

Registered number: 02849316

URBAN RETREATS LIMITED

ABBREVIATED ACCOUNTS

**FOR THE YEAR ENDED
30 JUNE 2003**



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URBAN RETREATS LIMITED

COMPANY INFORMATION

DIRECTORS

George Hammer
Timothy James Bridgen (resigned 18/06/2003)
Siu Shu Gregory (appointed 12/05/2004)
Sian Parry Jones (appointed 12/05/2004)

SECRETARY

Just Nominees Limited

COMPANY NUMBER

02849316

REGISTERED OFFICE

Barbican House
26/34 Old Street
London
EC1V 9QQ

AUDITORS

Blevins Franks Limited
Chartered Accountants & Registered Auditors
26-34 Old Street
London
EC1V 9QQ

URBAN RETREATS LIMITED

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URBAN RETREATS LIMITED
DIRECTORS' REPORT
For the year ended 30 June 2003

The directors present their report and the financial statements for the year ended 30 June 2003.

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

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principle activity of the company continued to be wholesale and retail distribution of health and beauty products and operating hairdressing salons.

The directors are satisfied with the progress of the business and anticipate the company moving into profitability within the near future. Capital expenditure has exceeded forecasts but remains within the financial resources of the company.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £522,327 (2002 - Profit £170,409) .

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	<u>2003</u>	<u>2002</u>
George Hammer	1,165,100	100
Timothy James Bridgen (resigned 18/06/2003)	-	-
Siu Shu Gregory (appointed 12/05/2004)	-	-
Sian Parry Jones (appointed 12/05/2004)	-	-

EVENTS SINCE THE END OF THE YEAR

As detailed in Note 24 a total of 350,000 £1 ordinary shares have been issued at par since the balance sheet date to provide the company with additional working capital.

FUTURE DEVELOPMENTS

The company intends to complete its contracted capital spend and the directors anticipate significant profitability thereafter.

URBAN RETREATS LIMITED

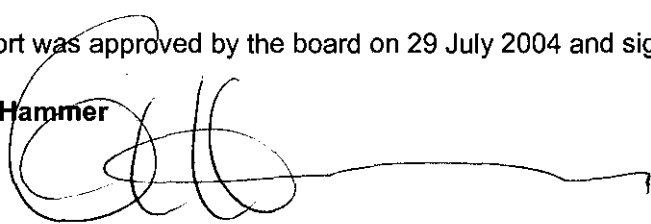
DIRECTORS' REPORT
For the year ended 30 June 2003

AUDITORS

The auditors, Blevins Franks Limited, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 19 May 1997.

This report was approved by the board on 29 July 2004 and signed on its behalf.

George Hammer
Director

A handwritten signature in black ink, consisting of a large, stylized 'G' followed by several loops and a long horizontal stroke extending to the right.

URBAN RETREATS LIMITED

INDEPENDENT AUDITORS' REPORT TO URBAN RETREATS LIMITED Under section 247B of the Companies Act 1985

We have examined the abbreviated accounts of Urban Retreats Limited for the year ended 30 June 2003 set out on pages 4 to 16, together with the financial statements of the company for the year ended 30 June 2003 prepared under section 226 of the Companies Act 1985.

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 we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

BASIS OF AUDIT OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 16 are properly prepared in accordance with those provisions.



Blevins Franks Limited

Chartered Accountants
Registered Auditors

26-34 Old Street
London
EC1V 9QQ

30 July 2004

URBAN RETREATS LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
For the year ended 30 June 2003

	Note	2003 £	2002 £
GROSS PROFIT		1,317,917	847,871
Selling and distribution costs		(565,559)	(260,243)
Administrative expenses		<u>(1,140,745)</u>	<u>(407,175)</u>
OPERATING (LOSS)/PROFIT	2	(388,387)	180,453
Interest receivable		77	904
Interest payable	4	<u>(144,885)</u>	<u>(13)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(533,195)	181,344
TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	5	<u>10,868</u>	<u>(10,935)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(522,327)	170,409
DIVIDENDS - On non-equity shares	6	<u>(17,495)</u>	<u>(17,495)</u>
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	14	<u>£ (539,822)</u>	<u>£ 152,914</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2003 or 2002 other than those included in the profit and loss account.

The notes on pages 7 to 16 form part of these financial statements.

URBAN RETREATS LIMITED

ABBREVIATED BALANCE SHEET
As at 30 June 2003

	Note	£	2003	£	£	2002	£
FIXED ASSETS							
Tangible fixed assets	7			3,412,713			805,351
CURRENT ASSETS							
Stocks	8		238,202			145,672	
Debtors	9		992,031			918,917	
			<u>1,230,233</u>			<u>1,064,589</u>	
CREDITORS: amounts falling due within one year	10		<u>(1,959,200)</u>			<u>(831,232)</u>	
NET CURRENT (LIABILITIES)/ASSETS				<u>(728,967)</u>			<u>233,357</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>2,683,746</u>			<u>1,038,708</u>
CREDITORS: amounts falling due after more than one year	11			<u>(1,695,728)</u>			<u>(665,000)</u>
PROVISIONS FOR LIABILITIES AND CHARGES							
Deferred taxation	12			-			(10,868)
NET ASSETS				<u>£ 988,018</u>			<u>£ 362,840</u>
CAPITAL AND RESERVES							
Called up share capital	13			1,515,000			350,000
Profit and loss account	14			(526,982)			12,840
SHAREHOLDERS' FUNDS	15			<u>£ 988,018</u>			<u>£ 362,840</u>

Shareholders' funds include non-equity interests.

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium-sized companies, were approved by the board on 29 July 2004 and signed on its behalf.

George Hammer
Director

Siu Shu Gregory
Director

The notes on pages 7 to 16 form part of these financial statements.

URBAN RETREATS LIMITED

ABBREVIATED CASH FLOW STATEMENT
For the year ended 30 June 2003

	Note	2003 £	2002 £
Net cash flow from operating activities	16	370,918	(58,727)
Returns on investments and servicing of finance	17	(144,808)	891
Capital expenditure and financial investment	17	(2,734,493)	(854,976)
CASH OUTFLOW BEFORE FINANCING		<u>(2,508,383)</u>	<u>(912,812)</u>
Financing	17	2,563,661	665,000
INCREASE/(DECREASE) IN CASH IN THE YEAR		<u>£ 55,278</u>	<u>£ (247,812)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 18)
For the year ended 30 June 2003

	2003 £	2002 £
Increase/(Decrease) in cash in the year	55,278	(247,812)
Cash inflow from decrease in debt and lease financing	(1,398,661)	(665,000)
MOVEMENT IN NET DEBT IN THE YEAR	<u>(1,343,383)</u>	<u>(912,812)</u>
Net (debt)/funds at 1 July 2002	(912,038)	774
NET DEBT AT 30 JUNE 2003	<u>£ (2,255,421)</u>	<u>£ (912,038)</u>

The notes on pages 7 to 16 form part of these financial statements.

URBAN RETREATS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS For the year ended 30 June 2003

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and are prepared in accordance with applicable accounting standards.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and 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:

Short Term Leasehold Property	-	straight line over term of lease from when the asset is brought into use.
Motor Vehicles	-	25% reducing balance
Fixtures & Fittings	-	various between 15% straight line/reducing balance and 25% straight line
Computer Equipment	-	25% reducing balance

1.4 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease 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.

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.6 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

URBAN RETREATS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS For the year ended 30 June 2003

2. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	2003 £	2002 £
Depreciation of tangible fixed assets:		
- owned by the company	88,912	49,625
- held under finance leases	38,219	-
Auditors' remuneration	27,200	11,583
	<u>154,331</u>	<u>61,208</u>

During the year, no director received any emoluments (2002 - £nil). However, the directors did receive payments from a related party, Hammer Holdings Limited totalling £125,000 (2002 - £45,395)

3. STAFF COSTS

Staff costs were as follows:

	2003 £	2002 £
Wages and salaries	3,305,109	1,885,375
	<u>3,305,109</u>	<u>1,885,375</u>

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

	2003	2002
Administration	19	9
Selling & distribution	148	103
	<u>167</u>	<u>112</u>

DIRECTORS' EMOLUMENTS

Included in consultancy costs is an amount of £125,000 (2002 - £45,395) for the directors' remuneration recharged to the company by a company in which Mr. George Hammer, a director has an interest. No other benefits were due to the directors. The remuneration represents the directors' services to Urban Retreats Limited and other related companies.

4. INTEREST PAYABLE

	2003 £	2002 £
On bank loans and overdrafts	110,560	13
On other loans	2,491	-
On finance leases and hire purchase contracts	31,834	-
	<u>144,885</u>	<u>13</u>

URBAN RETREATS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 30 June 2003

5. TAXATION

	2003 £	2002 £
Analysis of tax charge in year		
Current tax (see note below)		
UK corporation tax charge on profits of the year	-	67
Deferred tax		
Origination and reversal of timing differences	(15,919)	10,868
Losses and other deductions	5,051	-
Total deferred tax (see note 12)	(10,868)	10,868
Tax on profit on ordinary activities	£ (10,868)	£ 10,935

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (0%). The differences are explained below:

	2003 £	2002 £
(Loss)/profit on ordinary activities before tax	(533,195)	181,344
(Loss)/profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 0% (2002 - 7.507)	-	13,613
Effects of:		
Expenses not deductible for tax purposes	-	1,828
Capital allowances for period in excess of depreciation	-	(6,289)
Utilisation of tax losses	-	(9,085)
Current tax charge for year (see note above)	£ -	£ 67

Factors that may affect future tax charges

There are carry forward losses available for offset of £283,122 (2002 - £26,585).

6. DIVIDENDS

	2003 £	2002 £
On non-equity shares		
Total dividends payable	£ 17,495	£ 17,495

URBAN RETREATS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 30 June 2003

7. TANGIBLE FIXED ASSETS

	Land and buildings	Motor vehicles	Furniture, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 July 2002	435,290	14,286	405,400	854,976
Additions	2,379,937	23,274	331,282	2,734,493
At 30 June 2003	<u>2,815,227</u>	<u>37,560</u>	<u>736,682</u>	<u>3,589,469</u>
Depreciation				
At 1 July 2002	23,266	3,571	22,788	49,625
Charge for the year	39,183	8,497	79,451	127,131
At 30 June 2003	<u>62,449</u>	<u>12,068</u>	<u>102,239</u>	<u>176,756</u>
Net book value				
At 30 June 2003	<u>£ 2,752,778</u>	<u>£ 25,492</u>	<u>£ 634,443</u>	<u>£ 3,412,713</u>
At 30 June 2002	<u>£ 412,024</u>	<u>£ 10,715</u>	<u>£ 382,612</u>	<u>£ 805,351</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2003 £	2002 £
Motor vehicles	25,492	-
Furniture, fittings and equipment	214,093	-
	<u>£ 239,585</u>	<u>£ -</u>

8. STOCKS

	2003 £	2002 £
Finished goods and goods for resale	<u>£ 238,202</u>	<u>£ 145,672</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

URBAN RETREATS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 30 June 2003

9. DEBTORS

	2003 £	2002 £
Due after more than one year		
Other debtors	325,241	268,443
Due within one year		
Trade debtors	652,017	432,395
Other debtors	6,972	218,079
Prepayments and accrued income	7,801	-
	<u>£ 992,031</u>	<u>£ 918,917</u>

10. CREDITORS:

Amounts falling due within one year

	2003 £	2002 £
Bank and other loans and overdrafts	476,046	247,038
Net obligations under finance leases and hire purchase contracts	83,647	-
Trade creditors	321,709	256,018
Amounts owed to undertakings in which the company has a participating interest	493,059	55,102
Corporation tax	67	67
Social security and other taxes	250,757	89,562
Proposed dividend	34,990	17,495
Other creditors	54,725	5,638
Accruals and deferred income	244,200	160,312
	<u>£ 1,959,200</u>	<u>£ 831,232</u>

The bank loans and overdrafts are secured by a debenture over the assets of the company and those of Hammer Holdings Limited with a cross-guarantee between Hammer Holdings Limited and the company, further a personal guarantee has been given by the director Mr G C Hammer. The bank also holds a second legal charge over the freehold property owned by Hammer Holdings Limited.

Included within the amounts owed to undertakings in which the company has a participating interest is an amount of £364,296 due to Elephant Design & Build Limited a company which was placed in liquidation on 15 May 2003. The company has claimed against Elephant Design & Build Limited for a sum in excess of this amount and is refusing to pay the amount due. It is the opinion of the directors that it is probable that the company will not be required to make this payment but that no further sum will be paid by Elephant Design & Build Limited.

URBAN RETREATS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS For the year ended 30 June 2003

11. CREDITORS: Amounts falling due after more than one year

	2003 £	2002 £
Directors' loans	-	665,000
Bank and other loans	1,570,197	-
Net obligations under finance leases and hire purchase contracts	125,531	-
	<u>£ 1,695,728</u>	<u>£ 665,000</u>

Included within the above are amounts falling due as follows:

	2003 £	2002 £
Between two and five years		
Directors' loans	-	665,000
Other loans	264,193	-
	<u> </u>	<u> </u>
Over five years		
Bank loans	1,306,003	-
	<u> </u>	<u> </u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2003 £	2002 £
Repayable by instalments	<u>£ 1,306,003</u>	<u>£ -</u>

The bank loan carries interest at 1.5% over LIBOR and is repayable in 84 equal monthly instalments between 14 October 2002 and 14 September 2009. However, the company has taken a capital repayment holiday with the agreement of the bank, which is reviewed periodically.

The other loan is a credit agreement with a supplier and is repayable by 60 monthly instalments commencing 26 March 2003 and carries interest at 1.5% over HSBC Bank base rate under the terms of which the company is required to make minimum purchases from the supplier each year.

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2003 £	2002 £
Between two and five years	<u>£ 125,531</u>	<u>£ -</u>

12. DEFERRED TAXATION

	2003 £	2002 £
At 1 July 2002 and 30 June 2003	<u>£ -</u>	<u>£ 10,868</u>

URBAN RETREATS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS For the year ended 30 June 2003

The deferred tax provision is made up as follows:

	2003 £	2002 £
Accelerated capital allowances	-	15,919
Tax losses brought forward	-	(5,051)
	<u>£ -</u>	<u>£ 10,868</u>

13. SHARE CAPITAL

	2003 £	2002 £
Authorised		
9,625,000 Ordinary shares of £1 each	9,625,000	9,625,000
375,000 5% Cumulative Redeemable Preference shares of £1 each	375,000	375,000
	<u>£10,000,000</u>	<u>£10,000,000</u>
Allotted, called up and fully paid		
1,165,100 Ordinary shares of £1 each	1,165,100	100
349,900 5% Cumulative Redeemable Preference shares of £1 each	349,900	349,900
	<u>£ 1,515,000</u>	<u>£ 350,000</u>

During the year 1,165,000 ordinary shares were allotted at par to Mr. G C Hammer, a director.

The preference shares are entitled to receive a 5% dividend and are redeemable at the company's option at par. On a winding up they rank ahead of all equity shares and they carry no voting rights.

14. RESERVES

Profit and loss account	£
At 1 July 2002	12,840
Loss retained for the year	(539,822)
	<u>£ (526,982)</u>

URBAN RETREATS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 30 June 2003

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
(Loss)/profit for the year	(522,327)	170,409
Dividends	(17,495)	(17,495)
	<u>(539,822)</u>	<u>152,914</u>
Shares issued during the year	1,165,000	350,000
	<u>625,178</u>	<u>502,914</u>
Opening shareholders' funds	362,840	(140,074)
Closing shareholders' funds	<u>£ 988,018</u>	<u>£ 362,840</u>
Analysis of shareholders' funds		
Non-equity interests	349,900	349,900
Equity interests	638,118	12,940
	<u>£ 988,018</u>	<u>£ 362,840</u>

16. NET CASH FLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating (loss)/profit	(388,387)	180,453
Depreciation of tangible fixed assets	127,131	49,625
Increase in stocks	(92,530)	(145,672)
Decrease/(increase) in debtors	419,485	(444,644)
Decrease in amounts owed by group undertakings	148,985	266,437
Increase in amounts owed by participating interests	-	(474,226)
(Decrease)/increase in creditors	(281,723)	494,355
Decrease in amounts owed to group undertakings	-	(40,157)
Increase in amounts owed to participating interests	437,957	55,102
NET CASH INFLOW/(OUTFLOW) FROM OPERATIONS	<u>£ 370,918</u>	<u>£ (58,727)</u>

17. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2003 £	2002 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	77	904
Interest paid	(113,051)	(13)
Hire purchase interest	(31,834)	-
NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>£ (144,808)</u>	<u>£ 891</u>

URBAN RETREATS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 30 June 2003

	2003 £	2002 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	<u>£(2,734,493)</u>	<u>£ (854,976)</u>
	2003 £	2002 £
FINANCING		
Issue of ordinary shares	1,165,000	-
New secured loans	1,854,483	-
New directors' loans	-	665,000
Repayment of directors' loans	(665,000)	-
Principal payment under finance lease	209,178	-
NET CASH INFLOW FROM FINANCING	<u>£ 2,563,661</u>	<u>£ 665,000</u>

18. ANALYSIS OF CHANGES IN NET DEBT

	1 July 2002 £	Cash flow £	Other non-cash changes £	30 June 2003 £
Bank overdraft	(247,038)	55,278	-	(191,760)
	<u>(247,038)</u>	<u>55,278</u>	<u>-</u>	<u>(191,760)</u>
DEBT :				
Finance leases	-	(209,178)	-	(209,178)
Debts due within one year	-	(1,189,483)	905,197	(284,286)
Debts falling due after more than one year	(665,000)	-	(905,197)	(1,570,197)
NET DEBT	<u>£ (912,038)</u>	<u>£(1,343,383)</u>	<u>£ -</u>	<u>£(2,255,421)</u>

19. CONTINGENT LIABILITIES

The bank loan is secured by a mortgage over a property owned by Hammer Holdings Limited (a company controlled by Mr. G C Hammer, a director). Hammer Holdings Limited is currently negotiating to sell the property and if successful then the bank loan will fall immediately due. Hammer Holdings Limited has given an undertaking that it will support the company in meeting this obligation.

20. CAPITAL COMMITMENTS

At 30 June 2003 the company had capital commitments as follows:

	2003 £	2002 £
Contracted for but not provided in these financial statements	<u>£ 448,091</u>	<u>£ 3,159,310</u>

URBAN RETREATS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS For the year ended 30 June 2003

21. DIRECTORS' PERSONAL GUARANTEES

Mr. G C Hammer, a director, has guaranteed the bank and other loans and overdrafts £2,046,243 (2002 - £247,038).

The other loan is a credit agreement with a supplier and is repayable by 60 monthly instalments commencing 26 March 2003 and carries interest at 1.5% over HSBC Bank base rate under the terms of which the company is required to make minimum purchases from the supplier each year.

22. RELATED PARTY TRANSACTIONS

	30 June 2003 Sales £	30 June 2003 Purchases £	30 June 2003 Debtor £	30 June 2003 Creditor £
Hammer Holdings Limited	-	610,135	-	128,762
Elephant Design & Build Limited	-	2,403,310	-	364,296
Luxe Limited	-	20,848	325,241	-
		<u>3,034,293</u>	<u>325,241</u>	<u>493,058</u>

Mr. G C Hammer, a director, has an interest in each of the above companies. As explained in Note 11 the company has a claim against Elephant Design & Build Limited in liquidation, that is unlikely to be fully satisfied.

23. POST BALANCE SHEET EVENTS

On 14 October 2003 135,000 £1 ordinary shares were subscribed at par by Mr. G C Hammer. On 28 November 2003 215,000 £1 ordinary shares were subscribed at par by Mr. G C Hammer.

24. CONTROLLING PARTY

The directors regard Mr. G C Hammer, a director, as being the ultimate controlling party.