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CORKERY MACKAY LIMITED

FINANCIAL STATEMENTS

-for the year ended-

31ST.JANUARY 2000

ALAN GILLIES & CO.

1/2 St. Ann's Passage
London SW13 0AX



CORKERY MACKAY LTD.

DIRECTORS

A.Purves
P.Purves

SECRETARY

P.Goodstein

BUSINESS ADDRESS

83 Tottenham Court Road,
London,
W1P 9HD

REGISTERED OFFICE

83 Tottenham Court Road,
London,
W1P 9HD

AUDITORS

Alan Gillies & Co.
1/2 St. Ann's Passage
London
SW13 0AX

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CORKERY MACKAY LTD.

REPORT OF THE DIRECTORS

The directors present their report and audited financial statements for the year ended 31st January 2000 .

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company at the commencement of the year was the production and sales of furniture and accessories by mail order in the U.K and the rest of Europe. During the year the production side of the business was transferred to the associate company.

DIVIDENDS

The directors do not recommend payment of a dividend

RESEARCH AND DEVELOPMENT

There was no research and development carried on during the period.

FIXED ASSETS

The company acquired equipment at a cost of £1027 and a motor vehicle at a cost of £7295 during the year. Both motor vehicles were sold together with plant to the associate company at a loss of £5591. Movements in fixed assets are set out on page 7.

POLITICAL AND CHARITABLE DONATIONS

No charitable donations were made during the year.

EVENTS SINCE THE END OF THE PERIOD

The Directors have reported the company having moved into a profitable situation during the first quarter of the new year.

DIRECTORS AND THEIR INTERESTS

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

	<u>Class of shares</u>	<u>Number of shares</u>
A.Purves	Ordinary shares	1
P.Purves	Ordinary shares	1

CORKERY MACKAY LTD.

REPORT OF THE DIRECTORS (Continued)

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 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 keeping 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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

CLOSE COMPANY

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

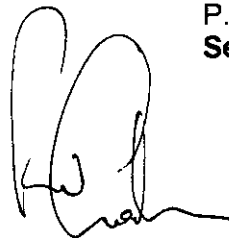
AUDITORS

The auditors, Alan Gillies & Co., are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

Date: 25 June 00

By Order of the Board

P. Goodstein
Secretary



CORKERY MACKAY LTD.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
CORKERY MACKAY LTD.**

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out in note 1 to the financial statements.

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.

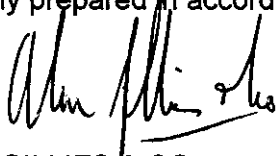
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental Uncertainty

In forming our opinion, we have considered the extent of the losses made by the company. This matter has been discussed with the Directors who report that they have restructured the business and the loss making section has been abandoned, as a result of which the first quarter of the subsequent year has recorded a profit

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31st. January 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ALAN GILLIES & CO.
Chartered Accountants
Registered Auditors

Date: 27 June 2000

1/2 St. Ann's Passage
London
SW13 0AX

CORKERY MACKAY LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST JANUARY 2000

	Notes	2000 £	1999 £
TURNOVER	2	300,405	323,163
Cost of sales		(226,666)	(226,717)
GROSS PROFIT		73,739	96,446
Distribution costs		(10,906)	(10,579)
Administrative expenses		(119,093)	(98,559)
OPERATING LOSS	3	(56,260)	(12,692)
Interest receivable	4	-	26
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(56,260)	(12,666)
Tax on loss on ordinary activities		-	-
LOSS FOR THE FINANCIAL YEAR	14	(56,260)	(12,666)

None of the company's activities were acquired or discontinued during the above two financial years, with the exception of the production side of the business which was transferred to the associate company.

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 6 to 10 form part of these financial statements.

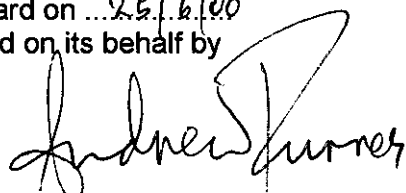
CORKERY MACKAY LTD.

BALANCE SHEET AT 31ST JANUARY 2000

	Notes	2000 £	£	1999 £	£
FIXED ASSETS					
Tangible assets	7		1,648		12,891
CURRENT ASSETS					
Stocks	8	18,671		50,681	
Debtors	9	76,757		28,888	
Cash at bank and in hand		1,464		3,442	
		<u>96,892</u>		<u>83,011</u>	
CREDITORS: Amounts falling due within one year	10	<u>(174,755)</u>		<u>(115,541)</u>	
NET CURRENT LIABILITIES			<u>(77,863)</u>		<u>(32,530)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(76,215)		(19,639)
CREDITORS: Amounts falling due after more than one year	11		<u>(84,682)</u>		<u>(84,998)</u>
			<u>(160,897)</u>		<u>(104,637)</u>
CAPITAL AND RESERVES					
Called up share capital	13		2		2
Profit and loss account	14		(160,899)		(104,639)
SHAREHOLDERS FUNDS	15		<u>(160,897)</u>		<u>(104,637)</u>

The financial statements were approved
by the board on ...25.1.00
and signed on its behalf by

A.Purves



Director

The notes on pages 6 to 10 form part of these financial statements.

CORKERY MACKAY LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 2000

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

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

1.2 TURNOVER

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

1.3 FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account

1.4 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

Plant and machinery	25% Straight line
Fixtures and fittings	20% Straight line

1.5 STOCKS

Stocks are valued 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.

1.6 DEFERRED TAXATION

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

2. TURNOVER

	2000 £	1999 £
<u>Analysis by:-</u>		
Geographical market		
Export Sales	40,598	93,752
U.K. Sales	259,807	229,411
	<u>300,405</u>	<u>323,163</u>

CORKERY MACKAY LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 2000

3. OPERATING LOSS

	2000 £	1999 £
The operating loss is stated after charging:		
Depreciation	1,179	4,682
Auditors' remuneration	1,300	1,300
	<u> </u>	<u> </u>

4. INTEREST RECEIVABLE

	2000 £	1999 £
Bank and other interest receivable	-	26
	<u> </u>	<u> </u>
	-	26
	<u> </u>	<u> </u>

5. LOSS BEFORE TAXATION

Corporation tax is not payable by the company due to the accumulated losses.

6. DIRECTORS AND EMPLOYEES

	2000 £	1999 £
Staff costs:		
Wages and salaries	61,454	53,851
Social security costs	5,749	5,353
	<u> </u>	<u> </u>
	67,203	59,204
	<u> </u>	<u> </u>

The average number of employees during the year was made up as follows:

	Number	Number
Office and Management	3	3
	<u> </u>	<u> </u>

CORKERY MACKAY LTD.**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 2000****7. TANGIBLE ASSETS**

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<u>Cost</u>				
At 1st. February 1999	14,085	1,055	4,750	19,890
Additions	-	1,027	7,295	8,322
Disposals	(11,030)	-	(12,045)	(23,075)
At 31st. January 2000	3,055	2,082	-	5,137
<u>Depreciation</u>				
At 1st. February 1999	5,499	550	950	6,999
Charge for year	763	416	-	1,179
On disposals	(3,739)	-	(950)	(4,689)
At 31st. January 2000	2,523	966	-	3,489
<u>Net book value at 31st. January 2000</u>	532	1,116	-	1,648
<u>Net book value at 31st. January 1999</u>	8,586	505	3,800	12,891

8. STOCKS

	2000 £	1999 £
Finished goods and goods for resale	18,671	50,681
	18,671	50,681

9. DEBTORS

	2000 £	1999 £
Trade debtors	76,757	22,629
Other debtors	-	575
Prepayments and accrued income	-	5,684
	76,757	28,888

CORKERY MACKAY LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 2000

**10. CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR**

	2000 £	1999 £
Bank loans and overdrafts	60,654	54,934
Trade creditors	10,546	26,369
Taxes and social security costs	8,012	1,488
Other creditors	70,000	30,000
Accruals and deferred income	25,543	2,750
	<u>174,755</u>	<u>115,541</u>

**11. CREDITORS: AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR**

	2000 £	1999 £
Loans	84,682	84,998
	<u>84,682</u>	<u>84,998</u>

12. BORROWINGS

	2000 £	1999 £
<u>The company's borrowings are repayable as follows:</u>		
In one year, or less or on demand	<u>130,654</u>	<u>84,934</u>

13. SHARE CAPITAL

	2000 £	1999 £
<u>Authorised</u>		
Equity interests:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<u>Allotted, called up and fully paid</u>		
Equity interests:		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

CORKERY MACKAY LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 2000

14. PROFIT AND LOSS ACCOUNT

	2000 £	1999 £
Accumulated losses at 1st. February 1999	(104,639)	(91,973)
Loss for the financial year	(56,260)	(12,666)
	<hr/>	<hr/>
Accumulated losses at 31st. January 2000	(160,899)	(104,639)
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15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Loss for the financial year	(56,260)	(12,666)
Shareholders' funds at 1st. February 1999	(104,637)	(91,971)
	<hr/>	<hr/>
Shareholders' funds at 31st. January 2000	(160,897)	(104,637)
	<hr/>	<hr/>
Represented by:-		
Equity interests	(160,897)	(104,637)
	<hr/>	<hr/>
	(160,897)	(104,637)
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