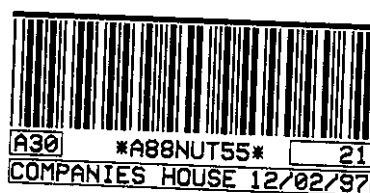


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PINE DREAMS (ST ALBANS) LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 1996



PINE DREAMS (ST ALBANS) LIMITED

DIRECTOR

B H Joshi

SECRETARY

Mr J C Martin

REGISTERED OFFICE

49 Harpenden Road
St Albans
Herts
AL3 6BJ

COMPANY NUMBER

03002555

AUDITOR

R Pugh FCA
49 Harpenden Road
St Albans
Herts
AL3 6BJ

PINE DREAMS (ST ALBANS) LIMITED

DIRECTOR'S REPORT

ACCOUNTS

The Director presents his Report with the financial statements for the year ended 31st August 1996.

PRINCIPAL ACTIVITY

The company began trading on 1st September 1995. The company's principle business activity during the period was that of retail furniture sales.

DIRECTORS

The Director who served during the period and his beneficial interest in the Ordinary Share Capital of the company was:

	<u>Ordinary £1 Shares</u>	
	At 31.08.96	At 31.08.95
B H Joshi	-	2

STATEMENT OF DIRECTORS RESPONSIBILITIES

Company law requires the Director 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 Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 Director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

The Director has taken advantage, in the preparation of his report, of the special exemptions applicable to small companies conferred by Part III of Schedule 8 to the Companies Act 1985.

Approved by the Board of Directors on 10th January 1997 and signed on their behalf by:



Mr J C Martin - Secretary

10-1-97
Date

PINE DREAMS (ST ALBANS) LIMITED

AUDITORS REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 2 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITOR

As described on page two, the company's director is responsible for the preparation of the financial statements. It is our responsibility to examine the accounts and, based on our examination, to report our opinion, to the shareholders.


BASIS OF OPINION

We conducted our examination in accordance with the appropriate standards for reporting accountants 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 judgments 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 reliable and relevant evidence to give reasonable assurance that the financial statements are free from material misstatements, 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 state of affairs at 31st August 1996 and of its result for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



R Pugh
Chartered Accountant



Date

PINE DREAMS (ST ALBANS) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u>
Turnover	1	199,103	-
Cost of Sales		104,401	-
Gross Profit		94,702	-
Administrative expenses		[86,898]	-
Operating Profit	2	7,804	-
Interest payable & similar charges		[1,603]	-
Profit on ordinary activities before taxation		6,201	-
Tax on profit on ordinary activities	3	[1,176]	-
Profit on ordinary activities after taxation		5,025	-
Retained profits brought forward		-	-
Retained profits carried forward		5,025	-

CONTINUING OPERATIONS

The Company began trading on 1st September 1995. None of the company's activities was discontinued during the current year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than those for the current period.

The notes on pages 6 and 7 form part of the financial statements.

PINE DREAMS (ST ALBANS) LIMITED

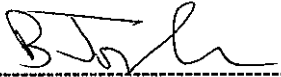
BALANCE SHEET AS AT 31ST AUGUST 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
<u>FIXED ASSETS</u>			
Tangible fixed assets	4	675	-
<u>CURRENT ASSETS</u>			
Stocks	5	21,295	-
Debtors	6	2	
Cash at bank and in hand		5,229	2
		26,526	2
<u>CURRENT LIABILITIES</u>			
Creditors: Amounts falling due within one year	7	[22,174]	-
Net current assets		4,352	2
Total assets		5,027	2
<u>CAPITAL AND RESERVES</u>			
Called up share capital	8	2	2
Profit and loss account		5,025	-
Shareholders funds		5,027	2

The financial statements were approved by the Board of Directors on 10th January 1997. The Director acknowledges his responsibilities for:

- ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985; and
- preparing accounts 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 its profit or loss for the financial year in accordance with the requirements of Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

Advantage has been taken, in the preparation of the accounts, of the special exemptions applicable to small companies on the grounds that, in the Director's opinion, the company qualifies as a small company under S246 and S247 of the Companies Act 1985.


B H Joshi - Director

10-1-97
Date

PINE DREAMS (ST ALBANS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

a. Accounting Convention

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

b. Financial Reporting Standards

The company has taken advantage of the exemption in Financial Reporting Standards No.1 from producing a cash flow statement on the grounds that it is a small company.

c. Turnover

Represents net sales, excluding VAT.

d. Depreciation of Tangible Fixed Assets

Depreciation has been provided to write of tangible fixed assets over their estimated useful lives at the following rates:

Motor Vehicles	-	25% Reducing Balance
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2. OPERATING PROFIT

The operating profit is stated after charging:

	<u>1996</u>	<u>1995</u>
Depreciation	225	-
	=====	=====

3. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Corporation Tax at 24.85% on the profit for the year	1,176	-
	=====	=====

Deferred taxation has not been provided for in these accounts as the amounts involved are not considered to be significant.

4. TANGIBLE FIXED ASSETS

	Motor Vehicles	Total
<u>Cost</u>		
Additions	900	900
Disposals	-	-
	-----	-----
At 31st August 1996	900	900
	=====	=====
<u>Depreciation</u>		
Charge for the year	225	225
Adjustments on disposals	-	-
	-----	-----
At 31st August 1996	225	225
	=====	=====
<u>Net Book Value</u>		
At 1st September 1995	-	-
	=====	=====
At 31st August 1996	675	675
	=====	=====

PINE DREAMS (ST ALBANS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. **STOCKS**

	<u>1996</u>	<u>1995</u>
Goods for resale	21,295	-
	=====	=====

6. **DEBTORS**

Amounts due by group undertakings	2	-
	=====	=====

7. **CREDITORS**

Amounts falling due within one year:

Amounts due to group undertakings	9,165	-
Trade Creditors	5,274	-
Directors Current Account	156	-
Corporation Tax	1,176	-
Taxation and Social Security	5,353	-
Accruals and Deferred Income	1,050	-
	-----	-----
	22,174	-
	=====	=====

8. **CALLED UP SHARE CAPITAL**

Authorised	
100 Ordinary Shares of £1 each	100
	=====
Allotted and Fully Paid	
Ordinary Shares of £1 each	2
	=====

9. **HOLDING COMPANY**

In the opinion of the Director, the ultimate holding company is Pine Dreams Limited, a company incorporated in England and Wales.