

**MATTHEWS OFFICE FURNITURE PLC**

**FINANCIAL STATEMENTS**

**Registered Number 257489/England & Wales**

**Year ended 31st March, 1998**



**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

Cardiff

Milton Keynes \*

Glasgow

Manchester

Maidstone

Nottingham

Newcastle

Oxford

Sheffield

St Helens \*

Southampton

**SECRETARY**

D. MATTHEWS

**AUDITORS**

GRANT THORNTON

**BANKERS**

MIDLAND BANK PLC

**SOLICITORS**

BRABNER HOLDEN BANKS WILSON

\*(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 a group profit before tax for the year ended 31st March 1998 of £1,673,448, a creditable increase of 132.4% compared with last year. There were no exceptional items arising during this year, all profits being achieved through operating activities.

A review of the group 10 year performance record attached to these accounts shows the year's operating profit to have been the best performance since 1991, and this occurred during a boom year for office development and demand. Certainly times have changed, and we are now operating in a highly competitive market with distribution margins under constant pressure, particularly when quoting for volume business.

Much of our success in obtaining bulk business has been due to the expansion of our own manufacturing facilities at St Helens, which now satisfy 80% of all sales of desks and workstations, and 33% of overall sales. Bulk production and keen control of costs have protected margins.

In January, we were honoured to receive the Royal Warrant, as the office furniture supplier to the Prince of Wales. This was a great boost to the morale of the company, and at the same time has focused our minds on the environmental impact of our business. These accounts include a separate environmental policy statement and this will be updated in future years.

Almost a third of our employees are also shareholders, and additional shares become available each year. We want our staff to have this positive interest in the same way as Directors, and I am grateful to everyone for their individual contributions. The new financial year has started well, and though it is not quite at the level of the first quarter of 1997/8, we hope for another satisfactory year.

The Directors recommend that the dividend for the year ending 31st March 1998 should be 13p per share, representing an increase of 100% compared with 1997 (6.5p) and demonstrating that we are all benefiting from our improved trading performance and the hard work that has led to this success.

**David Matthews**

**CHAIRMAN**

**17th June 1998**

# 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, 1998

### 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 £1188074 (1997 £485749). The directors recommend payment of a dividend of £414498 (1997 £207249) leaving a profit of £773576 retained (1997 £278500).

### 3. Directors

The directors in office at the end of the year are listed below. All served on the Board throughout the year. M.L. Matthews and C.J. Golding 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, 1997 and at 31st March, 1998, as recorded in the register maintained by the company in accordance with the provisions of the Companies Act, 1985, were as follows:

	1998		1997	
	Beneficially	As Trustee	Beneficially	As Trustee
D. Matthews	71060	77970	69960	77970
P.J. Matthews	195000	-	195000	-
I.D. Matthews	539900	408978	539900	418460
H.J. Matthews	404292	424698	404292	434180
M.L. Matthews	414640	424698	414640	434180
C.J. Golding	237500	194698	237500	204180

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 116,728 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. 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.

### 5. 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.

### 6. Creditors payment practice

The company adopts a policy of paying creditors within the agreed credit terms offered by their suppliers to take maximum advantage of early settlement discount. At 31st March 1998, average creditor days for the group stood at 53 days.

**MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES  
REPORT OF THE DIRECTORS**

**7. 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 group and the company, and of the profit or loss of the group 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 group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**8. Charitable donations**

During the year the company made charitable donations of £720

**9. Environmental Update**

General Statement : As furniture suppliers we are aware that the raw materials used in our products are environmentally sensitive. Managed correctly, timber is the ultimate renewable resource, and our policy is designed to apply the principles of sustainable development. We will constantly try to improve our environmental performance, and minimise our use of raw materials and energy.

In pursuit of these principles, we have adopted a number of detailed policies, that are set out in our full environmental policy document, which is available on request.

Annual update: The most significant events during the past twelve months were:

- we adopted a policy that we would only specify chipboard that is manufactured from raw material which comes from forests where sustainable forest techniques are applied.
- all components for our new Merit desk range are bulk purchased in reuseable stillages to reduce packaging waste.
- we are currently working with the Furniture Industry Research Association to implement an ISO 14001 Environmental Management System. We would expect this to be in place by the time of next year's report.

**10. Year 2000 Compliance.**

Many computer systems which express dates using only the last two digits of the year may malfunction due to the date change to the year 2000. This risk to the business relates not only to the group's computer systems, but also to some degree on those of our customers and suppliers.

The company is well advanced with our plans to deal with this problem. We anticipate that all our major systems will be compliant by the end of 1998. All material costs have been provided for in this year's accounts.

**11. 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  
17th June, 1998



ON BEHALF OF THE BOARD  
D. MATTHEWS  
(Director & 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 3 the 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 group'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 1998 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  
17th June, 1998



GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

## **MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES**

### **ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 1998**

The financial statements have been prepared in accordance with applicable accounting standards and 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, 1998.

#### **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 diminution 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 tax 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 preceeding 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 are translated at the rate ruling at the date of transaction. Monetary assets and liabilities in foreign currencies have been translated at the rate of exchange ruling at the balance sheet date.

#### **Goodwill**

Goodwill on acquisition is written off to reserves.

**MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES**

**GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1998**

	Note	1998	1997
		-----	-----
Turnover	1	28849016	24401951
Cost of Sales		18934322	16106740
		-----	-----
Gross Profit		9914694	8295211
Distribution Costs	2	6530375	5936318
Administration Costs	2	1801682	1703438
		-----	-----
		8332057	7639756
Other operating income	3	91157	72945
		-----	-----
		8240900	7566811
		-----	-----
Operating profit		1673794	728400
Interest payable	4	346	8497
		-----	-----
Profit on ordinary activities before taxation	1	1673448	719903
Taxation on profit on ordinary activities	5	485374	234154
		-----	-----
Profit on ordinary activities after taxation	14	1188074	485749
Dividends	7,14	414498	207249
		-----	-----
Profit retained	14	773576	278500
		=====	=====

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

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

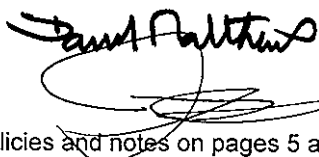


**MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES**

**GROUP BALANCE SHEET AS AT 31ST MARCH, 1998**

	Note	1998	1997
	----	-----	-----
Tangible Fixed Assets	6	8172880	7942141
Current Assets			
Stocks	10	3364718	3127807
Debtors	11	5875514	4575461
Bank Balances and Cash		2169099	1557098
		-----	-----
		11409331	9260366
Creditors: amounts falling due within one year	12	6632279	5020949
		-----	-----
Net Current Assets		4777052	4239417
Total Assets less current liabilities		12949932	12181558
Provisions for liabilities and charges	13	212000	217202
		-----	-----
		12737932	11964356
		=====	=====
Capital and Reserves			
Called up share capital	14	3188450	3188450
Share premium account	14	5630	5630
Capital redemption reserve	14	175000	175000
Profit and loss account	14	9368852	8595276
		-----	-----
Equity Shareholders Funds		12737932	11964356
		=====	=====

These financial statements were approved by the Directors on 17th June, 1998



D. MATTHEWS

) DIRECTORS

J.D. MATTHEWS



)

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, 1998**

	Note	1998	1997
	---	£	£
<b>Fixed Assets</b>			
Tangible Assets	6	7204059	7245077
Investments	9	45738	45738
		-----	-----
		7249797	7290815
<b>Current Assets</b>			
Stocks	10	3364718	3127807
Debtors	11	6744305	5212175
Bank Balances and Cash		2164305	1535506
		-----	-----
		12273328	9875488
Creditors: amounts falling due within one year	12	6561040	4972004
		-----	-----
<b>Net Current Assets</b>		5712288	4903484
<b>Total Assets less current liabilities</b>		12962085	12194299
<b>Provisions for liabilities and charges</b>	13	212000	217202
		-----	-----
		12750085	11977097
		=====	=====
<b>Capital and Reserves</b>			
Called up share capital	14	3188450	3188450
Share premium account	14	5630	5630
Capital redemption reserve	14	175000	175000
Profit and loss account	14	9381005	8608017
		-----	-----
<b>Equity Shareholders Funds</b>		12750085	11977097
		=====	=====

These financial statements were approved by the  
Directors on 17th June, 1998

 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 AND ITS SUBSIDIARIES**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 1998**

	1998	1997
	-----	-----
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	1582637	655455
Depreciation charges (see over)	334066	319948
(Increase)/decrease in stocks	-236911	181143
Increase in debtors	-1300053	-343968
Increase in creditors	1131638	720075
	-----	-----
Net cash inflow from operating activities	1511377	1532653
Returns on investments and servicing of finance (see over)	90811	64448
Taxation	-218133	-53257
Capital expenditure (see over)	-564805	-802785
	-----	-----
	819250	741059
Equity dividends paid	-207249	-103625
	-----	-----
	612001	637434
	=====	=====
Reconciliation of net cash inflow to movement in net funds		
Increase in cash in the period	612001	637434
Net funds at 1.4.97	1557098	919664
	-----	-----
Net funds at 31.3.98	2169099	1557098
	=====	=====

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

NOTES TO CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 1998

	1998	1997
ote 1 - Gross Cash Flows		
Depreciation charges		
Depreciation	400835	362299
Profit on sale of tangible fixed assets	-66769	-42351
	<u>334066</u>	<u>319948</u>
eturns on investments and servicing of finance		
Interest received	91157	72945
Interest paid	-346	-8497
et cash inflow from returns on investment and servicing of finance	<u>90811</u>	<u>64448</u>
Capital expenditure		
Payments to acquire intangible fixed assets	0	-220000
Payments to acquire tangible fixed assets	-670105	-649574
Receipts from sale of tangible fixed assets	105300	66789
	<u>-564805</u>	<u>-802785</u>

ote 2 - Analysis of Changes in Net Funds

	At 1.4.1997	Cash flows	At 31.3.1998
ash in hand and at bank	<u>1557098</u>	<u>612001</u>	<u>2169099</u>

# MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 1998

### Turnover

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

		1998	1997
Turnover by destination:			
	UK	28756780	24074913
	Europe	92236	327038

### Operating costs

Profit on ordinary activities is stated after:

	1998	1997
	£	£
Professional charges	21216	7466
Auditors remuneration	22350	21700
Other accountants fees	26037	18771
Depreciation of fixed assets	400835	362299
Staff costs - Wages & Salaries	4003398	3616318
- Social security costs	373321	296066
- Other pension costs	147626	178544

### Average number of employees

	1998	1997
Administration	37	33
Sales	103	100
Production	90	89
	230	222
	=====	=====

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

	1998	1997
Management remuneration	387522	410855
	=====	=====

The emoluments of the highest paid director, including benefits in kind were as follows:

	1998	1997
Management Remuneration	82800	79824
Pension Contribution	0	12900

During the year all Directors participated in Money Purchase Pension Schemes.

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 1998

Other operating income

	1998	1997
	-----	-----
Money market interest received	90256	62841
Other interest received	901	10104
	-----	-----
	91157	72945
	=====	=====

Interest payable

	1998	1997
	-----	-----
Interest on bank loans repayable within 5 years	346	8497
	=====	=====

Taxation

Profit and loss account

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

	1998	1997
	-----	-----
United Kingdom Corporation Tax @31%(1997 33%)	490576	212318
Deferred tax	-5202	21836
	-----	-----
	485374	234154
	=====	=====

**MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 1998**

**Tangible fixed assets**

The Group	Land and Buildings				Plant and equipment leased to customers	Motor vehicles	Plant and equipment
	Total	Freehold	Long Leasehold	Short Leasehold			
Cost							
At 31.3.1997	9693444	4912779	2039526	71913	397858	904929	1366439
Additions	670105	0	0	0	87292	386886	195924
Less Disposals	-554838	0	0	0	-138710	-294570	-121555
At 31.3.1998	9808711	4912779	2039526	71913	346440	997245	1440808
Depreciation							
At 31.3.1997	1751303	0	0	2876	240570	405181	1102676
Provided in year	400835	0	0	1438	100603	227847	70947
Less Disposals	-516307	0	0	0	-138461	-256463	-121383
At 31.3.1998	1635831	0	0	4314	202712	376565	1052240
Net book amount							
At 31.3.1998	8172880	4912779	2039526	67599	143728	620680	388568
Net book amount							
At 31.3.1997	7942141	4912779	2039526	69037	157288	499748	263763

The Company	Land and Buildings				Motor vehicles
	Total	Freehold	Long Leasehold	Plant and equipment	
Cost					
At 31.3.1997	8646750	4912779	2039526	1189245	505200
Additions	118554	0	0	47718	70836
Less Disposals	-383805	0	0	-121554	-262251
At 31.3.1998	8381499	4912779	2039526	1115409	313785
Depreciation					
At 31.3.1997	1401673	0	0	1088660	313013
Provided in year	130719	0	0	37675	93044
Less Disposals	-354952	0	0	-121382	-233570
At 31.3.1998	1177440	0	0	1004953	172487
Net book amount					
At 31.3.1998	7204059	4912779	2039526	110456	141298
Net book amount					
At 31.3.1997	7245077	4912779	2039526	100585	192187

# MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 1998

### Dividend

	1998	1997
	----	----
A dividend of 13p per £1 share (1997 6.5p) has been declared.	414498	207249
	=====	=====

### 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 £1,187,486

### 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
Teamwork Office Furniture Ltd	England & Wales	Ordinary £1	100%	Dormant
D Matthews (Lancashire ) Ltd	England & Wales	Ordinary £1	100%	Dormant
D Matthews (Scotland ) Ltd	England & Wales	Ordinary £1	100%	Dormant
D Matthews & Son Ltd	England & Wales	Ordinary £1	100%	Dormant

### D. Stocks

	The Group and Company 1998	1997
	----	----
Warehouse stocks for resale	2861279	2,609,050
Showroom display stocks	383214	413,081
Manufacturing stocks	120225	105,676
	-----	-----
	3364718	3127807
	=====	=====



MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 1998

1. Debtors

	The Group		The Company	
	1998	1997	1998	1997
	----	----	----	----
Trade debtors	5673452	4414123	5673452	4414123
Amounts owed by subsidiary undertakings	0	0	868791	636714
Other debtors	173950	144379	173950	144379
Employee share loans	28112	16959	28112	16959
	-----	-----	-----	-----
	5875514	4575461	6744305	5212175
	=====	=====	=====	=====

Included in employee share loans above is £12550 to be repaid after more than 1 year (1997 £11728).

2. Creditors - amounts falling due within one year

	The Group		The Company	
	1998	1997	1998	1997
	----	----	----	----
Trade creditors	4877878	4001815	4819923	3966075
Amounts owed to subsidiary undertakings	0	0	10216	10216
Current taxation	431940	177773	408440	154355
Social security and other taxes	681914	494339	681914	494336
Proposed dividend	414498	207249	414498	207249
Other creditors	226049	139773	226049	139773
	-----	-----	-----	-----
	6632279	5020949	6561040	4972004
	=====	=====	=====	=====

# MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 1998

### Provision for liabilities and charges and deferred taxation

The amounts provided in the financial statements relate entirely to deferred taxation in respect of accelerated capital allowances. These amounts represent the full and potential liabilities.

	Group	Company
At 31.3.1997	217202	217202
Released in the year	-5202	-5202
	<hr/>	<hr/>
At 31.3.1998	212000	212000
	<hr/>	<hr/>

### Reconciliation of movement in shareholders funds.

#### The group

	Share Capital	Profit & Loss Account	Capital Redemption Reserve	Share Premium Account	Total
	£	£	£	£	£
Shareholders funds at 1.4.1997	3188450	8595276	175000	5630	11964356
Profit for year before dividend	0	1188074	0	0	1188074
Dividend for year	0	-414498	0	0	-414498
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net increase in shareholders funds	0	773576	0	0	773576
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Shareholders funds at 31.3.1998	3188450	9368852	175000	5630	12737932
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

#### The company

	Share Capital	Profit & Loss Account	Capital Redemption Reserve	Share Premium Account	Total
	£	£	£	£	£
Shareholders funds at 1.4.1997	3188450	8608017	175000	5630	11977097
Profit for year before dividend	0	1187486	0	0	1187486
Dividend for year	0	-414498	0	0	-414498
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net increase in shareholders funds	0	772988	0	0	772988
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Shareholders funds at 31.3.1998	3188450	9381005	175000	5630	12750085
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

The cumulative amount of goodwill arising from acquisitions in current and prior years written off to reserves is £220,000 ( 1997 £220,000 ).

# MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 1998

### 15. Capital commitments

At the 31st March 1998 the company had capital commitments of £52614 for plant and machinery.

### 16. Pension commitments

The company operates two funded pension schemes. The major scheme is the Matthews Office Furniture Plc Staff Pension Scheme which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group. 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 1997, the next valuation is due on 31st March 2000. 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 7.5% per annum, that salary increases would average 6% per annum and that future pensions would increase at the rate of 4% per annum.

The valuation at 31st March 1997, showed that the market value of the scheme's assets was £8,598,000 and that the actuarial value of those assets represented 105% 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.

### 17. Contingent liabilities

There were no contingent liabilities at the balance sheet date or at 31.3.97

### 18. Operating lease commitments

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

	1998 Land & Buildings -----	1997 Land & Buildings -----
Between two and five years	123300	122700
In five years or more	62300	61300
	-----	-----
	185600	184000
	=====	=====

### 19. Related Party Activities

The group is exempt from the requirement of FRS 8 to disclose transactions with other group members.

**MATTHEWS OFFICE FURNITURE PLC**  
**GROUP FINANCIAL RECORD 1989-1998 (£,000)**

Group Results	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
External sales	28849	24402	24999	24920	22223	22818	29114	31416	32357	31599
Profit/(loss) before taxation	1673	720	644	-64	72	-533	819	2055	2691	2962
Taxation	485	234	117	-9	-92	-110	255	642	958	1043
Profit/(loss) after taxation	1188	486	527	-55	164	-423	564	1413	1733	1919
Extraordinary credit	0	0	0	0	0	0	0	0	0	425
	1188	486	527	-55	164	-423	564	1413	1733	2344
Dividends	414	207	103	80	79	0	190	190	180	180
Profit retained	774	279	424	-135	85	-423	374	1223	1553	2164
Earnings per share	37p	15p	17p	-	5p	-	17p	42p	52p	49p
Capital Employed										
Land, buildings and plant	8173	7942	7679	7739	8059	8079	6918	6437	5486	4845
Working capital	4777	4239	4680	4260	4188	4239	5090	5502	5255	4336
	12950	12181	12359	11999	12247	12318	12008	11939	10741	9181
Financed by										
Share capital and reserves	12738	11964	11906	11483	11583	11509	11921	11861	10638	9085
Deferred taxation	212	217	195	117	125	94	87	78	103	96
Borrowed money	0	0	258	399	539	715	0	0	0	0
	12950	12181	12359	11999	12247	12318	12008	11939	10741	9181

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.