assets	21,121	26,311
Loss on disposal of tangible assets	-	3,500
Auditors' remuneration	8,319	7,606
Hire of equipment	1,315	1,186

3. INVESTMENT INCOME AND INTEREST RECEIVABLE

	1998	1997
	£	£
Interest received and receivable		
Bank interest	545	279

ZIBOH INTERIORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998****4. INTEREST PAYABLE AND SIMILAR CHARGES**

	1998 £	1997 £
On bank loans and overdrafts	664	1,511
On overdue tax	-	43
Lease finance charges and hire purchase interest	3,745	1,244
Other interest	3	845
	<u>4,412</u>	<u>3,643</u>

5. INFORMATION ON DIRECTORS AND EMPLOYEES

	1998 £	1997 £
Staff costs		
Wages and salaries	195,344	155,524
Other pension costs	3,600	2,925
	<u>198,944</u>	<u>158,449</u>

Directors' emoluments

	1998 £	1997 £
Emoluments, including pension contributions to money purchase (defined contribution) schemes	<u>46,350</u>	<u>41,758</u>

6. PENSION COSTS**Money purchase (defined contribution) pension scheme**

The company operates a money purchase (defined contribution) pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £3,600 (1997: £2,925).

7. TAX ON LOSS ON ORDINARY ACTIVITIES

	1998 £	1997 £
The taxation credit comprises:		
Corporation tax at 21% (1997 - 21%)	<u>(13,754)</u>	<u>14,900</u>

ZIBOH INTERIORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998****8. TANGIBLE FIXED ASSETS**

	Fixtures and fittings £	Motor vehicles £	Pattern Books £	Total £
Cost:				
At 1 September 1997	13,508	56,891	28,441	98,840
Additions	9,955	13,495	8,656	32,106
At 31 August 1998	23,463	70,386	37,097	130,946
Depreciation:				
At 1 September 1997	6,544	15,973	24,573	47,090
Charge for year	3,384	13,604	4,133	21,121
At 31 August 1998	9,928	29,577	28,706	68,211
Net book value:				
At 31 August 1998	13,535	40,809	8,391	62,735
At 31 August 1997	6,964	40,918	3,868	51,750

9. STOCKS

	1998 £	1997 £
Finished goods and goods for resale	105,833	149,188

10. DEBTORS

	1998 £	1997 £
Trade debtors	69,690	91,350
Other debtors	4,268	364
	73,958	91,714

11. CREDITORS: amounts falling due within one year

	1998 £	1997 £
Bank loans and overdrafts	91,631	54,078
Trade creditors	38,855	21,560
Taxation and social security	81,389	94,723
Other creditors	43,319	25,400
	255,194	195,761

ZIBOH INTERIORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998****11. CREDITORS: amounts falling due within one year - (continued)**

Bank overdrafts amounting to £91,631 (1997 £54,078) are secured by Directors guarantees and by a fixed and floating charge on all the assets of the company.

12. CREDITORS: amounts falling due after more than one year

	1998 £	1997 £
Bank loans and overdrafts	3,468	5,672
Net obligations under finance leases and hire purchase contracts	26,728	40,145
	<u>30,196</u>	<u>45,817</u>

13. BORROWINGS

	1998 £	1997 £
The company's borrowings are repayable as follows		
Up to one year and on demand	<u>91,631</u>	<u>54,078</u>

14. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	1998 £	1997 £
The company's obligations are repayable as follows:		
Net obligations analysed as follows:		
Included in creditors - amounts falling due within one year	12,688	-
Included in creditors - amounts falling due after more than one year	26,728	40,145
	<u>39,416</u>	<u>40,145</u>

15. SHARE CAPITAL

	1998 £	1997 £
Authorised:		
Equity interests:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
Equity interests:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

ZIBOH INTERIORS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998****16. PROFIT AND LOSS ACCOUNT**

	1998	1997
	£	£
Retained profit as at 1 September 1997	58,555	30,064
(Loss) / profit for the year	(85,595)	28,491
(Accumulated loss) / Retained profit as at 31 August 1998	(27,040)	58,555

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998	1997
	£	£
(Loss) / profit for the year	(79,595)	28,491
Dividends	(6,000)	-
Net (reduction) / addition to shareholders' funds	(85,595)	28,491
Opening shareholders' funds	58,655	30,164
Closing shareholders' funds	(26,940)	58,655
Represented by:-		
Equity interests	(26,940)	58,655