

MFI EMPLOYEE OWNERSHIP TRUSTEE COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 29 DECEMBER 2001

REGISTERED NUMBER : 2242904



MFI EMPLOYEE OWNERSHIP TRUSTEE COMPANY LIMITED

DIRECTORS REPORT

The directors have pleasure in submitting their report and the financial statements of the Company for the 52 weeks ended 29 December 2001.

PRINCIPAL ACTIVITY

The principle activity of the Company during the period was to act as a corporate trustee.

PROFITS AND DIVIDENDS

The Company has received no income and incurred no expenditure during the accounting period, which ended on 29 December 2001 and the preceding accounting period. Consequently, no profit and loss account has been prepared.

The directors recommend that no dividend be paid.

DIRECTORS

The directors of the Company who served through the period were:

IPH Arnold
G MacDonald

No director held any beneficial interest in the shares of the Company at any time during the period.

Beneficial interests of the directors, including family interests, in the share capital of the ultimate holding company, MFI Furniture Group Plc at 29 December 2001 and 30 December 2000 are disclosed in the accounts of that company with the exception of IPH Arnold whose interests are shown below:

	<u>At 29 December 2001</u>		<u>At 30 December 2000</u>	
	<u>Ordinary shares of 10p each</u>		<u>Ordinary shares of 10p each</u>	
	<u>Shares in issue</u>	<u>Share options</u>	<u>Shares in issue</u>	<u>Share options</u>
IPH Arnold	32,876	443,144	50,000	313,834

The options are exercisable at prices between 30p and 180p.

AUDITORS

In accordance with Section 250 of the Companies Act 1985, a resolution proposing not to appoint auditors was passed at the last Annual General Meeting.

MFI EMPLOYEE OWNERSHIP TRUSTEE COMPANY LIMITED

DIRECTORS REPORT (Cont'd)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period, 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;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By Order of the Board

A handwritten signature in black ink, appearing to read 'G M Hughes', with a stylized flourish at the end.

G M Hughes

Secretary

11 OCTOBER 2002

MFI EMPLOYEE OWNERSHIP TRUSTEE COMPANY LIMITED

BALANCE SHEET AT 29 DECEMBER 2001

		<u>29 Dec 2001</u>	<u>30 Dec 2000</u>
		<u>£</u>	<u>£</u>
	<u>NOTE</u>		
Current assets			
Debtors	4	<u>2</u>	<u>2</u>
Capital and reserves			
Called up share capital	5	<u>2</u>	<u>2</u>

The Company was dormant (within the meaning of Section 252 of the Companies Act 1985) throughout the period.

The Company has received no income and incurred no expenditure during the accounting period, which ended on 30 December 2001, and the preceding accounting period. Consequently no profit and loss account has been presented.

Approved by the Board of Directors
on 11 OCTOBER 2002.

Ian P H Arnold.

I P H Arnold
Director

The notes on page 4 form part of these accounts.

MFI EMPLOYEE OWNERSHIP TRUSTEE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking and a consolidated cash flow statement is given in the financial statements of MFI Furniture Group Plc.

BASIS OF PREPARATION

The financial statements include the undertakings for the 52 week period ended 29 December 2001, being the Saturday nearest to the Company's accounting reference date of 31 December.

2. STAFF NUMBERS AND COSTS

The Company had no employees during the period and staff costs amounted to £nil (2000: £nil).

3. REMUNERATION OF DIRECTORS

No director received any emoluments during the period (2000: £nil).

4. DEBTORS

	<u>29 Dec 2001</u>	<u>30 Dec 2000</u>
	<u>£</u>	<u>£</u>
Amounts owed by parent and fellow subsidiary undertakings	<u>2</u>	<u>2</u>

5. SHARE CAPITAL

	<u>29 Dec 2001</u>	<u>30 Dec 2000</u>
	<u>£</u>	<u>£</u>
Authorised, allotted and fully paid ordinary shares of £1 each	<u>2</u>	<u>2</u>

6. ULTIMATE HOLDING COMPANY

The Company's ultimate parent company is MFI Furniture Group Plc, incorporated in Great Britain and registered in England and Wales.

The largest and smallest Group in which the results of the Company are consolidated is that headed by MFI Furniture Group Plc. The consolidated accounts of this Group are available to the public and can be obtained from the Registrar of Companies, Companies Registration Office, Crown Way, Maindy, Cardiff, CF4 3UZ.

The Company is exempt under FRS 8 from the requirement to disclose transactions within the Group headed by MFI Furniture Group Plc on the grounds that it is a wholly owned subsidiary.