

Company Number: 2090112  
(England and Wales)

R K FURNITURE LIMITED

FINANCIAL STATEMENTS  
for the year ended 30 April 2005



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R K FURNITURE LIMITED

Year ended 30 April 2005

COMPANY INFORMATION

DIRECTORS:	R G Kraemer Esq Mrs J L K Kraemer
SECRETARY:	Mrs J L K Kraemer
COMPANY NUMBER:	2090112
REGISTERED OFFICE	The Airfield Tholthorpe York YO6 3JR
AUDITORS:	Hardcastle France Chartered Accountants 30 Yorkersgate Malton YO17 7AW
PRINCIPAL BANKERS:	Barclays Bank plc Easingwold Branch Chapel Street Easingwold York YO6 3AE

R K FURNITURE LIMITED

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for the year ended 30 April 2005

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R K FURNITURE LIMITED

REPORT OF THE DIRECTORS  
for the year ended 30 April 2005

The directors present their report with the financial statements for the year ended 30 April 2005.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity during the year was that of manufacturers of office furniture. The activity and profits are in line with the expectation of the directors. It is hoped that the expansion of the company's levels of trading and profitability will continue during the coming year.

RESULTS AND DIVIDENDS

The results for the year are set out on page 5.

The directors have proposed a dividend amounting to £460,000 (2004: £Nil).

It is proposed that the deficit of £28,598 (2004: retained profit £332,486) be subtracted from reserves.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their interests in the company were as stated below:-

<u>Name</u>	<u>Class of share</u>	<u>Number of shares</u>	
		<u>2005</u>	<u>2004</u>
R G Kraemer Esq	Ordinary shares of £1 each	1,000	1,000
Mrs J L K Kraemer	Ordinary shares of £1 each	1,000	1,000

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing Hardcastle France, Chartered Accountants, be reappointed as auditors of the company will be put to the Annual General Meeting.

R K FURNITURE LIMITED

REPORT OF THE DIRECTORS  
for the year ended 30 April 2005 - (Continued)

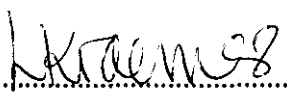
DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD

  
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Mrs J L K Kraemer – Secretary

Dated: 6 February 2006

R K FURNITURE LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
R K FURNITURE LIMITED

We have audited the financial statements of R K Furniture Limited for the year ended 30 April 2005 on pages five to sixteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on pages one and two, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. We also report to you if, in our opinion, the Report of the Directors 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.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion – Limitation of scope

We conducted our audit in accordance with United Kingdom 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. However the evidence relating to opening balances was restricted as the company's financial statements for the year ended 30 April 2004 were not subject to statutory audit, due to size. In consequence we were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the opening Balance Sheet, specifically in reference to the quantities and condition of stocks, appearing in the 2004 Balance Sheet at £700,291. Any adjustment to this figure would have a consequential significant effect on the profit for the year ended 30 April 2005.

R K FURNITURE LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
R K FURNITURE LIMITED (CONTINUED)

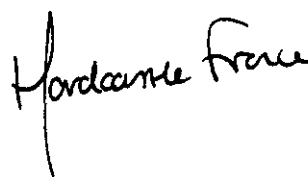
Qualified opinion arising from limitation in audit scope

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2005 and, except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning stock as at 1 May 2004, of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation of our work relating to stock on hand as at 1 May 2004 to £700,291:

- We have not obtained all the information that we considered necessary for the purpose of our audit, and
- We were unable to determine whether proper accounting records had been maintained.

The limitation of our work relates to the financial statements for the year ended 30 April 2004, being prepared under S249A(1) and S249B(2) of the Companies Act 1985.



Hardcastle France  
Registered Auditors  
Chartered Accountants  
Malton

7 February 2006

R K FURNITURE LIMITED

PROFIT AND LOSS ACCOUNT  
for the year ended 30 April 2005

	<u>Notes</u>	<u>2004</u>	
		£	£
TURNOVER	2	6,898,126	4,652,833
COST OF SALES		(4,945,029)	(3,251,177)
GROSS PROFIT		1,953,097	1,401,656
DISTRIBUTION COSTS		(242,976)	(172,293)
ADMINISTRATIVE EXPENSES		(1,072,958)	(829,450)
OTHER OPERATING INCOME	3	9,396	49,049
OPERATING PROFIT	4	646,559	448,962
OTHER INTEREST RECEIVABLE AND SIMILAR INCOME	5	324	170
INTEREST PAYABLE AND SIMILAR CHARGES	6	(14,567)	(10,161)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		632,316	438,971
TAX ON PROFIT ON ORDINARY ACTIVITIES	7	(200,914)	(106,485)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		431,402	332,486
DIVIDENDS PAID OR PROPOSED	9	(460,000)	-
(DEFICIT)/RETAINED PROFIT FOR THE FINANCIAL YEAR		(28,598)	332,486
RETAINED PROFITS BROUGHT FORWARD		975,780	643,294
RETAINED PROFITS CARRIED FORWARD		947,182	975,780

The notes on pages 10 to 16 form part of these financial statements




R K FURNITURE LIMITED

BALANCE SHEET

As at 30 April 2005

	<u>Notes</u>		<u>2004</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	10	565,714	631,424
			-----
<u>CURRENT ASSETS</u>			
Stocks	11	914,662	700,291
Debtors	12	2,124,032	1,820,450
Cash at bank and in hand		4,449	128,907
		-----	-----
		3,043,143	2,649,648
<u>CREDITORS: Amounts falling</u>			
due within one year	13	(2,659,675)	(2,303,292)
		-----	-----
<u>NET CURRENT ASSETS</u>		383,468	346,356
		-----	-----
<u>TOTAL ASSETS LESS</u>			
<u>CURRENT ASSETS/LIABILITIES</u>		949,182	977,780
		-----	-----
		949,182	977,780
		=====	=====
<u>CAPITAL AND RESERVES</u>			
Called up share capital	14	2,000	2,000
Profit and loss account		947,182	975,780
		-----	-----
<u>SHAREHOLDERS' FUNDS</u>		949,182	977,780
		=====	=====

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R G K Kraemer Esq – Director

Date: 6 February 2006

The notes on pages 10 to 16 form part of these financial statements

R K FURNITURE LIMITED

CASH FLOW STATEMENT  
For the year ended 30 April 2005

		<u>2004</u>
	£	£
Net cash inflow from operating activities		438,092
		537,039
		-----
Returns on investments and servicing of finance		
Interest received	324	170
Interest paid	(14,567)	(10,161)
	-----	-----
		(14,243)
		(9,991)
		-----
Taxation		
Corporation tax paid		(106,485)
		(214,608)
		-----
Capital expenditure		
Payments to acquire tangible fixed assets	(172,869)	(189,111)
Receipts from sales of tangible fixed assets	15,000	15,501
	-----	-----
		(157,869)
		(173,610)
		-----
		159,495
		138,830
		-----
Equity dividend paid		-
		-----
Net cash inflow before financing		159,495
		138,830
		-----
Financing		(227,340)
		(812,987)
		-----
Increase/(decrease) in cash		(67,845)
		(674,157)
		=====

R K FURNITURE LIMITED

NOTES TO THE CASH FLOW STATEMENT

For the year ended 30 April 2005

	<u>2005</u>	<u>2004</u>
	£	£
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	646,559	448,962
Depreciation charges	227,222	89,719
(Profit)/Loss on disposal of tangible assets	(3,643)	34,346
Increase in stocks	(214,371)	(38,964)
Increase in debtors	(303,582)	(357,266)
Increase in creditors	85,907	360,242
	<u>438,092</u>	<u>537,039</u>

Analysis of changes in net debt

	<u>At 01/05/04</u>	<u>Cash flows</u>	<u>Other changes</u>	<u>At 30/04/05</u>
Cash in hand at bank	128,907	(124,458)	-	4,449
Bank overdrafts	(58,137)	6,052	-	(52,085)
Debt due within one year	(782,472)	50,561	-	(731,911)
Debt due more than one year	-	-	-	-
	<u>(711,702)</u>	<u>(67,845)</u>	<u>-</u>	<u>(779,547)</u>

	<u>2005</u>	<u>2004</u>
	£	£
Reconciliation of net cash flow to movement in debt		
Increase/(decrease) in cash in the period	(67,845)	(674,157)
Cash to repay lease financing	-	-
Loan repayments	-	-
	<u>(67,845)</u>	<u>(674,157)</u>
Net debt 1 May 2004	<u>(711,702)</u>	<u>(37,545)</u>
Net debt at 30 April 2005	<u>(779,547)</u>	<u>(711,702)</u>

R K FURNITURE LIMITED

NOTES TO THE CASH FLOW STATEMENT  
For the year ended 30 April 2005 (Continued)

	<u>2005</u>	<u>2004</u>
	£	£
<u>Gross Cash Flows</u>		
<u>Returns of investments and</u> <u>servicing of finance</u>		
Interest paid including interest on finance lease and hire purchase rental payments	(14,567)	(10,161)
	-----	-----
<u>Investing Activities</u>		
Payments to acquire tangible fixed assets excluding those on finance leases and hire purchase contracts	(172,869)	(189,111)
Receipts from sales of tangible fixed assets	15,000	15,501
	-----	-----
	<u>(159,869)</u>	<u>(173,610)</u>
<u>Financing</u>		
Amount introduced by directors	36,857	48,349
Amount withdrawn by directors	(264,197)	(861,336)
	-----	-----
	<u>(227,340)</u>	<u>(812,987)</u>

R K FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2005

1. ACCOUNTING POLICIES

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

1.2 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its estimated useful life as follows:

Building improvements	20%	Straight line
Plant and machinery	25%	Reducing balance
Office equipment	25%	Straight line
Motor vehicles	25%	Reducing balance

1.3 Operating leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.4 Stock

Stock is valued at the lower of cost or net realisable value.

1.5 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year. The scheme is a defined contribution scheme and the assets are held separate from those of the company.

1.6 Deferred taxation

Deferred taxation is the timing difference between depreciation charged in the accounts and capital allowances claimed at the current corporation tax rate. No provision for deferred tax has been made as the provision is not considered to be material.

1.7 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. At the year end liabilities and monetary assets denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date. Any material gain or loss arising on the restatement of such balances is taken to the Profit and Loss Account.

2. TURNOVER

Turnover represents amounts invoiced by the company in respect of work done during the year, excluding value added tax and trade discounts. Overseas turnover amounted to 7% (2004: Nil) of the total turnover for the year.

R K FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2005

3. OTHER OPERATING INCOME

	<u>2005</u>	<u>2004</u>
	£	£
Rents receivable	9,392	49,044
Exchange rate gains	4	5
	<u>9,396</u>	<u>49,049</u>

4. OPERATING PROFIT

The operating profit is stated after charging:-

Depreciation of owned tangible fixed assets	227,222	89,719
(Profit)/Loss on disposals of owned tangible fixed assets	(3,643)	34,346
Operating lease rentals:		
- Plant and machinery	1,077	-
- land and buildings	274,236	273,069
Auditors' fees - audit	5,700	-
- other services	400	-
Directors' emoluments and other benefits etc	60,867	2,646
Directors' pension premiums	2,787	2,787
	<u>          </u>	<u>          </u>

5. OTHER INTEREST RECEIVABLE  
AND SIMILAR INCOME

Bank interest receivable	<u>324</u>	<u>170</u>
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6. INTEREST PAYABLE AND  
SIMILAR CHARGES

Bank loans and overdrafts	2,369	2,162
Other loans wholly repayable within five years	12,198	7,999
	<u>14,567</u>	<u>10,161</u>

R K FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2005

7. TAXATION

The provision for corporation tax has been computed by applying applicable rates of UK corporation tax throughout the financial year to the taxable profits earned. Applicable rates of tax being 31.8% (2004: 23.6%)

9. DIVIDENDS

	<u>2005</u>	<u>2004</u>
	£	£
Total equity dividends proposed	<u>460,000</u>	<u>-</u>

10. TANGIBLE ASSETS

	<i><u>Building improvements</u></i>	<i><u>Plant &amp; machinery</u></i>	<i><u>Fixtures &amp; Fittings</u></i>	<i><u>Motor vehicles</u></i>	<i><u>Total</u></i>
	£	£	£	£	£
<u>Cost</u>					
At 1 May 2004	68,435	785,004	138,627	315,557	1,307,623
Additions	25,607	100,729	2,423	44,110	172,869
Disposals in the year	-	-	-	(26,945)	(26,945)
At 30 April 2005	<u>94,042</u>	<u>885,733</u>	<u>141,050</u>	<u>332,722</u>	<u>1,453,547</u>
<u>Depreciation</u>					
At 1 May 2004	68,435	372,916	89,275	145,573	676,199
Charge for year	5,121	128,206	43,209	50,686	227,222
Eliminated on disposal	-	-	-	(15,588)	(15,588)
At 30 April 2005	<u>73,556</u>	<u>501,122</u>	<u>132,484</u>	<u>180,671</u>	<u>887,833</u>
<u>Net book values</u>					
At 30 April 2005	<u>20,486</u>	<u>384,611</u>	<u>8,566</u>	<u>152,051</u>	<u>565,714</u>
At 30 April 2004	<u>-</u>	<u>412,088</u>	<u>49,352</u>	<u>169,984</u>	<u>631,424</u>

R K FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2005

11. STOCKS

	<u>2005</u>	<u>2004</u>
	£	£
Raw materials	660,414	536,423
Finished goods	254,248	163,868
	<u>914,662</u>	<u>700,291</u>

12. DEBTORS

Trade debtors	1,972,215	1,729,387
Prepayments and accrued income	151,817	91,063
	<u>2,124,032</u>	<u>1,820,450</u>

13. CREDITORS: Amounts falling due within one year

Bank loans and overdrafts (secured)	52,085	58,137
Other loans (secured)	731,911	782,472
Trade creditors	882,109	774,545
Corporation tax	200,914	106,485
Other taxes and social security costs	69,525	54,922
Proposed dividend	460,000	-
Other creditors	184,731	411,122
Accruals and deferred income	78,400	115,609
	<u>2,659,675</u>	<u>2,303,292</u>

The other loans represent advances by an invoice discounter and are secured on the book debts of the company assigned to them of £1,965,039 (2004: £1,714,904) duly included in trade debtors at the Balance Sheet date.

14. SHARE CAPITAL

Authorised 100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid 2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>



R K FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2005

15. PENSION COMMITMENTS

The company operates pension arrangements for the benefit of the directors and senior employees which are in the nature of a defined contribution scheme.

The charge to the Profit and Loss Account in the year was:

<u>2005</u>	<u>2004</u>
£	£
<u>2,787</u>	<u>2,787</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2004: 2).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	33,454	2,646
Company pension contribution to money purchase schemes	<u>2,787</u>	<u>2,787</u>

16. FINANCIAL COMMITMENTS

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 30 April 2005:

	<u>Land and buildings</u>		<u>Other</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	£	£	£	£
Expiry date:				
Within one year	103,776	111,200	37,049	22,118
Between two and five years	103,776	-	28,312	13,509
In over five years	35,000	-	-	-
	<u>242,552</u>	<u>111,200</u>	<u>65,361</u>	<u>35,627</u>

R K FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2005

17. EMPLOYEES

Number of employees

The average monthly number of employees  
(including directors) during the year was:

	<u>2005</u> <u>Number</u>	<u>2004</u> <u>Number</u>
	72	70
	<u>72</u>	<u>70</u>
Sales	4	4
Office and administration	8	8
Production	60	58
	<u>72</u>	<u>70</u>

Employment costs

	<u>£</u>	<u>£</u>
Wages and salaries	1,427,317	1,069,902
Social security costs	128,284	-
Pension costs	2,787	2,787
	<u>1,558,388</u>	<u>1,072,689</u>

R K FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 April 2005

18. RELATED PARTY TRANSACTIONS

Throughout the financial year the company let premises from Lilac Properties, a partnership owned 100% by R G Kraemer Esq and Mrs J L K Kraemer, directors and shareholders of the company. The property was let at market value in the normal course of business. The rent paid on a monthly basis throughout the financial year totalled £78,804 (2004:78,804), excluding VAT.

Advertising costs during the financial year include payments totalling £52,764 (2004: £49,312) to RK Motor Sport, a business owned solely by R G Kraemer Esq.

Other creditors include £166,157 (2004: £411,122), being the balance of R G Kraemer Esq and Mrs J L K Kraemer's loan account to the company. At no stage during the year was the account overdrawn. No interest has been charged to the company on the loan.

19. ULTIMATE CONTROLLING PARTIES

There is no ultimate controlling party by virtue of R G Kraemer Esq and Mrs J L K Kraemer's shareholdings.

20. CAPITAL COMMITMENTS

The company had nil capital commitments at the Balance Sheet date (2004: £Nil).

21. CONTINGENT LIABILITIES

The company had nil (2004: Nil) contingent liabilities at the Balance Sheet date.