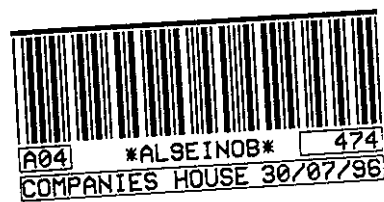


MATTHEWS OFFICE FURNITURE PLC

FINANCIAL STATEMENTS

Registered Number 257489/England & Wales

Year ended 31st March, 1996



MATTHEWS OFFICE FURNITURE PLC

DIRECTORS	D. MATTHEWS (Chairman)	
	I.D. MATTHEWS	
	H.J. MATTHEWS	
	M.L. MATTHEWS	
	C.J. GOLDING	
	P.J. MATTHEWS (non executive)	Showrooms situated at
		Liverpool
		London
		Birmingham
		Bristol
SECRETARY	D. MATTHEWS	Cardiff
		Milton Keynes *
		Glasgow
		Leeds
		Manchester
		Maidstone
		Nottingham
		Newcastle
AUDITORS	GRANT THORNTON	Oxford
		Sheffield
		St Helens *
BANKERS	MIDLAND BANK PLC	Southampton
SOLICITORS	BRABNER HOLDEN	*(Incorporating warehouse facilities)
ACTUARIES	WILLIAM MERCER	

REGISTERED NUMBER 257489/ENGLAND & WALES

REGISTERED OFFICE 61/63 DALE STREET
LIVERPOOL L69 2DN

MATTHEWS OFFICE FURNITURE PLC

CHAIRMAN'S STATEMENT

I am pleased to report the Group profit before tax for the year at £644,148. This is the best profit performance since the year ending 31 March 1992, after which we suffered from recession and its depressing effects on company purchasing.

This year's profit breaks down as trading profit of £313,420, and the surplus on the sale of our Edinburgh showroom of £330,728.

The trading profit on a turnover of almost £25m is disappointing and reflects the intensely competitive nature of our industry. Our new exclusive Teamtalk range of desking has made a contribution to our return to profitability as a major product manufactured in our own factories. Yet the results in no way reflect the enormous effort put in by Directors and staff during the year, nor in the long term an adequate return on capital.

During the year we were honoured to receive The Royal Warrant as suppliers of office furniture to Her Majesty The Queen.

Compared with many other companies in our industry we have an extremely strong balance sheet and a positive cashflow, and are thus in a very strong position to take advantage of any opportunities that may arise to enhance profitability.

Our cash position is sound so the Directors can recommend an increased dividend of 3.25% net, absorbing £103,625 (1995 2.5% net £79,711).

I must thank our entire workforce, currently 222 (of whom 67 are shareholders) for their support, loyalty and commitment over the last year.



David Matthews

CHAIRMAN

26th June, 1996

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31st March, 1996

1. Principal activities

The group is principally engaged in the manufacturing and distribution of office furniture.

2. Results and dividends

The operating profit for the year after taxation amounted to £526,892 (1995 loss of £54,385). The directors recommend payment of a dividend of £103,625 (1995 £79,711) leaving a profit of £423,267 retained.

3. Directors

The directors in office at the end of the year are listed below. All served on the Board throughout the year. P.J. Matthews and H.J. Matthews retire by rotation and being eligible offer themselves for re-election.

The interests of the directors and their families in the shares of the company at 1st April, 1995 and at 31st March, 1996, as recorded in the register maintained by the company in accordance with the provisions of the Companies Act, 1985, were as follows:

	1996		1995	
	Beneficially	As Trustee	Beneficially	As Trustee
D. Matthews	69,960	77,970	69,960	77,970
P.J. Matthews	195,000	-	195,000	-
I.D. Matthews	559,900	418,460	559,900	419,720
H.J. Matthews	414,660	434,180	414,660	435,440
M.L. Matthews	414,640	434,180	414,640	435,440
C.J. Golding	237,500	204,180	237,500	205,440

All except P.J. Matthews are trustees of Matthews Pension Fund Ltd holding 77,970 shares. All except D. Matthews and P.J. Matthews are trustees of Matthews 1979 Pension Fund holding 127,470 shares. H.J. Matthews and M.L. Matthews are both trustees of three trusts with a combined holding of 230,000 shares. I.D. Matthews is a trustee of two trusts with a combined holding of 214,280 shares.

4. Directors' responsibilities for the financial statements

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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS

5. Fixed assets

The fixed asset additions are largely made up of replacement company cars. The directors are of the opinion that in aggregate the market value of land and buildings exceeds the book value of the assets by approximately £800,000. If the land and buildings were realised at this figure, due to rollover relief under Section 115 Capital Gains Tax Act 1979, corporation tax of approximately £190,000 would result.

6. Employees

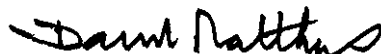
All employees receive equal opportunity for training and career development. The sole criterion for selection and promotion is the individual's suitability for the position of employment offered. The company supports the employment of disabled persons wherever possible. For many years the company has actively pursued a policy of encouraging participation by employees in the conduct of the organisation. This includes employee shareholdings and a Profit Related Pay scheme. The company believes that all employees should be kept informed regularly by their own managers on all matters of interest to them.

7. Charitable donations

During the year the company made charitable donations of £340.

8. Auditors

Grant Thornton offer themselves for re-appointment as auditors in accordance with Section 385 of the Companies Act, 1985.



61/63 Dale Street,
LIVERPOOL L69 2DN
26th June, 1996

ON BEHALF OF THE BOARD
D. MATTHEWS (Director and Secretary)

REPORT OF THE AUDITORS

TO THE MEMBERS OF

MATTHEWS OFFICE FURNITURE PLC

We have audited the financial statements on pages 5 to 17 which have been prepared under the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 2 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

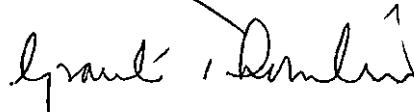
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 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 affairs of the group and the company at 31 March 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

1st Floor, ROYAL LIVER BUILDING
LIVERPOOL L3 1PS
26th June, 1996



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 1996

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention.

The principal accounting policies of the group have remained unchanged from the previous year and are set out below.

Basis of consolidation

The group accounts consolidate the accounts of the company and its subsidiaries. The financial statements of each company in the group have been prepared to 31st March, 1996.

Turnover

Turnover is the total amount receivable by the group in the ordinary course of business with outside customers for goods supplied as a principal and for services provided.

Depreciation

Depreciation on leasehold property, plant and equipment and motor vehicles is calculated to write down the cost of such fixed assets by equal annual instalments over their expected useful lives.

The rates generally applicable are:-

Leasehold premises and leased out plant	- period of lease once below 50 years
Plant and equipment	- 15%
Computers - Mini/Micro	- 20%/33%
Motor vehicles	- 25%

No depreciation is provided on freehold properties. It is the practice of the group to maintain these assets in a continual state of sound repair and, accordingly the directors consider that the lives of these assets are so long and residual values so high that their depreciation is insignificant. Provision will be made in the profit and loss account for any permanent diminuation in value.

Properties held on a lease with more than 50 years to run are treated as if they were held freehold.

Stock and work in progress

Stock and work in progress is stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the financial statements. Provision is made for deferred taxation, except to the extent that there is a reasonable probability of the tax not falling due for payment in the foreseeable future. Transfers to and from deferred taxation are calculated taking account of the current and future rates of corporation tax, adjusting for any changes in rates as compared with the preceding period.

Pension Contributions

Pension contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

Foreign Currencies

Transactions in foreign currencies and monetary assets and liabilities in foreign currencies have been translated at the rate of exchange ruling at the balance sheet date. All exchange differences have been dealt with through reserves.

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1996

	Note	1996	1995
	----	-----	-----
Turnover - continuing operations	1	24,998,950	24,919,821
Cost of Sales		16,749,762	16,385,879
		-----	-----
Gross Profit		8,249,188	8,533,942
Distribution Costs	2	6,139,118	6,512,911
Administration Costs	2	1,776,996	1,967,987
		-----	-----
		7,916,114	8,480,898
Other operating income	3	23,622	24,965
		-----	-----
		7,892,492	8,455,933
		-----	-----
		356,696	78,009
Operating profit/(loss) - continuing operations		-----	-----
		356,696	78,009
		-----	-----
		356,696	78,009
Exceptional items - (profit)/loss on disposal of fixed assets	4	(330,728)	80,145
Interest payable	5	43,276	61,498
		-----	-----
Profit/(loss) on ordinary activities before taxation		644,148	(63,634)
Taxation on profit/(loss) on ordinary activities	6	117,256	(9,249)
		-----	-----
Profit/(loss) on ordinary activities after taxation		526,892	(54,385)
Dividends	8	103,625	79,711
		-----	-----
Profit/(loss) retained	16	£423,267	(£134,096)
		=====	=====

There were no recognised gains or losses other than the result for the year.

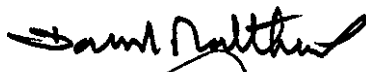

The accounting policies and notes on pages 5 and 11 to 17 form part of these financial statements

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

GROUP BALANCE SHEET AS AT 31ST MARCH, 1996

	Note	1996	1995
		-----	-----
Tangible Fixed Assets	7	7,679,304	7,739,456
Current Assets			
Stocks	11	3,308,950	3,683,884
Debtors	12	4,231,493	4,429,830
Bank Balances and Cash		1,323,073	829,146
		-----	-----
		8,863,516	8,942,860
Creditors: amounts falling due within one year	13	4,183,189	4,684,213
		-----	-----
Net Current Assets		4,680,327	4,258,647
		-----	-----
Total Assets less current liabilities		12,359,631	11,998,103
Creditors: amounts falling due after more than one year	14	258,409	398,514
Provisions for liabilities and charges	15	195,366	117,000
		-----	-----
Shareholders Funds		£11,905,856	£11,482,589
		=====	=====
Capital and Reserves			
Called up share capital	16	3,188,450	3,188,450
Share premium account	16	5,630	5,630
Capital redemption reserve	16	175,000	175,000
Profit and loss account	16	8,536,776	8,113,509
		-----	-----
Shareholders Funds		£11,905,856	£11,482,589
		=====	=====

These financial statements were approved by the directors on 25th June, 1996

 D. MATTHEWS)
 I.D. MATTHEWS) DIRECTORS

The accounting policies and notes on pages 5 and 11 to 17 form part of these financial statements

MATTHEWS OFFICE FURNITURE PLC

BALANCE SHEET AT 31ST MARCH, 1996

	Note	1996	1995
		-----	-----
Fixed Assets			
Tangible Assets	7	7,336,704	7,598,919
Investments	10	45,738	45,738
		-----	-----
		7,382,442	7,644,657
Current Assets			
Stocks	11	3,308,950	3,683,884
Debtors	12	4,523,615	4,553,114
Bank Balances and Cash		1,319,662	825,610
		-----	-----
		9,152,227	9,062,608
Creditors: amounts falling due within one year	13	4,161,965	4,686,504
		-----	-----
Net Current Assets		4,990,262	4,376,104
		-----	-----
Total Assets less current liabilities		12,372,704	12,020,761
Creditors: amounts falling due after more than one year	14	258,409	398,514
Provisions for liabilities and charges	15	195,366	160,000
		-----	-----
Shareholders Funds		£11,918,929	£11,462,247
		=====	=====
Capital and Reserves			
Called up share capital	16	3,188,450	3,188,450
Share premium account	16	5,630	5,630
Capital redemption reserve	16	175,000	175,000
Profit and loss account	16	8,549,849	8,093,167
		-----	-----
Shareholders Funds		£11,918,929	£11,462,247
		=====	=====

These financial statements were approved by the directors on 25th June, 1996



D. MATTHEWS)
) DIRECTORS
 I.D. MATTHEWS)

The accounting policies and notes on pages 5 and 11 to 17 form part of these financial statements

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 1996

	1996	1995
Net cash inflow/(outflow) from operating activities	603,981	(762,857)
Returns on investments and servicing of finance		
Interest received	23,622	24,965
Interest paid	(43,276)	(61,498)
Dividends paid	(79,711)	(79,008)
	(99,365)	(115,541)
Taxation		
Corporation tax (paid)/received	(176)	226,590
Investing activities		
Payments to acquire tangible fixed assets	(363,062)	(338,928)
Receipts from sale of tangible fixed assets	487,654	265,735
	124,592	(73,193)
Net cash inflow/(outflow) before financing	629,032	(725,001)
Financing		
Issue of ordinary share capital	-	33,780
Repayment of amounts borrowed	(135,105)	(135,194)
	(135,105)	(101,414)
Increase/(decrease) in cash and cash equivalents	£493,927	(£826,415)

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

NOTES TO CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 1996

Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	1996	1995
	-----	-----
Operating profit/(loss)	333,074	53,044
Depreciation charges	314,246	331,348
(Profit)/loss on sale of tangible fixed assets	(47,958)	(18,826)
Decrease/(increase) in stocks	374,934	(490,415)
Decrease/(increase) in debtors	198,337	(937,041)
(Decrease)/increase in creditors	(568,652)	299,033
	-----	-----
	£603,981	(£762,857)
	=====	=====

Analysis of changes in cash and cash equivalents during the year

	1996	1995
	-----	-----
Opening balance	829,146	1,655,561
Net cash inflow/(outflow)	493,927	(826,415)
	-----	-----
Closing balance	£1,323,073	£829,146
	=====	=====

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 1996

1. Turnover

The turnover and profit before taxation is attributable to one activity, the manufacture and distribution of office furniture.

		1996 ----	1995 ----
Turnover by destination:	UK	24,757,257	24,497,573
	Europe	241,693	422,248

2. Operating costs

Profit on ordinary activities is stated after:

	1996 ----	1995 ----
	£	£
Professional charges	14,915	19,671
Auditors remuneration	21,115	20,500
Other accountants fees	18,116	33,576
Depreciation of fixed assets	314,246	331,348
Staff costs - Wages & Salaries	3,574,209	3,473,163
- Social security costs	289,969	303,243
- Other pension costs	169,938	144,166
Average number of employees	1996 ----	1995 ----
Administration	34	30
Sales	102	110
Production	86	86
	222 ----	226 ----
	----	----

Directors emoluments included above in staff costs are as follows:-

	1996 ----	1995 ----
Management remuneration	£330,901 -----	£317,418 -----

The emoluments of the directors, including benefits in kind were as follows:

	1996 ----	1995 ----
The chairman	£41,404	£41,272
The highest paid director	£73,352	£71,950

The emoluments of all directors, including benefits in kind fall into the following bands:

	Number -----	Number -----
£25,001 to £30,000	2	2
£40,001 to £45,000	1	1
£70,001 to £75,000	3	3

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 1996

3. Other operating income

	1996	1995
	-----	-----
Money market interest received	23,052	21,832
Other interest received	570	3,133
	-----	-----
	£23,622	£24,965
	-----	-----

4. Exceptional items - Profit/(loss) on disposal of fixed assets

	1996	1995
	-----	-----
Profit/(loss) on sale of showrooms	£328,728	(£80,415)
	-----	-----

5. Interest payable

	1996	1995
	-----	-----
Interest on bank loans repayable within 5 years	£43,276	£61,498
	-----	-----

6. Taxation

Profit and loss account

Taxation charge based on the result for the year is made up as follows:

	1996	1995
	-----	-----
United Kingdom Corporation Tax @ 25% (1995 25%)	38,890	(1,249)
Deferred tax @ 33% (1995 33%)	78,366	(8,000)
	-----	-----
	117,256	(9,249)
Adjustment in respect of previous year:-		
Corporation tax	-	-
	-----	-----
	£117,256	(£9,249)
	-----	-----

Close company legislation

Each company in the group is a close company as defined by Section 414 of the Income and Corporation Taxes Act, 1988.

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 1996

7. Tangible fixed assets

The Group	Total	Land and Buildings			Plant and equipment leased to customers	Motor vehicles	Plant and equipment
		Freehold	Long Leasehold	Short Leasehold			
Cost							
At 31.3.1995	10,022,546	4,996,551	2,111,439	-	871,360	848,714	1,194,482
Additions	363,062	-	-	-	107,193	239,836	16,033
Transfers	-	-	(71,913)	71,913	-	-	-
Less Disposals	(1,065,419)	(83,772)	-	-	(722,083)	(241,110)	(18,454)
At 31.3.1996	£9,320,189	4,912,779	2,039,526	71,913	256,470	847,440	1,192,061
Depreciation							
At 31.3.1995	2,283,090	-	-	-	802,736	469,645	1,010,709
Provided in year	314,246	-	-	1,438	59,434	167,361	86,013
Less Disposals	(956,451)	-	-	-	(718,584)	(220,421)	(17,446)
At 31.3.1996	£1,640,885	-	-	1,438	143,586	416,585	1,079,276
Net book amount							
At 31.3.1996	£7,679,304	4,912,779	2,039,526	70,475	112,884	430,855	112,785
Net book amount							
At 31.3.1995	£7,739,456	4,996,551	2,039,526	71,913	68,624	379,069	183,773

The Company	Total	Land and Buildings			Motor vehicles
		Freehold	Long Leasehold	Plant and equipment	
Cost					
At 31.3.1995	9,079,273	4,996,551	2,039,526	1,194,482	848,714
Additions	72,676	-	-	16,033	56,643
Less Disposals	(343,336)	(83,772)	-	(18,454)	(241,110)
At 31.3.1996	£8,808,613	4,912,779	2,039,526	1,192,061	664,247
Depreciation					
At 31.3.1995	1,480,354	-	-	1,010,709	469,645
Provided in year	229,422	-	-	86,013	143,409
Less Disposals	(237,867)	-	-	(17,446)	(220,421)
At 31.3.1996	£1,471,909	-	-	1,079,276	392,633
Net book amount					
At 31.3.1996	£7,336,704	4,912,779	2,039,526	112,785	271,614
Net book amount					
At 31.3.1995	£7,598,919	4,996,551	2,039,526	183,773	379,069

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 1996

8. Dividend

	1996	1995
	----	----
A dividend of 3.25p per £1 share (1995 2.5p) has been declared.	£103,625	£79,711
	=====	=====

9. Profit for the financial year

The parent company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these statements. The profit dealt with in the parent company's accounts amounts to £560,307.

10. Investments

Investments in the Company Balance Sheet represent the shares held in subsidiary undertakings included at cost.

	Country of registration	Class of shares held	Proportion held	Nature of business
	-----	-----	-----	-----
D Matthews (Leasing) Ltd	England & Wales	Ordinary £1	100%	Leasing
Matthews Properties (Liverpool) Ltd	England & Wales	Ordinary £1	100%	Property

11. Stocks

	The Group and Company	
	1996	1995
	----	----
Warehouse stocks for resale	2,707,073	3,007,293
Showroom display stocks	472,800	547,307
Manufacturing stocks	129,077	129,284
	-----	-----
	£3,308,950	£3,683,884
	=====	=====

The excess of replacement costs over the above value is not material.

12. Debtors

	The Group		The Company	
	1996	1995	1996	1995
	----	----	----	----
Trade debtors	3,865,657	4,278,558	3,865,657	4,278,558
Amounts owed by subsidiary undertaking	-	-	292,122	123,284
Other debtors	345,021	124,251	345,021	124,251
Employee share loans	20,815	27,021	20,815	27,021
	-----	-----	-----	-----
	£4,231,493	£4,429,830	£4,523,615	£4,553,114
	=====	=====	=====	=====

Included in employee share loans above is £8,451 to be repaid after more than 1 year.

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 1996

13. Creditors - amounts falling due within one year

	The Group		The Company	
	1996	1995	1996	1995
Bank loan	145,000	140,000	145,000	140,000
Trade creditors	3,199,439	3,773,017	3,192,396	3,765,097
Amounts owed to subsidiary companies	-	-	10,216	10,216
Current taxation	18,712	(20,002)	(5,682)	(20,002)
Social security and other taxes	598,791	628,679	598,788	628,674
Proposed dividend	103,625	79,711	103,625	79,711
Other	117,622	82,808	117,622	82,808
	<u>£4,183,189</u>	<u>£4,684,213</u>	<u>£4,161,965</u>	<u>£4,686,504</u>

14. Creditors - amounts falling due after more than one year

	The Group and Company	
	1996	1995
Bank loans	<u>£258,409</u>	<u>£398,514</u>

The bank loans are repayable as follows:

	1996	1995
In one year or less	145,000	140,000
Between one and two years	150,000	150,000
Between two and five years	108,409	248,514
	<u>£403,409</u>	<u>£538,514</u>

The loan is secured on the long leasehold property at 36/40 Maple Street, London. The rate of interest is 1.5% over Midland base rate per annum.

15. Provision for liabilities and charges

The amounts provided in the financial statements relate entirely to deferred taxation in respect of accelerated capital allowances after deducting trading losses to be carried forward.

	Group	Company
At 31.3.1995	117,000	160,000
Provided in the year	78,366	35,366
	<u>£195,366</u>	<u>£195,366</u>

These amounts represent the full and potential liabilities.

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 1996

16. Shareholders funds

The group	Share Capital	Profit & Loss Account	Capital Redemption Reserve	Share Premium Account	Total
	£	£	£	£	£
At 1st April, 1994	3,160,300	8,247,605	175,000	-	11,582,905
Profit/(loss) for year	-	(134,096)	-	-	(134,096)
Issued in year	28,150	-	-	5,630	33,780
At 31st March, 1995	3,188,450	8,113,509	175,000	5,630	11,482,589
Profit/(loss) for year	-	423,267	-	-	423,267
Issued in year	-	-	-	-	-
At 31st March, 1996	£3,188,450	£8,536,776	£175,000	£5,630	£11,905,856
	=====	=====	=====	=====	=====
The company	Share Capital	Profit & Loss Account	Capital Redemption Reserve	Share Premium Account	Total
	£	£	£	£	£
At 1st April, 1994	3,160,300	8,227,459	175,000	-	11,562,759
Profit for year	-	(134,292)	-	-	(134,292)
Issued in year	28,150	-	-	5,630	33,780
At 31st March, 1995	3,188,450	8,093,167	175,000	5,630	11,462,247
(Loss) for year	-	456,682	-	-	456,682
Issued in year	-	-	-	-	-
At 31st March, 1996	£3,188,450	£8,549,849	£175,000	£5,630	£11,918,929
	=====	=====	=====	=====	=====

The share capital consists of 10,000,000 authorised ordinary shares of £1 each, of which 3,188,450 are issued and fully paid.

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 1996

17. Capital commitments

At the 31st March 1996 the company had capital commitments of £87,996 for plant and machinery.

18. Pension commitments

The company operates two funded pension schemes. The major scheme is Matthews Pension Fund Ltd which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the "aggregate" method. The most recent valuation was as at 31st March 1994, the next valuation is due on 31st March 1997. The assumptions which have the most significant effect on the results of the valuation are those relating to the valuation rate of interest, the assumed rate of future dividend increases and the rate of increase in salaries and pensions. It was assumed that the valuation rate of interest would be 8% per annum, that salary increases would average 6% per annum and that future pensions would increase at the rate of 4% per annum.

This valuation showed that the market value of the scheme's assets was £6,986,063 and that the actuarial value of those assets represented 110% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The contributions of the company and employees are 5.5% and 2.5% respectively.

19. Contingent liabilities

During the year the outstanding Enforcement Notice on our Cardiff premises was settled. The company has however incurred approximately £20,000 of legal expenses which it is looking to recover from the architects.

There were no other contingent liabilities at the balance sheet date or at 31.3.95.

20. Operating lease commitments

Commitments to make operating lease payments within the next year expire as follows:

	1996 Land & Buildings	1995 Land & Buildings
In one year or less	-	-
Between two and five years	-	-
In five years or more	181,000	193,000
	<u>£181,000</u>	<u>£193,000</u>
	=====	=====

MATTHEWS OFFICE FURNITURE PLC

GROUP FINANCIAL RECORD 1987-1996 (£,000)

Group Results	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
External sales	24,999	24,920	22,223	22,818	29,114	31,416	32,357	31,599	25,832	21,643
Operating profit/(loss)	644	(64)	72	(533)	819	2,055	2,691	2,962	2,053	1,826
Taxation	117	(9)	(92)	(110)	255	642	958	1,043	717	632
Profit/(loss) after taxation	527	(55)	164	(423)	564	1,413	1,733	1,919	1,336	1,194
Extraordinary credit	-	-	-	-	-	-	-	425	1,427	-
	527	(55)	164	(423)	564	1,413	1,733	2,344	2,763	1,194
Dividends (net of Directors waivers)	103	80	79	-	190	190	180	180	192	174
Profit retained	424	(135)	85	(423)	374	1,223	1,553	2,164	2,571	1,020
Earnings per share	17p	-	5p	-	17p	42p	52p	49p	31p	27p
Capital Employed										
Land, buildings and plant	7,679	7,739	8,059	8,079	6,918	6,437	5,486	4,845	3,547	3,397
Working capital (excl bank)	4,680	4,260	4,188	4,239	5,090	5,502	5,255	4,336	5,193	2,802
	12,359	11,999	12,247	12,318	12,008	11,939	10,741	9,181	8,740	6,199
Financed by										
Share capital and reserves	11,906	11,483	11,583	11,509	11,921	11,861	10,638	9,085	8,615	6,043
Deferred taxation	195	117	125	94	87	78	103	96	125	155
Borrowed money	258	399	539	715	-	-	-	-	-	1
	12,359	11,999	12,247	12,318	12,008	11,939	10,741	9,181	8,740	6,199

The calculation of Earnings per share is based on Profit after taxation (but before extraordinary items) and the number of ordinary shares in issue at the Balance Sheet date, (after reflecting the Bonus Share issues of 3 for 1 in 1987 and 4 for 1 in 1990 and the reductions in Issued Share Capital of 23.5% in 1989 and 5.2% in 1992).