

Company Number
02488368 (England and Wales)

UK BLINDS (MANUFACTURING) LIMITED
DIRECTORS REPORT AND FINANCIAL STATEMENTS
YEAR ENDED
30 SEPTEMBER 2002



JOHN GOULDING & CO.
Chartered Accountants

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UK BLINDS (MANUFACTURING) LIMITED

COMPANY INFORMATION

Directors	Graham Michael Shaw Hugh John Taylor
Secretary	Beverley Ann Shaw
Company number	02488368 (England and Wales)
Registered office	Unit 12, Chichester Business Centre Chichester Street Rochdale OL16 2AU
Auditors	John Goulding & Co Chartered Accountants & Registered Auditors 4 Southport Road Chorley Lancashire PR7 1LD
Bankers	Royal Bank of Scotland Manchester Service Centre 5 th Floor, The Victoria 150-182 The Quays Salford M5 2SY

UK BLINDS (MANUFACTURING) LIMITED

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**REPORT OF THE DIRECTORS OF
UK BLINDS (MANUFACTURING) LIMITED
YEAR ENDED 30 SEPTEMBER 2002**

The directors present their report and the financial statements for the year ending 30 September 2002.

Principal activity and review of business

The company's principal activity continues to be that of manufacturing and sale of window blinds. The results for the year are set out on page 3. The directors consider the profit achieved on ordinary activities before taxation to be satisfactory.

Directors

Directors who served during the year and their beneficial interests in the ordinary shares of the company were:

	30.09.02	01.10.01
Graham Michael Shaw	50	50
Hugh John Taylor	<u>50</u>	<u>50</u>
	<u>100</u>	<u>100</u>

Mr H.J. Taylor retires by rotation and, being eligible, offers himself for re-election.

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 as at the end of the financial year 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

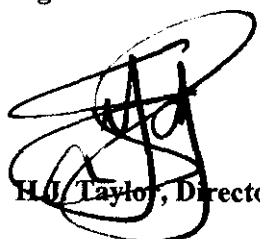
The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, John Goulding & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been approved by the board and signed on their behalf.

Signed on behalf of the Board of Directors



H.J. Taylor, Director

Dated: 9/6/03

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF UK BLINDS (MANUFACTURING) LIMITED**

We have audited the financial statements of UK Blinds (Manufacturing) Limited for the year ended 30 September 2002 on pages 3 to 11. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 7.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions that we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 1, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

John Goulding & Co

JOHN GOULDING & CO
Chartered Accountants
& Registered Auditors
4 Southport Road
CHORLEY
Lancashire
PR7 1LD

Dated: 11.7.2003

UK BLINDS (MANUFACTURING) LIMITED

**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2002**

	Notes	2002 £	2001 £
Turnover	2	5,553,177	4,073,756
Cost of sales		<u>(2,278,693)</u>	<u>(1,702,656)</u>
Gross profit		3,274,484	2,371,100
Distribution costs and administrative expenses		<u>(2,873,886)</u>	<u>(1,983,600)</u>
Operating profit	3	400,598	387,500
Loss on disposal of tangible fixed assets		<u>(5,940)</u>	<u>(18,400)</u>
Profit on ordinary activities before interest		394,658	369,100
Interest receivable and similar income		24,601	37,142
Interest payable and similar charges	6	<u>(8,023)</u>	<u>(4,637)</u>
Profit on ordinary activities before taxation		411,236	401,605
Tax on profit on ordinary activities	7	<u>(121,689)</u>	<u>(90,574)</u>
Profit on ordinary activities after taxation		289,547	311,031
Dividends		<u>(200,182)</u>	<u>(277,616)</u>
Retained profit for the year		89,365	33,415
Retained profits brought forward		<u>325,989</u>	<u>292,574</u>
Retained profits carried forward		<u>415,354</u>	<u>325,989</u>

None of the company's activities were acquired or discontinued during the year and there were no recognised gains and losses for 2001 or 2002 other than those included in the profit and loss account.

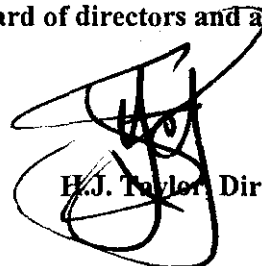
The notes on pages 7 to 11 form part of these financial statements.

UK BLINDS (MANUFACTURING) LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2002

	Notes	£	2002 £	£	2001 £
Fixed assets					
Intangible assets	8		14,400		24,895
Tangible assets	9		<u>407,997</u>		<u>307,432</u>
			422,397		332,327
Current assets					
Stocks		262,249		172,117	
Debtors & prepayments	10	701,653		428,353	
Cash at bank and in hand		<u>952,128</u>		<u>409,817</u>	
		1,916,030		1,010,287	
Creditors Amounts falling due within one year	11	<u>(1,891,586)</u>		<u>(934,000)</u>	
Net current assets			<u>24,444</u>		<u>76,287</u>
Total assets less current liabilities			446,841		408,614
Creditors Amounts falling due after one year	12		(9,375)		(62,308)
Provision for liabilities and charges	13		<u>(22,012)</u>		<u>(20,217)</u>
			<u>415,454</u>		<u>326,089</u>
Capital and reserves					
Share capital	14		100		100
Profit and loss account			<u>415,354</u>		<u>325,989</u>
Shareholders funds			<u>415,454</u>		<u>326,089</u>

The financial statements have been approved by the
board of directors and are signed on its behalf


H.J. Taylor, Director

Dated: 9/6/03

The notes on pages 7 to 11 form part of these financial statements.

UK BLINDS (MANUFACTURING) LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2002**

Reconciliation of operating profit to net cash inflow from operating activities

	2002		2001
	£	£	£
Operating profit	400,598		387,500
Depreciation charges	106,392		48,620
Increase in stocks	(90,132)		(48,394)
Increase in debtors	(273,300)		(192,295)
Increase in creditors	<u>901,944</u>		<u>248,787</u>
Net cash inflow from operating activities	<u>1,045,502</u>		<u>444,218</u>

Cash flow statement

Net cash inflow from operating activities	1,045,502	444,218
Returns on investments and servicing of finance (Note 1)	16,578	32,505
Taxation	(70,357)	(124,962)
Dividends paid	(200,182)	(277,616)
Capital expenditure (Note 1)	(144,293)	(206,195)
Financing	<u>45,000</u>	<u>75,000</u>
Increase(decrease) in cash	<u>692,248</u>	<u>(57,050)</u>

Reconciliation of net cash flow to movement in net debt (Note 2)

Increase(decrease) in cash in the period	692,248	(57,050)
Cash repaying loans	<u>(103,109)</u>	<u>(75,000)</u>
Change in net debt	589,139	(132,050)
Net debt at 1 October 2001	<u>293,340</u>	<u>425,390</u>
Net debt at 30 September 2002	<u>882,479</u>	<u>293,340</u>

The notes on page 7 to 11 form part of these financial statements.

UK BLINDS (MANUFACTURING) LIMITED

**NOTES TO THE CASH FLOW STATEMENT
YEAR ENDED 30 SEPTEMBER 2002**

1. Gross cash flows

	£	2002 £	£	2001 £
Returns on Investments and Servicing of Finance				
Interest received	24,601		37,142	
Interest paid	<u>(8,023)</u>		<u>(4,637)</u>	
		<u>16,578</u>		<u>32,505</u>
 Capital expenditure				
Payments to acquire tangible fixed assets	(229,902)		(200,170)	
Proceeds from sale of tangible fixed assets	85,609		17,500	
Payments to acquire intangible fixed assets	<u>-</u>		<u>(23,525)</u>	
		<u>(144,293)</u>		<u>(206,195)</u>

2. Analysis of changes in debt

	At 01.10.01 £	Cash flow £	At 30.09.02 £
Cash in hand and at bank	409,817	542,311	952,128
Debt due within 1 year	(54,169)	(6,105)	(60,274)
Debt due after 1 year	<u>(62,308)</u>	<u>52,933</u>	<u>(9,375)</u>
	<u>293,340</u>	<u>589,139</u>	<u>882,479</u>

The notes on pages 7 to 11 form part of these financial statements.

UK BLINDS (MANUFACTURING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

1. Accounting policies

(a) **Basis of preparation of financial statements**

These financial statements are prepared under the historical cost convention.

(b) **Stocks & work in progress** are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stock. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

(c) **Turnover** is comprised of the invoiced value of goods and services supplied by the company net of value added tax and trade discount.

(d) **Tangible fixed assets & depreciation**

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings & equipment	15% on written down value brought forward plus additions
Motor vehicles	25/15% on written down value brought forward

Assets which have been written off in full have been treated as if sold for nil value during the year.

(e) **Intangible fixed assets**

The directors consider the market value to be not less than the written down value.

(f) **Deferred taxation**

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred taxation is measured on a non-discounted basis at the average tax rates that would apply when the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date.

(g) **Leasing & hire purchase contracts**

Assets obtained under hire purchase and finance leases are capitalised as tangible fixed assets. Assets acquired by finance leases are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Operating leases. Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

(h) **Pension schemes**

The company has two defined contribution schemes, UK Blinds (Manufacturing) Limited and Choose at Home Blinds Limited Retirement Benefit Plan, and the pension charge represents the amounts payable by the company to the funds in respect of the year.

UK BLINDS (MANUFACTURING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

2. Turnover

There was no turnover attributable to geographical markets outside the United Kingdom (2001 £Nil).

3. Operating profit

	2002	2001
	£	£
Operating profit is after charging		
Depreciation of tangible fixed assets		
- owned by the company	48,565	27,500
- held under finance leases and hire purchase contracts	47,332	18,480
Amortisation of intangible fixed assets	10,495	2,640
Auditors' remuneration and expenses	4,000	3,000
Pension costs	<u>13,921</u>	<u>258,112</u>

4. Particulars of staff and pensions

Staff costs, including directors remuneration and direct labour of £1,834,890 (2001 £1,306,395) were as follows:

	2002	2001
	£	£
Wages and salaries	1,641,226	1,167,467
Social security costs	193,664	138,928
Other pension costs	<u>13,921</u>	<u>258,112</u>
	<u>1,848,811</u>	<u>1,564,507</u>

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

Administration	22	19
Sales and service	<u>74</u>	<u>57</u>
	<u>96</u>	<u>76</u>

5. Directors remuneration

Emoluments	789,091	366,086
Contributions under money purchase schemes	<u>13,921</u>	<u>258,112</u>
	<u>803,012</u>	<u>624,198</u>

During the year retirement benefits were accruing to 2 directors (2001 - 2) in respect of money purchase schemes.

The amounts attributable to the highest paid director are as follows:

	2002	2001
	£	£
Emoluments	391,088	179,586
Contributions under money purchase schemes	<u>11,368</u>	<u>180,791</u>
	<u>402,456</u>	<u>360,377</u>

UK BLINDS (MANUFACTURING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

	2002	2001
6. Interest payable	£	£
On bank loans	808	573
On finance leases and hire purchase contracts	<u>7,215</u>	<u>4,064</u>
	<u>8,023</u>	<u>4,637</u>
7. Taxation		
UK current year taxation		
Corporation tax at 27.9% (2001 26%)	119,894	70,357
Transfer to deferred taxation	<u>1,795</u>	<u>20,217</u>
	121,689	90,574
Prior years		
Corporation tax	<u>-</u>	<u>-</u>
	<u>121,689</u>	<u>90,574</u>
8. Intangible fixed assets	Intangible	Total
	asset	£
(a) Cost	£	£
At 30 September 2001	30,605	30,605
Additions	-	-
Disposal	<u>-</u>	<u>-</u>
At 30 September 2002	<u>30,605</u>	<u>30,605</u>
(b) Amortisation		
At 30 September 2001	5,710	5,710
On disposals	-	-
Charge for year	<u>10,495</u>	<u>10,495</u>
At 30 September 2002	<u>16,205</u>	<u>16,205</u>
(c) Net book values		
At 30 September 2002	<u>14,400</u>	<u>14,400</u>
At 30 September 2001	<u>24,895</u>	<u>24,895</u>

UK BLINDS (MANUFACTURING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

9. Tangible fixed assets	Fixtures, fittings & equipment	Motor vehicles	Total
(a) Cost	£	£	£
At 30 September 2001	243,488	172,780	416,268
Additions	145,292	84,609	229,901
Disposals	(1,000)	(53,809)	(54,809)
At 30 September 2002	<u>387,780</u>	<u>203,580</u>	<u>591,360</u>
(b) Depreciation			
At 30 September 2001	81,861	26,975	108,836
On disposals	-	(21,370)	(21,370)
Charge for year	43,129	52,768	95,897
At 30 September 2002	<u>124,990</u>	<u>58,373</u>	<u>183,363</u>
(c) Net book values			
At 30 September 2002	<u>262,790</u>	<u>145,207</u>	<u>407,997</u>
At 30 September 2001	<u>161,627</u>	<u>145,805</u>	<u>307,432</u>

The net book value of fixed assets includes £115,320 (2001 £145,805) in respect of assets held under hire purchase contracts.

	2002 £	2001 £
10. Debtors		
Due after more than one year	-	-
Due within one year		
Trade debtors	617,126	360,564
Prepayments	<u>84,527</u>	<u>67,789</u>
	<u>701,653</u>	<u>428,353</u>
11. Creditors Amounts falling due within one year		
Trade creditors	639,154	348,527
Obligations under hire purchase contracts	60,274	54,169
Corporation tax	118,754	70,357
Other taxes and social security costs	115,153	103,164
Other creditors & accruals	<u>957,111</u>	<u>357,783</u>
	<u>1,890,446</u>	<u>934,000</u>
12. Creditors Amounts falling due after one year		
Obligations under hire purchase contracts	<u>9,375</u>	<u>62,308</u>
Aggregate amount of secured debts:		
Obligations under hire purchase contracts	<u>69,649</u>	<u>116,477</u>

UK BLINDS (MANUFACTURING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

	2002	2001
	£	£
13. Deferred taxation		
Balance at 30 September 2001	20,217	-
Movement in year	<u>1,795</u>	<u>20,217</u>
Balance at 30 September 2002	<u>22,012</u>	<u>20,217</u>

The provision for deferred taxation is made up of accelerated capital allowances.

The additional potential liability for deferred taxation not provided was as follows:

Accelerated capital allowances	<u>-</u>	<u>-</u>
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14. **Share capital**

(a) Authorised		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
(b) Issued and fully paid		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

15. **Contingent liabilities**

The company had no contingent liabilities at 30 September 2002 (2001 None).

16. **Capital commitments**

The company had no capital commitments at 30 September 2002 not provided for in these financial statements (2001 None).

17. **Leasing commitments**

Lease commitments – operating leases.

At 30 September 2002 the company had annual commitments of £32,842 (2001 £26,450) under non-cancellable operating leases which expire between one and five years.

18. **Related parties**

The company was controlled throughout the current and previous accounting periods by its directors H.J. Taylor and G.M. Shaw, by virtue of their owning between them all the company's issued share capital.

UK BLINDS (MANUFACTURING) LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2002

	2002	2001
	£	£
Sales	5,553,177	4,073,756
Cost of sales	<u>2,278,693</u>	<u>1,702,656</u>
Gross profit	3,274,484	2,371,100
Labour expenses		
Wages & NI	1,045,799	744,272
Commission paid	421,009	196,037
Directors remuneration	789,091	366,086
Directors pension scheme	13,921	258,112
Medical insurance	2,418	1,921
Motor expenses	53,685	39,068
Property expenses		
Rent & rates	47,717	39,803
Light, heat & water	12,009	10,548
Service charges	10,290	6,073
Repairs & maintenance	19,737	7,127
Promotion expenses		
Advertising	81,058	35,376
Leaflets	49,801	50,124
Office expenses		
Computer expenses	35,442	32,560
Legal & professional fees	11,263	9,344
Accountancy & audit	7,380	6,510
Bad debts written off	23,237	37,812
Insurances	11,645	10,488
Stationery & office	54,098	29,955
Payroll processing	5,165	4,067
Postage & carriage	12,273	9,323
Telephone	22,824	16,828
Finance expenses		
Bank charges	1,810	1,681
Bank interest	808	573
Hire purchase interest	7,215	4,064
Other expenses		
Equipment hire	12,585	9,100
General expenses	23,237	12,765
Depreciation		
Depreciation on fixed assets	106,392	48,620
Loss on disposal of assets	<u>5,940</u>	<u>18,400</u>
Total expenses	<u>2,887,849</u>	<u>2,006,637</u>
Operating profit for the year	386,635	364,463
Interest received	<u>24,601</u>	<u>37,142</u>
Net profit before taxation	<u>411,236</u>	<u>401,605</u>

This page does not form part of the statutory financial statements of the company.