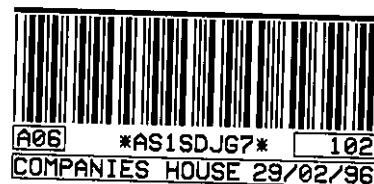


2973486

Register

REPORT AND ACCOUNTS  
FOR THE PERIOD ENDED 30 APRIL 1995  
FOR  
BEAUTIFUL WOOD (HOLDINGS) LIMITED



BEAUTIFUL WOOD (HOLDINGS) LIMITED

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BEAUTIFUL WOOD (HOLDINGS) LIMITED

COMPANY INFORMATION

DIRECTORS:	N M Forster (Chairman) C J W Lusty M W Lusty P E Rowledge
SECRETARY:	C J W Lusty
COMPANY NUMBER:	2973486
REGISTERED OFFICE:	Old Library Chambers 21 Chipper Lane Salisbury Wiltshire SP1 1BG
AUDITORS:	Smith & Williamson Chartered Accountants Old Library Chambers 21 Chipper Lane Salisbury Wiltshire SP1 1BG
SOLICITORS:	Clarke Willmott & Clarke Flower's House 15 Hendford Yeovil Somerset BA20 1TB
BANKERS:	Midland Bank Plc 23 Market Place Warminster, Wiltshire BA12 9BA

## BEAUTIFUL WOOD (HOLDINGS) LTD

### The Directors' Report for the Year Ended 30 April 1995

The Directors present their report and the company's financial statements for the period ended 30 April 1995.

#### PRINCIPAL ACTIVITIES

The principal activity of the company is that of holding shares in its wholly owned subsidiaries. The principal activity of the group is the manufacture, sourcing and distribution of wooden furniture.

The company did not trade during the period.

#### REVIEW OF AFFAIRS

The company was incorporated as Beautiful Wood (Holdings) Ltd on 29 September 1994.

On 28 April 1995 the company acquired the entire issued capital of Beautiful Wood Reproductions Ltd and Linked Resourcing Ltd in exchange for 55,007 its unissued shares. The purchase was effected in the following manner:

1. Beautiful Wood (Holdings) Ltd acquired 42,784 ordinary shares at £1 each in Beautiful Wood Reproduction Ltd and 12,224 ordinary shares of £1 each in Linked Resourcing Ltd.

2. Beautiful Wood (Holdings) Ltd allotted 55,007 fully paid shares to the undermentioned:

Allottee	Number
Mr NM Forster	16,074
Mr CJW Lusty	19,647
Mr MW Lusty	6,425
MR PE Rowledge	12,861

After the year end, the Directors also voted to transfer Directors Loans from the subsidiaries to Beautiful Wood Holdings Ltd and to convert some of these into share capital. Subsequently Beautiful Wood (Holdings) Ltd offered 13,237 shares to a new investor for the value of £35,000.

The underlying value of the two subsidiaries at the year end was £1,174 and as a consequence the directors have taken the prudent short-term view to write down the value of the investment in the subsidiaries to this amount.

The Directors do not consider the diminution to be permanent and as the underlying value of the subsidiaries rises they will reflect the new value in the accounts.

As a result of the above provision the company has returned a post taxation loss for the period of £56,333.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the company's state of affairs at the end of the year and profit or loss for the year then ended. 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### AUDITORS

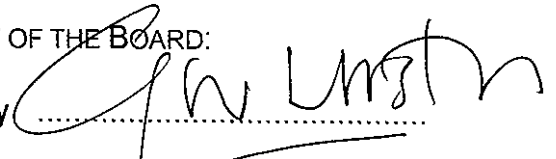
Following the resignation of Marshall & Company, Smith & Williamson, Chartered Accountants, were appointed auditors under Section 388 of the Companies Act 1985 by the directors.

Tenders for the appointment as Auditors for the group of companies for 1995/96 will be considered at the annual general meeting.

ON BEHALF OF THE BOARD:

CJ W Lusty  
Secretary

Date:

  
.....  
20.2.96

BEAUTIFUL WOOD (HOLDINGS) LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF  
BEAUTIFUL WOOD (HOLDINGS) LIMITED

We have audited the financial statements on pages 5 to 9 which have been prepared under the historical cost convention and the 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 that the financial statements are free from material mis-statement, 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 reviewed the adequacy of disclosure in the financial statements relating to the value of the company's investments in its wholly owned subsidiaries and its ability to continue as a going concern.

Details of these issues are set out more fully in note 9. If the company is not able to continue as a going concern, appropriate adjustments will need to be made to provide sufficiently against the investments, in order to write them down to their net realisable values. Our opinion is not qualified in this respect.

**Opinion**

In our opinion, the company is entitled to take advantage of Section 248(1) Companies Act 1985 not to produce group accounts.

In our opinion the financial statements give a true and fair view of the state of the affairs of the company at 30 April 1995 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Smith & Williamson*

SMITH & WILLIAMSON  
Chartered Accountants  
Registered Auditor  
Old Library Chambers  
21 Chipper Lane  
Salisbury  
Wiltshire SP1 1BG

Dated: *29 February 1996*

BEAUTIFUL WOOD (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT  
for the period ended 30 April 1995

	Note	£
Turnover		-
Administrative expenses		2,500
		-----
Operating loss		(2,500)
Exceptional item	2	(53,833)
		-----
Loss on ordinary activities before taxation		(56,333)
Tax on loss on ordinary activities		-
		-----
LOSS FOR THE FINANCIAL PERIOD AFTER TAXATION		(56,333)
		=====

CONTINUING OPERATIONS

All the company's activities were acquired during the period and are continuing.

TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses other than the loss shown for the above period.

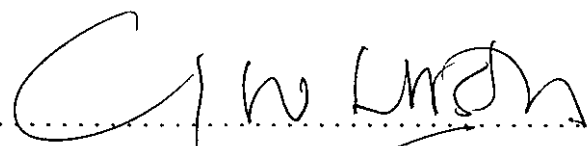
BEAUTIFUL WOOD (HOLDINGS) LIMITED

BALANCE SHEET  
as at 30 April 1995

Notes

		£	£
<b>FIXED ASSETS</b>			
Investments	3		1,174
<b>CURRENT ASSETS</b>			
Debtors	4	1	
		-----	
<b>CREDITORS:</b>		1	
Amounts falling due within one year	5	2,500	
		-----	
<b>NET CURRENT LIABILITIES</b>			(2,499)
			-----
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			£(1,325)
			=====
<b>FINANCED BY:</b>			
Share capital	6		55,008
Profit and loss account			(56,333)
			-----
<b>SHAREHOLDERS' FUNDS</b>	8		£(1,325)
			=====

Approved by the Board of Directors and signed on their behalf.

  
 ..... C J W Lusty, Director  
 20.2.96 ..... Dated



BEAUTIFUL WOOD (HOLDINGS) LIMITED

NOTES TO THE REPORT AND ACCOUNTS  
for the period ended 30 April 1995

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards and on a going concern basis.

Exemption has been taken from preparing a cash flow statement on the grounds that the group qualifies as a small group.

Deferred taxation

Provision is made at current rates for taxation in respect of all material timing differences except to the extent that, in the opinion of the directors, there is a reasonable probability that the liability will not arise in the foreseeable future.

Investments

Investments are shown at cost less any provision for diminution in value.

Group accounts

The company has taken advantage of Section 248(4) of the Companies Act 1985 not to prepare group accounts since it qualifies as a small group.

2. EXCEPTIONAL ITEM

A provision of £53,833 has been made to write down the cost of the investment in the company's subsidiaries to their underlying net asset value.

There are no disclosable tax effects in respect of this write-down of investments.

3. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	1995
	£
Additions	55,007
Less: provisions (Note 2)	(53,833)
	-----
Balance at 30 April 1995	1,174
	=====

On 28 April 1995, the shareholders of Beautiful Wood Reproductions Limited and Linked Resourcing Limited agreed to transfer their shares to Beautiful Wood (Holdings) Limited in exchange for shares in Beautiful Wood (Holdings) Limited.

BEAUTIFUL WOOD (HOLDINGS) LIMITED

NOTES TO THE REPORT AND ACCOUNTS  
for the period ended 30 April 1995

Additional information in respect of the subsidiaries is as detailed below:

Subsidiary undertaking	Country of Registration	Principal activity
Beautiful Wood Reproductions Limited	UK	Pine furniture manufacture and distribution
Linked Resourcing Limited	UK	To support, through consultative and proactive means, the creation of trading directly between manufacturers and retailers

Both the above subsidiaries are wholly owned.

	Losses for the period ended 30 April 1995 £	Net reserves as at 30 April 1995 £
Beautiful Wood Reproductions Limited	19,466 (12 months)	1,174
Linked Resourcing Limited	21,849 (15 months)	(14,540)

4. DEBTORS

	1995 £
Issued share capital not paid	1
	=====

5. CREDITORS: Amounts falling due within one year.

	1995 £
Accruals	2,500
	=====

6. CALLED UP SHARE CAPITAL

	1995 £
Authorised:	
1,000,000 ordinary shares of £1 each	1,000,000
	-----
	1,000,000
	=====
Allotted, called up and unpaid	
1 ordinary share of £1 each	1
Allotted, called up and fully paid	
55,007 ordinary shares of £1 each	55,007
	-----
	55,008
	=====

One share was issued upon incorporation. A further 55,007 £1 ordinary shares were issued to the directors in exchange for the whole of their shareholdings in the company's subsidiaries.

BEAUTIFUL WOOD (HOLDINGS) LIMITED

NOTES TO THE REPORT AND ACCOUNTS  
for the period ended 30 April 1995

7. STATEMENT OF RESERVES

	Share Capital £	Profit & Loss Account £	Total £
Issued upon incorporation	1	-	1
Shares issued	55,007	-	55,007
	-----	-----	-----
As at 30 April 1995	55,008	-	55,008
	=====	=====	=====

All the reserves rank as equity reserves.

8. MOVEMENT IN SHAREHOLDERS' FUNDS

	1995 £
Brought forward	-
Shares issued upon incorporation	1
Shares issued	55,007
Loss for the period	(56,333)
	-----
At 30 April 1995	£(1,325)
	=====

9. FUNDAMENTAL UNCERTAINTY

The directors are confident that the company's two wholly owned subsidiaries will return to profitability in the near future and consequently are of the opinion that the current diminution in value as shown in notes 2 and 3 above is not permanent. The continued existence of the subsidiaries as going concerns is dependent upon the group's ability to source adequate financing and to return to profitability in the foreseeable future. At present short term finance for the subsidiaries is being provided by the directors of the group by way of loans to the subsidiaries. On the basis that the directors continue to support the subsidiary and parent companies by way of loans to meet the funding requirements of the group, the directors consider it appropriate that this company's financial statements have been prepared on a going concern basis.

10. POST BALANCE SHEET EVENTS

The company issued a further 12,873 £1 ordinary shares on 15 September 1995 for a consideration of £35,000. The shares were issued to an external investor in order to provide further working capital.