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PINE DREAMS [ST ALBANS] LIMITED

***REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1998***

COMPANY NO 3002555



***MARBOOK ACCOUNTANCY SERVICES LIMITED
49 HARPENDEN ROAD
ST ALBANS
HERTS
AL3 6BJ***

PINE DREAMS (ST ALBANS) LTD

DIRECTOR

Mr B H Joshi

SECRETARY

Mr J C Martin

REGISTERED OFFICE

49 Harpenden Road
St Albans
Herts
AL3 6BJ

COMPANY NUMBER

3002555

AUDITOR

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

PINE DREAMS (ST ALBANS) LTD

DIRECTOR'S REPORT

ACCOUNTS

The Director presents his Report with the financial statements for the year ended 31st August 1998.

PRINCIPAL ACTIVITY

The principal activity of the company during the period under review 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 were:

Ordinary £1 Shares
At the beginning and end of year.

Mr B H Joshi

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STATEMENT OF DIRECTORS RESPONSIBILITIES

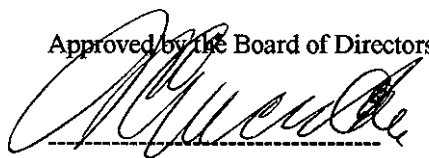
Company law requires the Director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the Director is required to:

- . select suitable accounting policies and then apply them consistently.
- . make 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 stay 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 6th May 1999 and signed on their behalf by:



Mr J C Martin - Secretary.

6-5-99

Date

PINE DREAMS (ST ALBANS) LTD

AUDITORS REPORT TO THE SHAREHOLDERS

We have audited the financial statements on page 4-8 which have been prepared under the historical cost convention and accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS

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 financial statements and, based on our audit, to report our opinion, to the shareholders.


BASIS OF OPINION

We conducted our examination in accordance with the Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the accounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 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 affairs at 31st August 1998 and its result for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



R Pugh, FCA
Registered Auditor



Date

PINE DREAMS (ST ALBANS) LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST 1998

	Notes	1998 £	1997 £
Turnover	1	294,706	270,016
Cost of sales		[155,297]	[137,935]
Gross profit		139,409	132,081
Administrative expenses		[131,433]	[105,091]
Operating profit	2	7,976	26,990
Interest payable & similar charges		[3,972]	[3,616]
[Loss]/profit on ordinary activities before taxation		[4,004]	23,374
Tax on profit on ordinary activities	3	[909]	[5,078]
Profit on ordinary activities after taxation		3,095	18,296
Retained profits brought forward		23,321	5,025
Retained profits carried forward		<u>26,416</u>	<u>23,321</u>

CONTINUING OPERATIONS

None of the company's activities was acquired or discontinued during the current periods under review.

TOTAL RECOGNISED GAINS AND LOSSES

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

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

PINE DREAMS (ST ALBANS) LTD

BALANCE SHEET AS AT 31ST AUGUST 1998

	Notes	1998	1997
FIXED ASSETS			
Tangible fixed assets	4	2,062	450
CURRENT ASSETS			
Stock	5	24,190	22,175
Debtors	6	32,349	23,639
Cash at hand and in Bank		<u>5,679</u>	<u>7,751</u>
		62,218	53,565
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	7	[37,862]	[30,692]
Net Current Assets		24,356	22,873
Total Assets		<u>26,418</u>	<u>23,323</u>
CAPITAL AND RESERVES			
Called up share capital	8	2	2
Profit & Loss Account		<u>26,416</u>	<u>23,321</u>
Shareholders funds		<u>26,418</u>	<u>23,323</u>

The financial statements were approved by the Board of Directors on 6th May 1999. 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.



 Mr B H Joshi - Director

6-5-99

 Date

PINE DREAMS (ST ALBANS) LTD

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 off tangible fixed assets over their estimated useful lives at the following rates:

Motor Vehicles	-	25% cost
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2 OPERATING PROFIT

The operating profit is stated after charging:	<u>1998</u>	<u>1997</u>
Depreciation and loss on disposal	1,138	225
Director's Remuneration	-	11,000

3 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Corporation Tax at on the profit for the year.	<u>909</u>	<u>5078</u>
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Deferred taxation has not been provided for in these accounts as the amounts involved are not considered significant.

4 TANGIBLE FIXES ASSETS

	Motor Vehicles	Total
<u>Cost</u>		
At 1st September 1997	900	900
Additions	2,750	2,750
Disposals	<u>[900]</u>	<u>[900]</u>
At 31st August 1998	<u>2,750</u>	<u>2,750</u>
<u>Depreciation</u>		
At 1st September 1997	450	450
Charge for the year	688	688
Adjustment on disposals	<u>[450]</u>	<u>[450]</u>
At 31st August 1998	<u>688</u>	<u>688</u>
<u>Net book Value</u>		
At 1st September 1997	<u>450</u>	<u>450</u>
At 31st August 1998	<u>2,062</u>	<u>2,062</u>

PINE DREAMS (ST ALBANS) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 STOCK	1998	1997
Goods for resale	<u>24,190</u>	<u>22,175</u>
6 DEBTORS		
Amounts due to group undertakings	27,312	23,345
Other debtors	<u>5,037</u>	<u>294</u>
	<u>32,349</u>	<u>23,639</u>
7 CREDITORS		
Amounts falling due within one year		
Amounts due to group undertakings	1,514	9,165
Trade Creditors	12,755	7,285
Directors Current Account	649	143
Corporation Tax	5,987	5,078
Taxation & Social Security	14,934	7,721
Accruals & Deferred Income	<u>2,023</u>	<u>1,300</u>
	<u>37,862</u>	<u>30,692</u>
8 CALLED UP SHARE CAPITAL		
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted and fully paid		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

9 HOLDING COMPANY

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

PINE DREAMS (ST ALBANS) LIMITED

PROFIT & LOSS ACCOUNT FOR THE PERIOD 1ST SEPTEMBER 1997 TO 31ST AUGUST 1998

	1998	1997
SALES	<u>294,282</u>	<u>269,797</u>
Cost of Sales		
Opening Stock	22,175	21,295
Purchases	157,312	138,815
Closing Stock	<u>[24,190]</u>	<u>[22,175]</u>
GROSS PROFIT	<u>155,297</u>	<u>137,935</u>
	<u>138,985</u>	<u>131,862</u>
 OVERHEAD EXPENDITURE		
Management Charges	25,000	-
Directors Remuneration	-	11,000
Motor & Transport	3,677	2,371
Telephone	1,593	990
Advertising	4,404	3,282
Rent & Storage	45,000	32,419
Rates & Water	13,382	13,960
Electricity	728	375
Insurance	4,748	5,124
Repairs & Replacements	78	1,447
Legal Fees	-	250
Wages & NI	28,227	30,572
Printing, Postage & Stationery	308	364
Cleaning	200	290
Book-keeping & Accountancy Fees	2,950	2,422
Bank & Credit Card Charges	3,972	3,616
Depreciation & Loss on Disposal	<u>1,138</u>	<u>225</u>
	<u>135,405</u>	<u>108,707</u>
NET PROFIT	3,580	23,155
Add Interest Received	<u>424</u>	<u>219</u>
PROFIT FOR THE YEAR	<u>4,004</u>	<u>23,374</u>