

MATTHEWS OFFICE FURNITURE PLC

FINANCIAL STATEMENTS

Registered Number 257489/England & Wales

Year ended 31st March, 1999



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

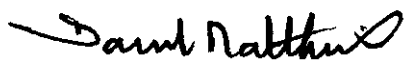
I am pleased to report a group profit before tax for the year ended 31st March 1999 of £1,924,396, a creditable increase of 15.0% compared with last year. There were no exceptional items during this year, all profits being achieved through operating activities.

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.

During the year we took over the sales staff and furniture trading capacity of Universal Office Interiors and this has been successfully absorbed in to the Matthews Organisation.

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. The new financial year has started quietly and though it is below the level of the first quarter of 1998/9, we hope for another satisfactory year.

The Directors recommend that the dividend for the year ending 31st March 1999 should be 13p per share, the same as 1998 so that we all benefit from the hard work that has led to our success.



David Matthews

CHAIRMAN

3rd June 1999

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, 1999

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 £1313292 (1998 £1188074). The directors recommend payment of a dividend of £414498 (1998 £414498) leaving a profit of £898794 retained (1998 £773576).

3. Directors

The directors in office at the end of the year are listed below. All served on the Board throughout the year. H.J. Matthews and P.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, 1998 and at 31st March, 1999, as recorded in the register maintained by the company in accordance with the provisions of the Companies Act, 1985, were as follows:

	1999		1998	
	Beneficially	As Trustee	Beneficially	As Trustee
D. Matthews	71060	77970	71060	77970
P.J. Matthews	195000	-	195000	-
I.D. Matthews	539900	425998	539900	408978
H.J. Matthews	404292	441718	404292	424698
M.L. Matthews	414640	441718	414640	424698
C.J. Golding	237500	211718	237500	194698

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 133,748 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 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. 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 1999, average creditor days for the group stood at 51 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 £5206

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:

- The initial assessment of our Environmental Management System is to be carried out in early June 1999 with accreditation to ISO14001, for both our St. Helens and Milton Keynes sites, expected by the end of July 1999.
- All waste disposal has been reviewed and new outlets identified. Wood offcuts are now collected by a contractor and recycled, instead of being sent to landfill - this represents a considerable saving, both environmentally and financially.

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 to those of our customers and suppliers.

The company has already replaced the hardware and rewritten the software that run its main business systems and this is now in the final stages of testing.

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
3rd June, 1999


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 1999 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
3rd June 1999

**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 1999

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, except in respect of goodwill, as 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, 1999.

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 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. The pension costs charged against profits in respect of Defined Contribution Schemes represent the amount of the contributions payable to the schemes in respect of the accounting period.

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 two years as shown in note 7. The period of two years represents the period over which it is estimated that the group will benefit directly from the acquisition. In prior years before the implementation of FRS10 goodwill was eliminated by immediate write-off on acquisition against reserves. The effect of the change is to reduce the profit for the year by £53,750.

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES
GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1999

	Note	1999	1998
	---	-----	-----
Turnover	1	31983273	28849016
Cost of Sales		20358353	18934322
		-----	-----
Gross Profit		11624920	9914694
Distribution Costs	2	7809939	6530375
Administration Costs	2	1986438	1801682
		-----	-----
Other operating income	3	9796377 95853	8332057 91157
		-----	-----
		9700524	8240900
		-----	-----
Operating profit		1924396	1673794
Interest payable	4	0	346
		-----	-----
Profit on ordinary activities before taxation	2	1924396	1673448
Taxation on profit on ordinary activities	5	611104	485374
		-----	-----
Profit on ordinary activities after taxation	15	1313292	1188074
Dividends	8,15	414498	414498
		-----	-----
Profit retained	15	898794	773576
		=====	=====

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

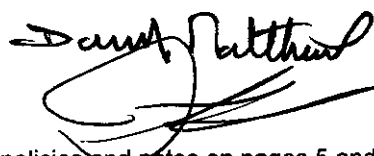
The accounting policies and notes on pages 5 and 11 to 17 form part of these financial statements

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

GROUP BALANCE SHEET AS AT 31ST MARCH, 1999

	Note	1999	1998
		-----	-----
Tangible Fixed Assets	6	8164574	8172880
Intangible Fixed Assets	7	161250	0
Current Assets			
Stocks	11	3184329	3364718
Debtors	12	6037648	5875514
Bank Balances and Cash		2300922	2169099
		-----	-----
		11522899	11409331
Creditors: amounts falling due within one year	13	6004997	6632279
		-----	-----
Net Current Assets		5517902	4777052
		-----	-----
Total Assets less current liabilities		13843726	12949932
Provisions for liabilities and charges	14	207000	212000
		-----	-----
		13636726	12737932
		=====	=====
Capital and Reserves			
Called up share capital	15	3188450	3188450
Share premium account	15	5630	5630
Capital redemption reserve	15	175000	175000
Profit and loss account	15	10267646	9368852
		-----	-----
Shareholders Funds	15	13636726	12737932
		=====	=====

These financial statements were approved by the directors on 3rd June, 1999



D. MATTHEWS

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I.D. MATTHEWS

)DIRECTORS


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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, 1999

	Note	1999	1998
	---	£	£
Fixed Assets			
Tangible Assets	6	7193443	7204059
Intangible Assets	7	161250	0
Investments	10	45738	45738
		-----	-----
		7400431	7249797
Current Assets			
Stocks	11	3184329	3364718
Debtors	12	6946198	6744305
Bank Balances and Cash		2288337	2164305
		-----	-----
		12418864	12273328
Creditors: amounts falling due within one year	13	5964136	6561040
		-----	-----
Net Current Assets		6454728	5712288
		-----	-----
Total Assets less current liabilities		13855159	12962085
		-----	-----
Provisions for liabilities and charges	14	207000	212000
		-----	-----
		13648159	12750085
		=====	=====
Capital and Reserves			
Called up share capital	15	3188450	3188450
Share premium account	15	5630	5630
Capital redemption reserve	15	175000	175000
Profit and loss account	15	10279079	9381005
		-----	-----
Shareholders Funds	15	13648159	12750085
		=====	=====

These financial statements were approved by the directors on 3rd June, 1999



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, 1999

	1999	1998
	-----	-----
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	1828543	1582637
Depreciation charges (see over)	415974	334066
Amortisation of Goodwill	53750	0
(Increase)/decrease in stocks	180389	-236911
(Increase)/decrease in debtors	-162134	-1300053
Increase/(decrease) in creditors	-694966	1131638
	-----	-----
Net cash inflow from operating activities	1621556	1511377
Returns on investments and servicing of finance (see over)	95853	90811
Taxation	-548420	-218133
Capital expenditure (see over)	-407668	-564805
Acquisitions and Disposals (see over)	-215000	0
	-----	-----
	546321	819250
Equity dividends paid	-414498	-207249
	-----	-----
	131823	612001
	=====	=====
Reconciliation of net cash inflow to movement in net funds		
Increase in cash in the period	131823	612001
Net funds at 1.4.98	2169099	1557098
	-----	-----
Net funds at 31.3.99	2300922	2169099
	=====	=====

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

NOTES TO CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 1999

	1999 -----	1998 -----
Note 1 - Gross Cash Flows		
Depreciation charges		
Depreciation	442049	400835
Profit on sale of tangible fixed assets	-26075	-66769
	-----	-----
	415974	334066
	=====	=====
Returns on investments and servicing of finance		
Interest received	95853	91157
Interest paid	0	-346
	-----	-----
Net cash inflow from returns on investment and servicing of finance	95853	90811
	=====	=====
Capital expenditure		
Payments to acquire tangible fixed assets	-446911	-670105
Receipts from sale of tangible fixed assets	39243	105300
	-----	-----
	-407668	-564805
	=====	=====
Acquisitions and Disposals		
Purchase of business	-215000	0
	=====	=====

Note 2 - Analysis of Changes in Net Funds

	At 1.4.1998	Cash flows	At 31.3.1999
	-----	-----	-----
Cash in hand and at bank	2169099	131823	2300922
	=====	=====	=====

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 1999

1. Turnover

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

		1999	1998
		-----	-----
Turnover by destination:	UK	31299256	28756780
	Europe	684017	92236

2. Operating costs

Profit on ordinary activities is stated after:

		1999	1998
		-----	-----
	£		£
Operating Lease payments re Land & Buildings		189664	183600
Professional charges		16281	21216
Auditors remuneration		21875	22350
Other accountants fees		21857	26037
Depreciation of fixed assets		442049	400835
Amortisation of Intangible fixed assets		53750	0
Staff costs - Wages & Salaries		4565938	4003398
- Social security costs		432104	373321
- Other pension costs		165403	147626

		1999	1998
		-----	-----
Average number of employees			
Administration		44	37
Sales		113	103
Production		94	90
		-----	-----
		251	230
		=====	=====

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

	1999	1998
	-----	-----
Management remuneration	401758	359476
	=====	=====

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

	1999	1998
	-----	-----
Management Remuneration	87723	82800

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, 1999

3. Other operating income

	1999	1998
	-----	-----
Money market interest received	95159	90256
Other interest received	694	901
	-----	-----
	95853	91157
	=====	=====

4. Interest payable

	1999	1998
	-----	-----
Interest on bank loans.		
	0	346
	=====	=====

5. Taxation

Profit and loss account

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

	1999	1998
	-----	-----
United Kingdom Corporation Tax @31%(1998 31%)	616104	490576
Deferred tax	-5000	-5202
	-----	-----
	611104	485374
	=====	=====

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 1999

6. Tangible fixed assets

The Group	Land and Buildings			Short Leasehold	Plant and equipment leased to customers	Motor vehicles	Plant and equipment
	Total	Freehold	Long Leasehold				
Cost							
At 1.4.1998	9808711	4912779	2039526	71913	346440	997245	1440808
Additions	446911	0	0	0	50314	354109	42488
Less Disposals	-330787	0	0	0	-8505	-106037	-216245
At 31.3.1999	9924835	4912779	2039526	71913	388249	1245317	1267051
Depreciation							
At 1.4.1998	1635831	0	0	4314	202712	376565	1052240
Provided in year	442049	0	0	1438	92464	256180	91967
Less Disposals	-317619	0	0	0	-3648	-97868	-216103
At 31.3.1999	1760261	0	0	5752	291528	534877	928104
Net book amount							
At 31.3.1999	8164574	4912779	2039526	66161	96721	710440	338947
Net book amount							
At 31.3.1998	8172880	4912779	2039526	67599	143728	620680	388568

The Company	Land and Buildings			Plant and equipment	Motor vehicles
	Total	Freehold	Long Leasehold		
Cost					
At 1.4.1998	8381499	4912779	2039526	1115409	313785
Additions	97082	0	0	42488	54594
Less Disposals	-279258	0	0	-216245	-63013
At 31.3.1999	8199323	4912779	2039526	941652	305366
Depreciation					
At 1.4.1998	1177440	0	0	1004953	172487
Provided in year	107058	0	0	39345	67713
Less Disposals	-278618	0	0	-216104	-62514
At 31.3.1999	1005880	0	0	828194	177686
Net book amount					
At 31.3.1999	7193443	4912779	2039526	113458	127680
Net book amount					
At 31.3.1998	7204059	4912779	2039526	110456	141298

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 1999

7. Intangible Fixed Assets

The Group and Company

	<u>Goodwill</u>
Cost	
At 1.4.1998	0
Additions	215000

At 31.3.1999	215000
	=====
Amortisation	
At 1.4.1998	0
Provided in year	53750

At 31.3.1999	53750
	=====
Net book amount	
At 31.3.1999	161250
	=====
At 31.3.1998	0
	=====

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

8. Dividend

1999

1998

A dividend of 13p per £1 share (1998 13p)
has been proposed.

414498

=====

414498

=====

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 £1,312,572

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%	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

11. Stocks

Warehouse stocks for resale
Showroom display stocks
Manufacturing stocks

The Group and Company
1999

1998

2754297

325429

104603

3184329

=====

2,861,279

383,214

120,225

3364718

=====

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 1999

12. Debtors

	The Group		The Company	
	1999	1998	1999	1998
	----	----	----	----
Trade debtors	5874753	5673452	5874753	5673452
Amounts owed by subsidiary undertakings	0	0	908550	868791
Other debtors	119933	173950	119933	173950
Employee share loans	42962	28112	42962	28112
	-----	-----	-----	-----
	6037648	5875514	6946198	6744305
	=====	=====	=====	=====

Included in employee share loans above is £21177 to be repaid after more than 1 year (1998 £12550).

13. Creditors - amounts falling due within one year

	The Group		The Company	
	1999	1998	1999	1998
	----	----	----	----
Trade creditors	4156439	4877878	4144371	4819923
Amounts owed to subsidiary undertakings	0	0	10216	10216
Current taxation	499624	431940	460615	408440
Social security and other taxes	730788	681914	730788	681914
Proposed dividend	414498	414498	414498	414498
Other creditors	203648	226049	203648	226,049
	-----	-----	-----	-----
	6004997	6632279	5964136	6561040
	=====	=====	=====	=====

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 1999

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 31.3.1998	212000	212000
Released in the year	-5000	-5000
	<hr/>	<hr/>
At 31.3.1999	207000	207000
	<hr/>	<hr/>

15. Reconciliation of movement in shareholders funds.

The group

	Share Capital	Profit & Loss Account	Capital Redemption Reserve	Share Premium Account	Total
	£	£	£	£	£
Shareholders funds at 1.4.1998	3188450	9368852	175000	5630	12737932
Profit for year before dividend	0	1313292	0	0	1313292
Dividend for year	0	-414498	0	0	-414498
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net increase in shareholders funds	0	898794	0	0	898794
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Shareholders funds at 31.3.1998	3188450	10267646	175000	5630	13636726
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The company

	Share Capital	Profit & Loss Account	Capital Redemption Reserve	Share Premium Account	Total
	£	£	£	£	£
Shareholders funds at 1.4.1998	3188450	9381005	175000	5630	12750085
Profit for year before dividend	0	1312572	0	0	1312572
Dividend for year	0	-414498	0	0	-414498
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net increase in shareholders funds	0	898074	0	0	898074
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Shareholders funds at 31.3.1999	3188450	10279079	175000	5630	13648159
	<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 accounted for in years ending before 23 December 1998 which has been written off to group reserves is £220,000.

MATTHEWS OFFICE FURNITURE PLC AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 1999

16. Capital commitments

At the 31st March 1999 the company had no capital commitments.(1998 £52,614)

17. 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.

18. Contingent liabilities

There were no contingent liabilities at the balance sheet date or at 31.3.98

19. Operating lease commitments

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

	1999 Land & Buildings -----	1998 Land & Buildings -----
Between one and two years	59500	0
Between two and five years	107100	123300
In five years or more	19500	62300
	-----	-----
	186100	185600
	=====	=====

20 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 1990-1999 (£,000)

Group Results	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
External sales	31983	28849	24402	24999	24920	22223	22818	29114	31416	32357
Profit/(loss) before taxation	1924	1673	720	644	-64	72	-533	819	2055	2691
Taxation	611	485	234	117	-9	-92	-110	255	642	958
Profit/(loss) after taxation	1313	1188	486	527	-55	164	-423	564	1413	1733
Dividends	414	414	207	103	80	79	0	190	190	180
Profit retained	899	774	279	424	-135	85	-423	374	1223	1553
Earnings per share	41p	37p	15p	17p	-	5p	-	17p	42p	52p
Capital Employed										
Land,buildings and plant	8326	8173	7942	7679	7739	8059	8079	6918	6437	5486
Working capital	5518	4777	4239	4680	4260	4188	4239	5090	5502	5255
	13844	12950	12181	12359	11999	12247	12318	12008	11939	10741
Financed by										
Share capital and reserves	13637	12738	11964	11906	11483	11583	11509	11921	11861	10638
Deferred taxation	207	212	217	195	117	125	94	87	78	103
Borrowed money	0	0	0	258	399	539	715	0	0	0
	13844	12950	12181	12359	11999	12247	12318	12008	11939	10741

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.