

PINE DREAMS (ST. ALBANS) LTD.REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST AUGUST 2005

The directors submit their report as required by Section 235 of the Companies Act 1985.

1. Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true & fair view of the state of affairs of the company and of its profit or loss 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.
- State whether the Financial Reporting Standard for Small Entities has been followed, subject to any material departures disclosed and explained in the financial statements;

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 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.

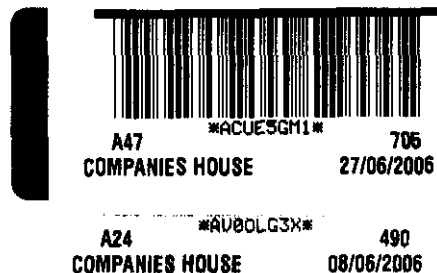
2. Principal Activities and Significant Changes:

The principal activities of the company consist of Retail Furniture Sales.

3. The directors and their shareholdings at the beginning and end of period were:

Mr B H Joshi

3 Ordinary Shares



BY ORDER OF THE BOARD

Mr B H Joshi
DIRECTOR

Dated: June 2006

PINE DREAMS (ST. ALBANS) LTD.Accountants' report to the board of directors on the
unaudited financial statements of Pine Dreams (St. Albans) Ltd.

In accordance with the engagement letter dated 18th March 2003, and in order to assist you to fulfill your duties under Companies Act 1985, we have compiled the financial statements of the company which comprise the profit and loss account, the balance sheet and the related notes from the accounting records and information and explanations you have given us.

This report is made to the company's board of directors, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the company's that we have done so and state those matters that we have agreed to state to them in this 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 board of directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

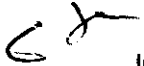
You have acknowledged on the balance sheet for the year ended 30th September 2005 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.



A J Shah and Company
Chartered Accountants

8 Pinner View
Harrow, Middx. HA1 4QA



..... June 2006

PINE DREAMS (ST. ALBANS) LTD.

TRADING AND PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST AUGUST 2005

| | <u>Notes</u> | <u>2005</u> | <u>2004</u> |
|---|--------------|----------------------|----------------------|
| Turnover | 2 | 331,619 | 311,461 |
| Cost of Sales | | (176,893) | (160,516) |
| GROSS PROFIT FOR THE PERIOD | | <u>154,726</u> | <u>150,945</u> |
| Administration Expenses | | <u>(140,305)</u> | <u>(90,533)</u> |
| Profit or (Loss) on ordinary activities before taxation | | 14,421 | 60,412 |
| Interest Receivable | | 230 | 704 |
| Profit or (Loss) on ordinary activities before taxation | | <u>14,651</u> | <u>61,116</u> |
| UK Corporation tax | | (1,093) | (11,604) |
| Profit/(Loss) on ordinary activities after taxation | | <u>13,560</u> | <u>49,512</u> |
| Dividends Payable | | nil | (30,000) |
| | | <u>13,560</u> | <u>19,512</u> |
| Retained Profits (Adverse Balance) | | <u>67,783</u> | <u>48,270</u> |
| Profits carried to Balance Sheet | | <u><u>81,343</u></u> | <u><u>67,782</u></u> |

1. There was no recognised gains or loss in 2005 and 2004 other than those included in the Profit and Loss Account.

2. The Notes on Pages 5 to 6 form part of these accounts.

PINE DREAMS (ST. ALBANS) LTD.

BALANCE SHEET AS AT 31ST AUGUST 2005

| <u>FIXED ASSETS</u> | <u>Notes</u> | <u>2005</u> | <u>2004</u> |
|--|--------------|-----------------|-----------------|
| Tangible Assets | 6 | <u>33,949</u> | <u>21</u> |
| <u>CURRENT ASSETS</u> (Amounts falling due within one year) | 7 | 107,978 | 115,727 |
| <u>Less: CREDITORS</u> (amounts falling due within one year) | 8 | <u>(60,584)</u> | <u>(47,962)</u> |
| NET CURRENT ASSETS / (LIABILITIES) | | <u>47,394</u> | <u>67,765</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>81,346</u> | <u>67,786</u> |
| CAPITAL AND RESERVES: | | | |
| Called up Share Capital | 3 | 3 | 3 |
| Profit and Loss Account - (Adverse Balance) | | 81,343 | 67,783 |
| | | <u>81,346</u> | <u>67,786</u> |

STATEMENT BY THE DIRECTORS OF A SMALL COMPANY

The Directors are satisfied that the company is entitled to exemption under section 249A(1) of the Companies Act 1985 and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for :

- (1) ensuring that the company keeps proper accounting record which comply with Section 221 of the Companies Act 1985; and
- (11) 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 this Act relating to accounts, so far as applicable to the Company.

The directors have taken advantage of exemptions conferred by part 111 of Schedule 8 to the Companies Act 1985 and have done so on the ground that, in their opinion, the company is entitled to those exemptions as a small company.

APPROVED BY THE BOARD ON  June 2006 AND SIGNED ON ITS BEHALF BY


B Joshi

PINE DREAMS (ST. ALBANS) LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST AUGUST 2005

1. ACCOUNTING POLICIES

a. Accounting Basis and Standards:

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

b. Fixed Assets and Depreciation: All fixed assets are stated at cost.

Depreciation has been applied at rates estimated to write off the cost less estimated residual values of each asset over its expected useful life.

Tangibles

Fittings and Equipment 25% on cost p.a. - straight line basis

Short Leasehold is amortised over the remaining period of its lease.

c. Stock and Work in progress: Stock is valued by the directors at lower of cost and net realisable value.

2. TURNOVER

Turnover represents net sales excluding VAT.

3. SHARE CAPITAL

| | <u>Authorised</u> | <u>Allotted, Issued and fully paid</u> |
|---------------------------|-------------------|--|
| Ordinary Share of £1 each | £100,000 | £3.00 |

4. CONTINGENT LIABILITIES

As far as directors are aware, there were no material contingent liabilities outstanding on the Balance Sheet date other than those entered into the normal course of business.

5. DIRECTORS EMOLUMENTS - amounted to less than £60,000 including pension contributions

| | <u>2005</u> | <u>2004</u> |
|-------------------------------------|-------------|-------------|
| Emoluments for service as directors | | |
| Other emoluments (excluding NIC) | 5,033 | 5,600 |
| Pensions | 1,743 | 6,919 |

PINE DREAMS (ST. ALBANS) LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD TO 31ST AUGUST 2005

6. FIXED ASSETS

| | <u>TANGIBLE</u> | | <u>TANGIBLE</u> |
|--------------------------------|------------------|------------------|-----------------|
| | <u>Short</u> | | |
| | <u>Leasehold</u> | <u>Equipment</u> | <u>Total</u> |
| Cost as at 1/9/2004 | - | 198 | 198 |
| Additions/Disposals | 33,689 | 319 | 34,008 |
| Cost as at 31/8/2005 | <u>33,689</u> | <u>517</u> | <u>34,206</u> |
| Depreciation as at 1/9/2004 | nil | 177 | 177 |
| Disposals | nil | nil | nil |
| Charge for the Period | nil | 80 | 80 |
| Depreciation as at 31/8/2005 | <u>nil</u> | <u>257</u> | <u>257</u> |
| Net Book Value as at 31/8/2005 | <u>33,689</u> | <u>260</u> | <u>33,949</u> |
| Net Book Value as at 31/8/2004 | <u>-</u> | <u>21</u> | <u>21</u> |

7. CURRENT ASSETS

| | <u>2005</u> | <u>2004</u> |
|-------------------------------------|----------------|----------------|
| | <u>£</u> | <u>£</u> |
| Land for Resale | 47,284 | 47,284 |
| Amounts due from group undertakings | nil | 280 |
| Stock | 31,865 | 41,875 |
| Trade Debtors | 15,579 | 18,912 |
| Cash at Bank | 9,197 | 6,081 |
| Cash in Hand | 1,477 | 295 |
| Prepayment - Rent | 2,576 | 1,000 |
| | <u>107,978</u> | <u>115,727</u> |

8. CREDITORS (Amounts falling due within one year)

| | | |
|---|---------------|---------------|
| Amounts due to Associated | nil | 3,221 |
| Trade Creditors | 7,865 | 12,146 |
| Other Creditors including Taxation and NI | 20,008 | 26,432 |
| Director's Loan | 27,066 | - |
| Accruals | 5,645 | 6,163 |
| | <u>60,584</u> | <u>47,962</u> |