

EFG MATTHEWS OFFICE FURNITURE LIMITED

FINANCIAL STATEMENTS

Registered Number 257489/England & Wales

Year ended 31st December, 2000



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COMPANIES HOUSE

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0486
28/04/01

EFG MATTHEWS OFFICE FURNITURE LIMITED

DIRECTORS

E.KROOK (Chairman)

D. MATTHEWS

I.D. MATTHEWS

H.J. MATTHEWS (Resigned 31 December 2000)

M.L. MATTHEWS

L.G.CARLSSON

R.JONEGARD (Resigned 31 December 2000)

K.OLSSON

Showrooms situated at

SECRETARY

I.D. MATTHEWS

Liverpool
London
Birmingham
Bristol
Cardiff
Milton Keynes *
Glasgow
Manchester
Maidstone
Nottingham
Newcastle
Oxford
Sheffield
St Helens *
Southampton

AUDITORS

KPMG

BANKERS

HSBC BANK PLC

SOLICITORS

BRABNER HOLDEN BANKS WILSON

*(Incorporating
warehouse facilities)

ACTUARIES

WILLIAM MERCER

REGISTERED NUMBER

257489/ENGLAND & WALES

REGISTERED OFFICE

REGINALD ROAD,
ST.HELENS,
MERSEYSIDE,
WA9 4JE

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

CHAIRMAN'S STATEMENT

This was the first full year of Operation with EFG Matthews fully integrated within EFG European Furniture Group AB of Sweden. In addition EFG Business Furniture (UK) Ltd was totally absorbed into EFG Matthews.

Despite the major organisational changes, we have produced a satisfactory result with a Turnover of £32 million and a pre-tax profit of £851,000.

The response of staff at all levels to the challenges in this year of consolidation has been excellent. The co-operation between the UK and Sweden has been very satisfying and we now have a platform that gives us considerable optimism for the coming year.

At the end of the year Howard Matthews and Rolf Jonegard resigned as Directors and I would like to thank them for their past efforts. Helle Dyrby and Stan Patterson have been appointed as Directors from 1 January 2001, I welcome them to the board and look forward to them making a significant contribution to the business in the future.

The company is part of a group which has office furniture sales in excess of £110 million and we are strongly placed in the UK to offer an attractive package to our customers using the strong ranges manufactured within the group.



E KROOK
CHAIRMAN

1 February 2001

**EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES
REPORT OF THE DIRECTORS**

The directors present their report together with financial statements for the year ended
31st December 2000.

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 period after taxation amounted to £520708 (1999 £127799).
The directors recommend payment of dividends of £2000000 (1999 £2100045) leaving
a loss of £1479292 to be transferred from reserves (1999 Loss £1972246).

3. Directors

The interests of the directors and their families in the shares of the company at 1st January
2000 and at 31st December 2000, as recorded in the register maintained by the company
in accordance with the provisions of the Companies Act, 1985, were as follows:

	31/12/2000 Beneficially Ordinary	31/12/1999 Beneficially Ordinary
	£1	£1
D. Matthews	Nil	Nil
I.D. Matthews	Nil	Nil
H.J. Matthews(resigned 31/12/2000)	Nil	Nil
M.L. Matthews	Nil	Nil
E.Krook	Nil	Nil
R.Jonegard (resigned 31/12/2000)	Nil	Nil
L.G.Carlsson	Nil	Nil
K.Olsson	Nil	Nil

On 18 October 1999, the entire share capital of the company was acquired by EFG European Furniture Group AB.
E.Krook holds 535680 'A' class and 6100 'B' class shares, L.G.Carlsson holds 58400 'B' class shares and
K.Olsson holds 12000 'B' class shares in EFG European Furniture Group AB.

4. Fixed assets

The directors are of the opinion that in aggregate the market value of land and buildings
exceeds the book value of the assets.

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. 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 December
2000, average creditor days for the group stood at 41 days.

**EFG MATTHEWS OFFICE FURNITURE LIMITED 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 period 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 period the company made charitable donations of £1677

9. Environmental Update

General Statement : The two principles of sustainable development and continuous improvement in environmental performance have been the basis of the environmental systems and purchasing requirements.


To meet these requirements a set of environmental objectives and targets were set for 2000/2001 by the directors.

Annual update: During the past year there has been significant emphasis on the development of environmental monitoring systems especially for energy usage, with a base line figure being established for the Climate Levy Tax due in April 2001.

10. Auditors

KPMG were appointed Group Auditors at the Annual General Meeting.

REGINALD ROAD, ST. HELENS
MERSEYSIDE, WA9 4JE.
1st February, 2001


ON BEHALF OF THE BOARD
I.D. MATTHEWS
(Director)

REPORT OF THE AUDITORS

TO THE MEMBERS OF

EFG MATTHEWS OFFICE FURNITURE LIMITED

We have audited the financial statements on pages 5 to 18.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3 the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

Basis of audit 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 the group and company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

8 Princes Parade
LIVERPOOL L3 1QH

1st February 2001

KPMG
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST DECEMBER, 2000

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, with the exception of computer software. Software is to be capitalised and amortised over a 4 year period. The reason for the change in accounting policy is to become consistent with EFG accounting policies. The effect on the 2000 results of this change is immaterial.

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 December 2000.

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 short 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:-

Freehold and Long Leasehold Properties	- 2%
Short Leasehold premises	- period of lease once below 50 years
Plant and equipment	- 10%-33%
Motor vehicles	- 25%

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.

Pension Contributions

Pension contributions to the Defined Benefit Scheme 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

Purchased goodwill is capitalised and is amortised on a straight line basis over its estimated useful life of five years (previously two years). The period of five years represents the period over which it is estimated that the group will benefit directly from the acquisition.

Holiday Pay

Full provision has been made for all employees holiday pay entitlement.

Lessor

Amounts receivable under finance leases are included under debtors and represent the total amount outstanding under lease agreements less unearned income. Finance lease income, having been allocated to accounting periods to give a constant periodic rate of return on the net cash investment, is included in turnover.

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2000

	Note	31st Dec.2000	31st Dec.1999
Turnover	1	32032993	20612052
Cost of Sales		20223468	12931285
Gross Profit		11809525	7680767
Distribution Costs	2	8847930	5739890
Administration Costs	2	2097647	1964204
		10945577	7704094
Other operating income	3	27392	83929
		10918185	7620165
Operating profit		891340	60602
Profit on sale of Fixed Assets		43333	66898
Interest payable	4	83570	2250
Profit on ordinary activities before taxation		851103	125250
Taxation on profit on ordinary activities	5	330395	-2549
Profit on ordinary activities after taxation	15	520708	127799
Dividends	8,15	2000000	2100045
Transfer from reserves		-1479292	-1972246

The accounting policies and notes on pages 5 and 11 to 18 form part of these financial statements

Statement of Total Recognised Gains and Losses:-


Profit for the period	520708	127799
Prior year adjustment	0	-394842
Total gains and losses recognised since last financial statements	520708	-267043

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

GROUP BALANCE SHEET AS AT 31ST DECEMBER, 2000

	Note	@31st Dec.2000	@31st Dec.1999
	----	-----	-----
Tangible Fixed Assets	6	7562092	7811322
Intangible Fixed Assets	7	73905	100781
Current Assets			
Stocks	11	3306303	2771028
Debtors	12	7272468	5380560
Bank Balances and Cash		43648	1518038
		-----	-----
		10622419	9669626
Creditors: amounts falling due within one year	13	8241776	6084123
		-----	-----
Net Current Assets		2380643	3585503
Total Assets less current liabilities		-----	-----
		10016640	11497606
Provisions for liabilities and charges	14	198742	200416
		-----	-----
		9817898	11297190
		=====	=====
Capital and Reserves			
Called up share capital	15	3463970	3463970
Share premium account	15	5630	5630
Capital redemption reserve	15	175000	175000
Profit and loss account	15	6173298	7652590
		-----	-----
Shareholders Funds	15	9817898	11297190
		=====	=====

These financial statements were approved by the directors on 1st February, 2000


I.D. MATTHEWS **DIRECTOR**

The accounting policies and notes on pages 5 and 11 to 18 form part of these financial statements

EFG MATTHEWS OFFICE FURNITURE LIMITED

COMPANY BALANCE SHEET AT 31ST DECEMBER, 2000

	Note	@ 31st Dec.2000	@ 31st Dec.1999
		£	£
Fixed Assets			
Tangible Assets	6	7562092	7424313
Intangible Assets	7	73905	100781
Investments	10	45738	45,738
		7681735	7570832
Current Assets			
Stocks	11	3306303	2771028
Debtors	12	7272468	5748515
Bank Balances and Cash		43648	1518037
		10622419	10037580
Creditors: amounts falling due within one year	13	8287514	6094586
Net Current Assets		2334905	3942994
Total Assets less current liabilities		10016640	11513826
Provisions for liabilities and charges	14	198742	200416
		9817898	11313410
Capital and Reserves			
Called up share capital	15	3463970	3463970
Share premium account	15	5630	5630
Capital redemption reserve	15	175000	175000
Profit and loss account	15	6173298	7668810
Shareholders Funds	15	9817898	11313410

These financial statements were approved by the directors on 1st February, 2000


 I.D. MATTHEWS DIRECTOR

The accounting policies and notes on pages 5 and 11 to 18 form part of these financial statements

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2000

	@ 31st Dec.2000	@ 31st Dec.2000
	-----	-----
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit/loss	863948	-23327
Depreciation charges (see over)	499686	285936
Amortisation of Goodwill	26876	60469
(Increase)/decrease in stocks	-535275	413301
(Increase)/decrease in debtors	-1805607	834218
Increase/(decrease) in creditors	-724651	598406
	-----	-----
Net cash inflow from operating activities	-1675023	2169003
Returns on investments and servicing of finance (see over)	-56178	81679
Taxation	48007	-584070
Capital expenditure (see over)	-261124	37495
	-----	-----
	-1944318	1704107
Equity dividends paid	0	-2486991
	-----	-----
	-1944318	-782884
	=====	=====
Reconciliation of net cash inflow to movement in net funds		
Decrease in cash in the period	-1944318	-782884
Net funds at 1.1.2000	1518038	2300922
	-----	-----
Net funds at 31.12.2000	-426280	1518038
	=====	=====

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

NOTES TO CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2000

	@ 31st Dec.2000	@ 31st Dec.1999
Note 1 - Gross Cash Flows	-----	-----
Depreciation charges		
Depreciation	543019	328838
Profit on sale of tangible fixed assets	-43333	-42902
	-----	-----
	499686	285936
	=====	=====
Returns on investments and servicing of finance		
Interest received	27392	83929
Interest paid	-83570	-2250
	-----	-----
Net cash inflow from returns on investment and servicing of finance	-56178	81679
	=====	=====
Capital expenditure		
Payments to acquire tangible fixed assets	-362477	-484206
Receipts from sale of tangible fixed assets	101353	521701
	-----	-----
	-261124	37495
	=====	=====
Note 2 - Analysis of Changes in Net Funds		
	At 1.1.2000	Cash flows
	-----	-----
Cash in hand and at bank	1518038	-1944318
	=====	=====
		At 31.12.2000

		-426280
		=====

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2000

1. Turnover

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

		31st December 2000	31st December 1999
Turnover by destination:			
	UK	31815130	20560387
	Europe	91364	51665
	Other	126499	

2. Operating costs

Profit on ordinary activities is stated after:

		31st December 2000	31st December 1999
		£	£
Operating Lease payments	i) Land & Buildings	178200	157750
	ii) Other	36954	0
Professional charges		40297	179175
Auditors remuneration Group and Company		20000	44282
Other accountants fees		18765	180684
Depreciation of fixed assets		543019	328838
Amortisation of Intangible fixed assets		26876	60469
Staff costs - Wages & Salaries		5240085	3525989
- Social security costs		499661	338506
- Other pension costs		199153	137966

		31st December 2000	31st December 1999
Average number of employees			
Administration		47	47
Sales		107	110
Production		114	99
		====	====
		268	256

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

	31st December 2000	31st December 1999
Management remuneration	302629	272643
	=====	=====

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

	31st December 2000	31st December 1999
Management Remuneration	90734	63273
	=====	=====

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2000

3. Other operating income

	31st December 2000	31st December 1999
Money market interest received	6389	65323
Other interest received	21003	18606
	<u>27392</u>	<u>83929</u>
	=====	=====

4. Interest payable

	31st December 2000	31st December 1999
Interest on bank overdraft.	83570	2250
	<u>83570</u>	<u>2250</u>
	=====	=====

5. Taxation

Profit and loss account

Taxation credit based on the result for the period is made up as follows:

	31st December 1999	31st December 1999
United Kingdom Corporation Tax @31%(31/12/1999 31%)	330000	-1616
Deferred tax	-1674	-6584
Re prior years - corporation tax	2069	5651
	<u>330395</u>	<u>-2549</u>
	=====	=====

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2000

6. Tangible fixed assets

The Group	----- Land and Buildings -----					
	Total	Freehold	Long Leasehold	Short Leasehold	Motor vehicles	Plant and equipment
Cost						
At 31.12.1999	9353444	4655777	1942768	71913	1155606	1527380
Additions	352177	0	0	0	148963	203214
Less Disposals	-423684	0	0	0	-369905	-53779
At 31.12.2000	9281937	4655777	1942768	71913	934664	1676815
Depreciation						
At 31.12.1999	1542122	18902	9714	6862	563228	943416
Provided in the period	543019	75604	38855	1568	270053	156939
Less Disposals	-365296	0	0	0	-313508	-51788
At 31.12.2000	1719845	94506	48569	8430	519773	1048567
Net book amount						
At 31.12.2000	7562092	4561271	1894199	63483	414891	628248
Net book amount						
At 31.12.1999	7811322	4636875	1933054	65051	592378	583964
----- Land and Buildings -----						
The Company	Total	Freehold	Long Leasehold	Short Leasehold	Motor vehicles	Plant and equipment
Cost						
At 31.12.1999	8957955	4332202	1942767	0	1155606	1527380
Additions	352177	0	0	0	148963	203214
Transfer from Properties Co.	395488	323575	0	71913	0	0
Less Disposals	-423684	0	0	0	-369905	-53779
At 31.12.2000	9281936	4655777	1942767	71913	934664	1676815
Depreciation						
At 31.12.1999	1533642	17284	9714	0	563228	943416
Transfer from Properties Co.	8480	1618	0	6862	0	0
Provided in the period	543018	75604	38855	1568	270052	156939
Less Disposals	-365296	0	0	0	-313508	-51788
At 31.12.2000	1719844	94506	48569	8430	519772	1048567
Net book amount						
At 31.12.2000	7562092	4561271	1894198	63483	414892	628248
Net book amount						
At 31.12.1999	7424312	4314918	1933052	0	592378	583964

The gross amount of Land and Buildings on which depreciation is being provided is as follows:-

	The Group and Company (£)
Freehold Buildings	3786659
Long Leasehold	1942768
	<u>5729427</u>

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2000

7. Intangible Fixed Assets

	The Group and Company Goodwill
Cost	
At 1.1.2000 and at 31.12.2000	215000
	=====
Amortisation	
At 31.12.1999	114219
Provided in period	26876

At 31.12.2000	141095
	=====
Net book amount	
At 31.12.2000	73905
	=====
At 31.12.1999	100781
	=====

The goodwill relates to the acquisition of the business of Universal Office Interiors.

8. Dividend

62.726 per share

A Dividend of 62.7p per 'A' and 'B' class £1 Ordinary share has been proposed ('A' class Nil 1999, 'B' class 1p 1999)
No interim dividend per £1 Ordinary share was paid (1999 65p).
No Dividend per 'C' share is proposed (1999 Nil).

31st December 2000	31st December 1999
2000000	27552
0	2072493
0	0
-----	-----
2000000	2100045
=====	=====

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 £520,708

10. Investments

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

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

11. Stocks

	The Group and Company @ 31st December 2000	@ 31st December 1999
Warehouse stocks for resale	2843721	2342339
Showroom display stocks	271542	303462
Manufacturing stocks Raw Material	132989	56169
Work in Progress	58051	69058
	-----	-----
	3306303	2771028
	=====	=====

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2000

12. Debtors

	The Group		The Company	
	@ 31st Dec.2000	@ 31st Dec.1999	@ 31st Dec.2000	@ 31st Dec.1999
Trade debtors	7038563	4921357	7038563	4921357
Amounts owed by subsidiary undertakings	0	0	0	333067
Other debtors and taxes	233905	459203	233905	494091
Employee share loans	0	0	0	0
	7272468	5380560	7272468	5748515

Included in Other Debtors above is £28180 to be repaid after more than 1 year (31/12/1999 £50233).

Included in Trade Debtors above is £113661 to be repaid after more than 1 year (31/12/1999 £52791).

13. Creditors - amounts falling due within one year

	The Group		The Company	
	@ 31st Dec.2000	@ 31st Dec.1999	@ 31st Dec.2000	@ 31st Dec.1999
Trade creditors	4456467	3630546	4456467	3630546
Amounts owed to subsidiary undertakings	0	0	45738	10464
Current taxation	245665	0	245665	0
Social security and other taxes	879427	743239	879427	743239
Proposed dividend	2000000	0	2000000	0
Amounts owing to parent undertaking	64315	1071359	64315	1071359
Amounts owing to fellow group undertakings	45150	45150	45150	45150
Bank Overdraft	469928	0	469928	0
Other creditors	80824	593828	80824	593828
	8241776	6084123	8287514	6094586

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2000

14. 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 31.12.1999	200416	200416
Released in the period	-1674	-1674
At 31.12.2000	198742	198742
	=====	=====

15. Reconciliation of movement in shareholders funds.

The group

	Share Capital	Profit & Loss Account	Capital Redemption Reserve	Share Premium Account	Total
	£	£	£	£	£
Shareholders funds at 31.12.1999	3463970	7652590	175000	5630	11297190
Profit for year before dividend	0	520708	0	0	520708
Dividend for year	0	-2000000	0	0	-2000000
Net decrease in shareholders Funds		-1479292			-1479292
Shareholders funds at 31.12.2000	3463970	6173298	175000	5630	9817898
	=====	=====	=====	=====	=====

The company

	Share Capital	Profit & Loss Account	Capital Redemption Reserve	Share Premium Account	Total
	£	£	£	£	£
Shareholders funds at 31.12.1999	3463970	7668810	175000	5630	11313410
Elimination of Pre-Acquisition profits	0	-16220	0	0	-16220
Shareholders funds at 31.12.1999	3463970	7652590	175000	5630	11297190
Profit for year before dividend	0	520708	0	0	520708
Dividend for year	0	-2000000	0	0	-2000000
Net decrease in shareholders funds		-1479292			-1479292
Shareholders funds at 31.12.2000	3463970	6173298	175000	5630	9817898
	=====	=====	=====	=====	=====

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2000

15. Reconciliation of movement in shareholders funds.(cont'd)

Details of the company's share capital at 31/12/2000 are set out below :-

	@31/12/2000		@31/12/1999	
	Authorised	Issued and fully paid	Authorised	Issued and fully paid
	£	£	£	£
£1 'A' Ordinary Shares	4,000,000	433,244	4,000,000	433,244
£1 'B' Ordinary Shares	4,000,000	2,755,206	4,000,000	2,755,206
0.1p 'C' Ordinary Shares (2,000,000,000 authorised, 275,520,600 issued and fully paid)	2,000,000	275,520	2,000,000	275,520
	10,000,000	3,463,970	10,000,000	3,463,970

The rights of each class of share are set out below :-

Income	100 'C' Ordinary shares and 1 'B' Ordinary shares held together rank pari passu with 1 'A' Ordinary share.
Voting	100 'C' Ordinary shares and 1 'B' Ordinary shares hold one vote and together rank pari passu with 1 'A' Ordinary share.
Return of Capital	100 'C' Ordinary shares and 1 'B' Ordinary shares held together rank pari passu with 1 'A' Ordinary share.

The cumulative amount of goodwill arising from acquisitions accounted for in years ending before 23 December 1998 which has been written off to group reserves is £220000.

16. Capital commitments

At the 31st December 2000 the company had capital commitments of £51500 (1999: £63961)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2000

17. Pension commitments

The company operates one funded pension scheme known as the Matthews Office Furniture plc Staff Pension Scheme, a defined benefit pension scheme. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. 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 2000, where 2 approaches were adopted - namely the traditional approach and the market valuation approach.

The assumptions which have the most significant effect on the results of the traditional approach are those relating to the valuation rate of interest, assumed rate of future dividend rate 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 assumptions which have the most significant effect on the market value approach are those relating to the valuation of interest and the rates of increase in salaries and pensions. It was assumed that the valuation rate of interest would be 4.35% per annum, that pensionable salaries would average 4.55% per annum and that future pension increases would increase at the rate of 2.55% per annum.

The most recent actuarial valuations showed that the market value of the scheme's assets was £12,013,000 and £18,492,000 under the traditional and market value approaches respectively.

The actuarial value of these assets represented 104% and 103% respectively 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.

The pension charge for the period was £289,678 (9 months of 1999: £200,678).

18. Contingent liabilities

There were no contingent liabilities at the balance sheet date.

19. Operating lease commitments

The following operating lease payments are due within one year. The leases to which these amounts relate expire as follows:

	-----@ 31st Dec----- 2000		-----@ 31st Dec----- 1999	
	Land & Buildings	Other	Land & Buildings	Other
Between one and two years	35733	169440	79175	0
Between two and five years	138269	104654	138269	0
In five years or more	72888	0	52488	0
	246890	274094	269932	0

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

20 Related Party Activities

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

21 Ultimate Parent Undertaking

The Ultimate Parent Undertaking of this company is EFG European Furniture Group AB a company incorporated in Sweden.

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

GROUP FINANCIAL RECORD 1992-2000 (£,000)

Group Results	31/12 2000	31/12 1999	31/3 1999	1998	1997	1996	1995	1994	1993	1992
External sales	32033	20612	31983	28849	24402	24999	24920	22223	22818	29114
Profit/(loss) before taxation	851	125	1924	1673	720	644	-64	72	-533	819
Taxation	330	(3)	611	485	234	117	-9	-92	-110	255
Profit/(loss) after taxation	521	128	1313	1188	486	527	-55	164	-423	564
Dividends	2000	2100	414	414	207	103	80	79	0	190
Profit retained	-1479	-1972	899	774	279	424	-135	85	-423	374
Earnings per share	16p	4p	41p	37p	15p	17p	-	5p	-	17p
Capital Employed										
Land, buildings and plant	7636	7912	8326	8173	7942	7679	7739	8059	8079	6918
Working capital	2381	3586	5518	4777	4239	4680	4260	4188	4239	5090
	10017	11498	13844	12950	12181	12359	11999	12247	12318	12008
Financed by										
Share capital and reserves	9818	11298	13637	12738	11964	11906	11483	11583	11509	11921
Deferred taxation	199	200	207	212	217	195	117	125	94	87
Borrowed money	0	0	0	0	0	258	399	539	715	0
	10017	11498	13844	12950	12181	12359	11999	12247	12318	12008

The calculation of Earnings per share is based on Profit after taxation and the number of ordinary shares in issue at the Balance Sheet date.