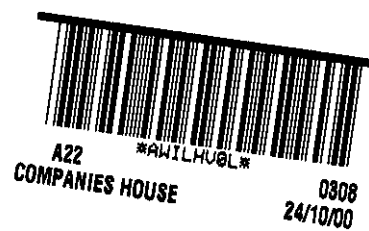


Registered number: 2551081

AAK EUROPE LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 1999**



AAK EUROPE LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999**

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AAK EUROPE LIMITED

**COMPANY INFORMATION
AS AT 31 DECEMBER 1999**

DIRECTOR

N J Hills

SECRETARY

S F Hills

REGISTERED OFFICE

4 Earl Street
Oxford
OX2 0JA

REGISTERED NUMBER

2551081

BUSINESS ADDRESS

4 Earl Street
Oxford
OX2 0JA

ACCOUNTANTS

Shaw & Company
Chartered Certified Accountants
195 Banbury Road
Oxford
OX2 7AR

PRINCIPAL BANKERS

HSBC plc
65 Cornmarket Street
Oxford
OX1 3HY

AAK EUROPE LIMITED

DIRECTOR'S REPORT

The director presents his annual report with the financial statements of the company for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review was the sale and construction of ceramic stoves.

DIRECTOR AND HIS INTERESTS

The director in office in the year and his beneficial interest in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

		Number of Shares	
		1999	1998
N J Hills	Ordinary shares	1,000	500

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed by:



N J Hills
Director

Date: 23.10.00

AAK EUROPE LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999**

	Notes	1999 £	1998 £
TURNOVER	2	62,628	36,250
Cost of sales		31,891	18,242
GROSS PROFIT		30,737	18,008
Administrative expenses		8,063	13,340
OPERATING PROFIT	3	22,674	4,668
Interest payable and similar charges		(1,209)	(1,073)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		21,465	3,595
Tax on profit on ordinary activities	5	(3,368)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		18,097	3,595
Dividends		(8,700)	-
RETAINED PROFIT FOR THE FINANCIAL YEAR	12	9,397	3,595

The notes on pages 5 to 9 form part of these financial statements.

AAK EUROPE LIMITED**BALANCE SHEET
AT 31 DECEMBER 1999**

		1999	1998
	Notes	£	£
FIXED ASSETS			
Tangible assets	6	2,728	2,472
CURRENT ASSETS			
Debtors	7	28,055	6,968
CREDITORS: amounts falling due within one year	8	(27,160)	(14,817)
NET CURRENT ASSETS / (LIABILITIES)		895	(7,849)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,623	(5,377)
CREDITORS: amounts falling due after more than one year	9	(2,600)	(2,997)
NET ASSETS / (LIABILITIES)		1,023	(8,374)
CAPITAL AND RESERVES			
Called up share capital	11	1,000	1,000
Profit and loss account	12	23	(9,374)
TOTAL SHAREHOLDERS' FUNDS		1,023	(8,374)

The director confirms that the company is entitled to the exemption conferred by section 249A(1) of the Companies Act 1985 and confirms that no notice has been deposited under section 249B(2) of the Companies Act 1985. The director acknowledges his responsibilities for ensuring that:

- i) The company keeps accounting records which comply with section 221 of the Companies Act 1985;
- ii) For preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 December 1999 and of its profit or loss for the year then ended in accordance with section 226 of the Act, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

Approved on 23.10.00 and signed by:

Nick Hills
N J Hills
Director

The notes on pages 5 to 9 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999**

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and are in accordance with applicable accounting standards.

Basis of accounting

The accounts have been prepared on the going concern basis. The company is dependent on the continued support of the creditors of the company, in order that it may continue to trade.

In the event of the company ceasing to trade it is considered that no significant adjustments would be necessary to restate asset values at their recoverable amount or to provide for any other additional significant liability. Fixed assets would be restated as current assets in the event of the going concern principle not being applicable.

Turnover

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

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Fixtures, fittings and equipment	15% on reducing balance
Motor vehicles	25% on reducing balance

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into the profit and loss account for the year.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

AAK EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999****2. TURNOVER**

	1999	1998
	%	%
Geographical market		
UK	54.65	78.84
Europe	45.35	21.16
	<u>100.00</u>	<u>100.00</u>

3. OPERATING PROFIT

Operating profit is stated:	1999	1998
	£	£
After charging:		
Depreciation of fixed assets	<u>587</u>	<u>577</u>

4. INFORMATION ON DIRECTOR

	1999	1998
	£	£
Director's emoluments		
Emoluments, including pension contributions to money purchase (defined contribution) schemes	<u>3,354</u>	<u>3,400</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999	1998
	£	£
The taxation charge comprises:		
UK corporation tax at 20% (1998 - 21%)	3,368	784
Adjustment in respect of prior years	-	(784)
	<u>3,368</u>	<u>-</u>

AAK EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999****6. TANGIBLE FIXED ASSETS**

	Plant and machinery etc. £
Cost:	
At 1 January 1999	5,473
Additions	843
At 31 December 1999	<u>6,316</u>
Depreciation:	
At 1 January 1999	3,001
Charge for year	587
At 31 December 1999	<u>3,588</u>
Net book value:	
At 31 December 1999	<u>2,728</u>
At 31 December 1998	<u>2,472</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	1999 £	1998 £
Net book value:		
Plant and machinery etc.	<u>-</u>	<u>541</u>
Depreciation charge for the year:		
Plant and machinery etc.	<u>-</u>	<u>95</u>

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

7. DEBTORS

	1999 £	1998 £
Trade debtors	9,684	4,395
Other debtors	18,371	2,573
	<u>28,055</u>	<u>6,968</u>

AAK EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999****8. CREDITORS: amounts falling due within one year**

	1999 £	1998 £
Bank loans and overdrafts	5,954	2,662
Trade creditors	505	3,816
Taxation and social security	3,745	938
Other creditors	16,956	7,401
	<u>27,160</u>	<u>14,817</u>
Secured creditors	<u>5,954</u>	<u>2,878</u>

Bank loans and overdrafts amounting to £5,954 (1998:£2,662) are secured. Net obligations under finance leases and hire purchase contracts amounting to £nil (1998:£216) are secured.

9. CREDITORS: amounts falling due after more than one year

	1999 £	1998 £
Other creditors	2,600	2,997
Secured creditors	<u>-</u>	<u>397</u>

Net obligations under finance leases and hire purchase contracts amounting to £nil (1998:£397) are secured.

10. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	1999 £	1998 £
Net obligations (included in 'other creditors')	<u>-</u>	<u>613</u>

11. SHARE CAPITAL

	1999 £	1998 £
Authorised:		
Equity interests:		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid:		
Equity interests:		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

AAK EUROPE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999**

12. PROFIT AND LOSS ACCOUNT

	1999	1998
	£	£
Accumulated loss at 1 January 1999	(9,374)	(12,969)
Retained profit for the year	9,397	3,595
Retained profit / (accumulated loss) at 31 December 1999	<u>23</u>	<u>(9,374)</u>

13. TRANSACTIONS WITH DIRECTORS

	1999	1998
	£	£
Amounts owed by directors		
N J Hills	<u>15,270</u>	<u>2,461</u>

The loan to the director is unsecured, interest free and intended to be temporary. The maximum amount outstanding during the year was £15,270 (1998:£2,461).

14. RELATED PARTY DISCLOSURES

N J Hills, a director, has given the bank a personal guarantee in respect of the company's bank borrowings.