

R K FURNITURE LIMITED

FINANCIAL STATEMENTS

- for the year ended -
30TH APRIL, 2001

DAVID WILKINSON & CO
Chartered Accountants
Bolan House
19A Front Street
Acomb
York



R K FURNITURE LIMITED

YEAR ENDED 30TH APRIL, 2001

COMPANY INFORMATION

DIRECTORS:	R.G. KRAEMER
	J.L.K. KRAEMER
SECRETARY:	J.L.K. KRAEMER
COMPANY NUMBER:	2090112
REGISTERED OFFICE:	THE AIRFIELD THOLTHORPE YORK YO6 3JR
AUDITORS:	DAVID WILKINSON & CO. CHARTERED ACCOUNTANTS BOLAN HOUSE 19A FRONT STREET ACOMB YORK
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 30TH APRIL, 2001

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R K FURNITURE LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 30th April, 2001.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

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

RESULTS AND DIVIDENDS

The results for the year are set out on page 4.

The directors have paid a dividend amounting to £500,000 (2000 £375,000).

It is proposed that the retained profit of £48,802 (2000 £21) is transferred to reserves.

DIRECTORS AND THEIR INTERESTS

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

		Number of shares	
		2001	2000
R G Kraemer	Ordinary shares of £1 each	1,000	1,000
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 that David Wilkinson & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

R K FURNITURE LIMITED

REPORT OF THE DIRECTORS (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



**J.L.K. Kraemer
Secretary**

28th June, 2001

AUDITORS' REPORT

TO THE SHAREHOLDERS OF R K FURNITURE LIMITED

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2, the company 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 have 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 any 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 company's affairs as at 30th April, 2001 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

David Wilkinson & Co.

28th June, 2001

**David Wilkinson & Co
Chartered Accountants
and Registered Auditor**

R K FURNITURE LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30TH APRIL, 2001**

	Notes	2001 £	2000 £
TURNOVER	2	6,067,850	5,073,797
COST OF SALES		(3,657,058)	(3,095,399)
GROSS PROFIT		2,410,792	1,978,398
DISTRIBUTION COSTS		(197,474)	(158,013)
ADMINISTRATIVE EXPENSES		(1,491,419)	(1,263,062)
OTHER OPERATING INCOME		<u>26,573</u>	<u>29,635</u>
OPERATING PROFIT	3	748,472	586,958
Other interest receivable and similar income	4	1,778	1,268
Interest payable and similar charges	5	(<u>7,825</u>)	(<u>11,289</u>)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		742,425	576,937
Tax on profit on ordinary activities	6	(<u>193,623</u>)	(<u>201,916</u>)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		548,802	375,021
Dividends on equity shares	7	(<u>500,000</u>)	(<u>375,000</u>)
RETAINED PROFIT FOR THE FINANCIAL YEAR	15	48,802	21
		=====	=====

There are no recognised gains and losses other than those passing through the profit and loss account and there were no acquisitions or discontinued operations during the year or the preceding year.

The notes on pages 9 to 16 form part of these financial statements.

R K FURNITURE LIMITED**BALANCE SHEET AS AT 30TH APRIL, 2001**

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	8	641,231	574,815
CURRENT ASSETS			
Stocks	9	616,884	462,947
Debtors	10	2,395,299	1,891,584
Cash at bank and in hand		<u>4,487</u>	<u>271,423</u>
		3,016,670	2,625,954
CREDITORS: amounts			
falling due within on year	11	<u>(3,036,690)</u>	<u>(2,628,360)</u>
NET CURRENT ASSETS		<u>(20,020)</u>	<u>(2,406)</u>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		<u>621,211</u>	<u>572,409</u>
		<u>621,211</u>	<u>572,409</u>
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	14	2,000	2,000
Profit and loss account	15	<u>619,211</u>	<u>570,409</u>
EQUITY SHAREHOLDERS'			
FUNDS	16	<u>621,211</u>	<u>572,409</u>
		=====	=====

The financial statements were approved by the Board on 28th June, 2001 and signed on its behalf by

R G Kraemer
Director



The notes on pages 9 to 16 form part of these financial statements.

R K FURNITURE LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 30TH APRIL, 2001**

	2001		2000	
	£	£	£	£
Net cash inflow from operating activities		581,270		740,145
Returns on investments and servicing of finance				
Interest paid	(7,825)		(11,289)	
Interest received	<u>1,778</u>		<u>1,268</u>	
		(6,047)		(10,021)
Taxation				
Corporation tax paid		(164,314)		(138,548)
Capital Expenditure				
Payments to acquire tangible fixed assets	(184,968)		(53,251)	
Receipts from sales of tangible fixed assets	<u>10,100</u>		<u>-</u>	
		(174,868)		(53,251)
		236,041		538,325
Equity Dividend Paid		(500,000)		(375,000)
Net cash inflow before financing		(263,959)		163,325
Financing				
		<u>-</u>		(62,672)
Increase (decrease) in cash		(263,959)		100,653
		=====		=====

R K FURNITURE LIMITED**NOTES TO THE CASH FLOW STATEMENT****FOR THE YEAR ENDED 30TH APRIL, 2001**

	2001 £	2000 £
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	748,472	586,958
Depreciation charges	95,604	88,755
(Profit)/Loss on disposal of tangible assets	12,848	-
(Increase)/Decrease in stocks	(153,937)	1,995
(Increase)/Decrease in debtors	(503,715)	(358,602)
Increase/(Decrease) in creditors	381,998	421,039
	<u>581,270</u>	<u>740,145</u>
	=====	=====

Analysis of changes in net debt

	At 1.5.00	Cash Flows	Other Changes	At 30.4.01
Cash in hand at bank	271,423	(266,936)	-	4,487
Bank overdrafts	(466,080)	(70,880)	-	(536,960)
Debt due within one year	(256,035)	73,857	-	(182,178)
Debt due more than one year	-	-	-	-
	<u>(450,692)</u>	<u>(263,959)</u>	<u>-</u>	<u>(714,651)</u>
	=====	=====	=====	=====

Reconciliation of net cash flow to movement in debt	2001 £	2000 £
Increase (decrease) in cash in the period	(263,959)	100,653
Cash to repay lease financing	-	9,697
Loan repayments	-	52,975
	<u>(263,959)</u>	<u>163,325</u>
Net debt at 1st May, 2000	(450,692)	(614,017)
Net debt at 30th April, 2001	(714,651)	(450,692)

R K FURNITURE LIMITED**NOTES TO THE CASH FLOW STATEMENT****FOR THE YEAR ENDED 30TH APRIL, 2001 (CONTINUED)**

	2001 £	2000 £
Gross Cash Flows		
Returns of Investments & Servicing of Finance		
Interest paid including interest on finance lease and hire purchase rental payments	(<u>7,825</u>)	(<u>11,289</u>)
Investing Activities		
Payments to acquire tangible fixed assets excluding those on finance leases and hire purchase contracts	(<u>184,968</u>)	(<u>53,251</u>)
Receipts from sales of tangible fixed assets	<u>10,100</u> (<u>174,868</u>) =====	- (<u>53,251</u>) =====
Financing		
Loan repayments	-	(<u>52,975</u>)
Capital payments of finance leases and hire purchase rental payments	- - =====	(<u>9,697</u>) (<u>62,672</u>) =====

R K FURNITURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH APRIL, 2001

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 AND DEPRECIATION

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 expected useful life, as follows:

Building improvements	- 20% Straight line
Plant and machinery	- 10% Reducing balance
Office equipment	- 10% Reducing balance
Motor vehicles	- 25% Reducing balance

1.3 LEASING AND HIRE PURCHASE COMMITMENTS

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated in line with the policy above. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant rate of charge on the net obligation outstanding in each period.

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 and 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.

R K FURNITURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL, 2001

1.6 DEFERRED TAXATION

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

2. TURNOVER

Turnover represents amounts invoiced by the company in respect of work done during the year, excluding value added tax and trade discounts. The company made no exports during the year.

3. OPERATING PROFIT	2001	2000
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets - owned	95,604	88,755
- leased	-	-
Operating lease rentals		
- Plant and machinery	48,034	41,061
- Land and buildings	174,204	164,204
Auditors' remuneration	3,900	3,500
and after crediting:		
Rents receivable	26,573	29,635
	=====	=====
4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME	2001	2000
	£	£
Bank interest receivable	1,778	1,268
Other interest	-	-
	1,778	1,268
	=====	=====
5. INTEREST PAYABLE AND SIMILAR CHARGES	2001	2000
	£	£
Bank loans and overdrafts	1,348	3,367
Other loans wholly repayable within 5 years	6,477	6,454
Hire purchase interest	-	1,468
	7,825	11,289
	=====	=====

R K FURNITURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL, 2001

6. TAXATION	2001	2000			
	£	£			
U.K. Current year taxation					
U.K. Corporation tax at 26.07% (2000 - 29.2%)	193,623	201,916			
	=====	=====			
7. DIVIDENDS	2001	2000			
	£	£			
Total equity dividends paid	500,000	375,000			
	=====	=====			
8. TANGIBLE ASSETS					
	Building Improvements	Plant & Machinery	Office Equipment	Motor Vehicles	Total
	£	£	£	£	£
Cost					
At 1st May, 2000	68,435	670,192	119,316	237,341	1,095,284
Additions	-	98,310	27,772	58,886	184,968
Disposals	-	(23,450)	-	(18,500)	(41,950)
	<u>68,435</u>	<u>745,052</u>	<u>147,088</u>	<u>277,727</u>	<u>1,238,302</u>
At 30th April 2001	68,435	745,052	147,088	277,727	1,238,302
	=====	=====	=====	=====	=====
Depreciation					
At 1st May, 2000	67,102	264,540	36,600	152,227	520,469
On disposals	-	(6,355)	-	(12,647)	(19,002)
Charge for year	<u>1,333</u>	<u>48,686</u>	<u>11,048</u>	<u>34,537</u>	<u>95,604</u>
At 30th April, 2001	68,435	306,871	47,648	174,117	597,071
	=====	=====	=====	=====	=====
Net book values					
At 30th April, 2001	-	438,181	99,440	103,610	641,231
	=====	=====	=====	=====	=====
At 30th April, 2000	<u>1,333</u>	<u>405,652</u>	<u>82,716</u>	<u>85,114</u>	<u>574,815</u>
	=====	=====	=====	=====	=====

Included above are assets held under finance leases or hire purchase with a gross value of £NIL and a net book value of £NIL (2000 £Nil).

R K FURNITURE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30TH APRIL, 2001**

9. STOCKS	2001	2000
	£	£
Raw materials	425,420	303,467
Finished goods	191,464	159,480
	616,884	462,947
	=====	=====
10. DEBTORS	2001	2000
	£	£
Trade debtors	2,337,383	1,857,945
Other debtors	2,578	1,443
Prepayments and accrued income	55,338	32,196
	2,395,299	1,891,584
	=====	=====
11. CREDITORS: amounts falling due within one year	2001	2000
	£	£
Bank loans and overdrafts	536,960	466,080
Other loans	182,178	256,035
Trade creditors	260,378	231,960
Corporation tax	192,457	163,148
Other taxes and social security costs	623,860	485,084
Directors' current accounts	1,179,403	986,818
Other creditors	53,219	31,820
Accruals and deferred income	8,235	7,415
	3,036,690	2,628,360
	=====	=====
Debt due within one year	182,178	256,035
	=====	=====

The other loans represent advances by an invoice discounter and are secured on the book debts of the company assigned to them of £2,317,234 and included in trade debtors.

R K FURNITURE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30TH APRIL, 2001**

12. CREDITORS: amounts falling due after more than one year	2001 £	2000 £
Loans		
Wholly repayable within five years	182,178	256,035
Included in current liabilities	(182,178)	(256,035)
	-	-
	=====	=====
13. PENSION COSTS		
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:		
	2001 £	2000 £
	7,287	7,287
	=====	=====
14. SHARE CAPITAL	2001 £	2000 £
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
	=====	=====
Allotted, called up and fully paid		
2,000 Ordinary shares of £1 each	2,000	2,000
	=====	=====
15. PROFIT AND LOSS ACCOUNT	2001 £	2000 £
Retained profit at 1st May, 2000	570,409	570,388
Retained profit for the financial year	48,802	21
	=====	=====
Retained profit at 30th April, 2001	619,211	570,409
	=====	=====
16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2001 £	2000 £
Profit for the financial year	548,802	375,021
Dividends	(500,000)	(375,000)
Net addition to shareholders' funds	48,802	21
Opening shareholders' funds	572,409	572,388
	=====	=====
Closing shareholders' funds	621,211	572,409
	=====	=====

R K FURNITURE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30TH APRIL, 2001****17. FINANCIAL COMMITMENTS**

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 30th April, 2002.

	Land and Buildings		Other	
	2001	2000	2001	2000
	£	£	£	£
Expiry date:				
Within one year	125,400	85,400	46,554	28,769
Between two and five years	376,200	311,600	89,249	55,998
In over five years	-	-	-	-
	501,600	397,000	135,803	84,767
	=====			

18. DIRECTORS EMOLUMENTS

	2001	2000
	£	£
Remuneration	500,000	500,000
Benefits in kind	28,792	31,773
Pension contribution	2,787	2,787
	531,579	534,560
	=====	

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2000 - 2)

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

Emoluments for qualifying services	264,671	268,454
Company pension contribution to money purchase schemes	1,932	1,932
	=====	

R K FURNITURE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30TH APRIL, 2001****19. EMPLOYEES****Number of employees**

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

	2001 Number	2000 Number
	71	60
	=====	=====
Sales	4	4
Office and administration	8	8
Production	59	48
	71	60
	=====	=====

Employment costs

	£	£
Wages and salaries	1,518,010	1,338,702
Social security costs	151,869	134,561
Pension costs	7,287	7,287
	1,677,166	1,480,550
	=====	=====

20. RELATED PARTY TRANSACTIONS

The company entered into the rental of property from a partnership controlled by the directors. The payments were paid monthly on a commercial rate, the total amount paid during the year was £78,804 (2000 £78,804) exclusive of VAT.

During the year the company traded with Falcon Office & Educational Furnishing controlled by a related party of a director. Sales were on normal commercial terms and totalled £40,747 (2000 £39,959) for the year. Rental of property by the company to Falcon Office & Educational Furnishings was at a normal commercial rent and totalled £6,570 for the year (2000 £6,570).

The advertising costs during the year included an amount of £Nil (2000 £70,907) paid to R.K. Racing Limited, a company controlled by a director, and an amount of £92,605 (2000 £40,000) to R.K. Motorsport, a business controlled by a director.

The directors loan account balance relates to R.G. Kraemer and J.L.K. Kraemer. At the year end the amount outstanding was £1,179,403 (2000 £986,818). The maximum amount outstanding during the year was £1,179,403. The loan account is repayable on demand and no interest is charged on the outstanding amount.