

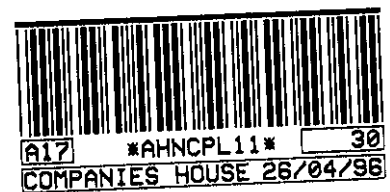
DREAMS LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 2ND APRIL 1995

2189427 Company Number

Barnes Roffe, Chartered Accountants,  
3, Brook Business Centre, Cowley Mill Road,  
Uxbridge, Middlesex. UB8 2FX.



## DREAMS LIMITED

### AUDITORS' REPORT TO THE SHAREHOLDERS OF DREAMS 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 page 8.

#### **Respective Responsibilities of Directors and Auditors**

As described on pages 1 and 2 the company's 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 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.

#### **Qualified opinion**

Turnover includes the value of goods sold with a contractual deposit but not necessarily delivered. The company's records do not permit an analysis to determine whether a particular sale has been made from stock or needs to be ordered from a supplier and thus an accrual of cost is made against all sales invoiced but not delivered at the period end. The accounting policies and notes clearly identify the items and total amounts involved. This has been the standard accounting procedures for this company since incorporation.

Except for the matter referred to above in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 2nd April 1995 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

3 Brook Business Centre  
Cowley Mill Road  
Uxbridge  
Middlesex UB8 2FX

Barnes Roffe  
Chartered Accountants  
Registered Auditors

*Barnes Roffe*

Date: 21st August 1995

## DREAMS LIMITED

**Director** M G Clare  
C A Clare

**Secretary** C A Clare

**Registered office** Unit 4, Crusader Estate  
Halifax Road  
Cressex Industrial Estate  
High Wycombe  
Buckinghamshire

**Auditors** Barnes Roffe,  
3, Brook Business Centre  
Cowley Mill Road  
Uxbridge  
Middlesex  
UB8 2FX

**Bankers** Lloyds Bank PLC  
Chilterns House  
49/51 Dean Strret  
Marlow  
Bucks SL7 3BP

## REPORT AND FINANCIAL STATEMENTS

### 2ND APRIL 1995

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	The following pages do not form part of the statutory financial statements.	
	Detailed profit and loss account	17
	Schedules to detailed profit and loss account	18

## **DREAMS LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE PERIOD ENDED 2ND APRIL 1995**

The directors present their report with the audited accounts of the company for the period 4th April 1994 to 2nd April 1995.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company in the period under review was that of wholesalers and retailers of beds, sofa-beds and clocks within the United Kingdom.

#### **RESULTS AND DIVIDENDS**

The profit for the period after taxation was £25,754 as detailed on page 4. Dividends of £32,000 (1994 £16,000) were paid during the period.

#### **REVIEW OF THE DEVELOPMENT OF THE BUSINESS**

The company had another successful period, increasing turnover and reporting a profit, despite adverse trading conditions. A further two branches were opened during the period which has improved the geographical coverage of the company's retail operations. The directors have decided to concentrate on the core business, namely the retailing of beds.

The directors are confident that the company's activities will continue on the growth trend established in previous years with improved returns of net profit and turnover.

#### **DIRECTORS AND THEIR INTERESTS**

The directors of the company during the period and their interests in the issued share capital of the company were as follows:

	<u>Number of shares</u>	
	1995	1994
M G Clare	95	95
C A Clare	5	5

#### **TANGIBLE FIXED ASSETS**

Details of movements in fixed assets are given in note 10.

#### **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 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

DREAMS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 2ND APRIL 1995

**DIRECTORS' RESPONSIBILITIES (continued)**

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.

**AUDITORS**

In accordance with Section 385 of the Companies Act 1985, the auditors, Barnes Roffe, will be proposed for re-appointment for the ensuing year at the general meeting.

By Order of the Board

C A Clare

Secretary

A handwritten signature in dark ink, consisting of several overlapping loops and a long horizontal stroke, positioned to the right of the name C A Clare.

*16th August 1995*

**DREAMS LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE PERIOD ENDED 2ND APRIL 1995**

	<u>Notes</u>	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
TURNOVER	2	6,053,899	5,350,220
COST OF SALES		3,291,284	2,820,323
GROSS PROFIT		2,762,615	2,529,897
Distribution and administrative expenses		2,663,496	2,444,731
		99,119	85,166
Other operating income	3	5,073	-
OPERATING PROFIT	4	104,192	85,166
Interest payable and similar charges	6	(68,438)	(48,445)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		35,754	36,721
Tax on ordinary activities	7	10,000	8,577
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		25,754	28,144
Dividends	8	32,000	16,000
RETAINED (LOSS)/PROFIT FOR THE PERIOD		(6,246)	12,144

**STATEMENT OF RETAINED EARNINGS**

BROUGHT FORWARD AS ORIGINALLY STATED	129,793	68,378
Prior year adjustment	(49,271)	-
BROUGHT FORWARD AS RESTATED	80,522	68,378
RETAINED (LOSS)/PROFIT FOR THE PERIOD	(6,246)	12,144
RETAINED PROFIT CARRIED FORWARD	74,276	80,522

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the above two financial periods.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profit for the above two financial periods.

The notes on pages 8 to 16 form an integral part of these financial statements.

**DREAMS LIMITED****CASH FLOW STATEMENT****FOR THE PERIOD ENDED 2ND APRIL 1995**

	<u>Note</u>	£	<u>1995</u>	£	£	<u>1994</u>	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	1			212,301			85,178
RETURN ON INVESTMENTS AND SERVICING OF FINANCE							
- Interest paid		(68,438)			(48,445)		
- Dividends paid		(32,000)			(16,000)		
NET CASH (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				(100,438)			(64,445)
TAXATION PAID				(13,646)			(8,695)
INVESTMENT ACTIVITIES							
- Sale of fixed tangible assets		15,200			11,818		
- Purchase of fixed tangible assets		(153,566)			(87,921)		
NET CASH (OUTFLOW) FROM INVESTMENT ACTIVITIES				(138,365)			(76,103)
NET CASH (OUTFLOW) BEFORE FINANCING				(40,148)			(64,065)
FINANCING							
- Net inflow from financing	4			41,202			23,438
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2			1,054			(40,627)

The notes on pages 8 to 16 form an integral part of these financial statements.

**DREAMS LIMITED****NOTES TO THE CASH FLOW STATEMENT****FOR THE PERIOD ENDED 2ND APRIL 1995****1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1995 £	1994 £
Operating profit	104,192	85,166
Depreciation of fixed tangible assets	69,493	62,852
Profit in sale of tangible assets	(5,073)	-
Loss on sale of tangible fixed assets	1,431	-
(Increase) in stocks	(6,146)	(136,139)
Decrease/(Increase) in debtors	(47,382)	86,610
(Decrease)/Increase in creditors	95,786	(79,005)
<b>Net cash inflow from operating activities</b>	<b>212,301</b>	<b>85,178</b>

**2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR**

	1995 £	1994 £
Balance brought forward	(168,228)	(127,601)
Net cash inflow/(outflow)	1,054	(40,627)
<b>Balance carried forward</b>	<b>(167,174)</b>	<b>(168,228)</b>

**3. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET**

	1995 £	1994 £	Changes in year £
Cash at bank and in hand	3,574	2,326	1,248
Bank overdraft	(170,748)	(170,554)	(194)
	<b>(167,174)</b>	<b>(168,228)</b>	<b>1,054</b>

**4. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR**

	Hire Purchase £	Total £
Balance brought forward	53,054	53,054
Net cash inflow from financing	41,202	41,202
<b>Balance carried forward</b>	<b>94,256</b>	<b>94,256</b>

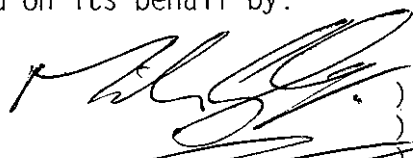
The notes on pages 8 to 16 form an integral part of these financial statements.



**DREAMS LIMITED**  
**BALANCE SHEET**  
**AS AT 2ND APRIL 1995**

	<u>Notes</u>	£	<u>1995</u>	£	£	<u>1994</u>	£
<b>FIXED ASSETS</b>							
Tangible assets	10			379,306			306,792
<b>CURRENT ASSETS</b>							
Stocks	11	578,451				572,305	
Debtors	12	512,546				465,164	
Cash at bank and in hand		3,574				2,326	
			1,094,571			1,039,795	
<b>CREDITORS</b> - amounts falling due within one year	13	1,352,351				1,236,361	
<b>NET CURRENT (LIABILITIES)</b>				(257,780)			(196,566)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				121,526			110,226
<b>CREDITORS</b> - amounts falling due after more than one year	14			47,150			29,604
<b>NET ASSETS</b>				<u>74,376</u>			<u>80,622</u>
<b>CAPITAL AND RESERVES</b>							
Called up share capital	15			100			100
Profit and loss account				74,276			80,522
				<u>74,376</u>			<u>80,622</u>

Approved by the board on *16 August 1995*  
and signed on its behalf by:

M G Clare  } Directors  
C A Clare  }

The notes on pages 8 to 16 form an integral part of these financial statements.

## DREAMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 2ND APRIL 1995

#### 1. ACCOUNTING POLICIES

##### 1.1 Accounting convention

The financial statements have been prepared under the historical cost convention.

##### 1.2 Turnover

Turnover is the total amount, excluding value added tax, receivable by company, in the ordinary course of business, for goods supplied or contractually ordered, with a deposit.

##### 1.3 Depreciation of fixed tangible assets

Fixed tangible assets are depreciated on the following basis at the following rates to reduce the cost to the anticipated residual value at the end of the expected useful lives of those assets:

Leasehold premises	: over the period of the lease, straight line
Leasehold improvements	: over the period of the lease, straight line
Motor vehicles	: 25% per annum, reducing balance
Fittings and office equipment	: 15% per annum, straight line

##### 1.4 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Items sold but not delivered at the year end are included in stock and the cost of the re-order from the supplier is included in accruals.

##### 1.5 Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

##### 1.6 Assets held under finance leases and hire purchase contracts

Fixed assets held under hire purchase contracts, and those financed by leasing agreements which give rights approximating to ownership (i.e. finance leases) are treated in accordance with Statement of Standard Accounting Practice No. 21 as if purchased outright. The corresponding obligations are included in creditors.

Depreciation is provided, depending on the type of fixed asset, by the rates and methods set out above.

The related finance costs are charged to the profit and loss account in proportion to the outstanding balances of the contracts.

DREAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD ENDED 2ND APRIL 1995

2. **TURNOVER**

The turnover and pre-tax result are mainly attributable to the company's activity of wholesalers and retailers of beds, sofa-beds and clocks.

The turnover arises entirely in the U.K.

3. <b>OTHER OPERATING INCOME</b>	<b><u>1995</u></b>	<b><u>1994</u></b>
	<b>£</b>	<b>£</b>
Profit on disposal of tangible assets	<u>5,073</u>	<u>-</u>
4. <b>OPERATING PROFIT</b>	<b><u>1995</u></b>	<b><u>1994</u></b>
	<b>£</b>	<b>£</b>
This is stated after charging :		
Depreciation	69,493	60,930
Loss on disposal of fixed assets	1,431	348
Payments under operating leases	8,400	8,400
Auditors' remuneration	<u>5,000</u>	<u>5,000</u>

DREAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD ENDED 2ND APRIL 1995

5. EMPLOYEE INFORMATION

	<u>1995</u>	<u>1994</u>
	£	£
5.1 Staff costs including directors:		
Wages and salaries	965,975	828,784
Social security costs	89,127	78,013
	<u>1,055,102</u>	<u>906,797</u>
5.2 The average weekly number of employees including directors during the period was as follows:	No.	No.
Sales and administration	<u>73</u>	<u>66</u>
5.3 Directors' emoluments:	£	£
Fees and salaries (including benefits in kind)	<u>47,781</u>	<u>37,328</u>

6. INTEREST PAYABLE

	<u>1995</u>	<u>1994</u>
	£	£
On bank loans, overdrafts and other loans wholly repayable within five years	17,798	12,793
Credit card charges	44,911	33,381
Finance lease and hire purchase	5,729	2,271
	<u>68,438</u>	<u>48,445</u>

DREAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD ENDED 2ND APRIL 1995

7. TAXATION

	<u>1995</u>	<u>1994</u>
	£	£
The tax charge on the profit on ordinary activities for the period was as follows:		
U.K corporation tax at 25% (1994 - 25%)	<u>10,000</u>	<u>8,577</u>

The company is a 'close' company within the provisions of the Income and Corporation Taxes Act 1988.

8. DIVIDENDS

	<u>1995</u>	<u>1994</u>
	£	£
Interim dividend paid:		
Interim dividends	<u>32,000</u>	<u>16,000</u>

9. PRIOR YEAR ADJUSTMENT

	<u>1995</u>	<u>1994</u>
	£	£
Prior year adjustment	<u>49,271</u>	<u>-</u>

The item relates to an under accrual of costs in the 1994 accounts in respect of goods to be delivered to customers where the goods had been paid for by the customer prior to delivery.

DREAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD ENDED 2ND APRIL 1995

10. TANGIBLE FIXED ASSETS

	Leasehold Premises and improvements	Motor Vehicles	Fittings and office equipment	Total
	£	£	£	£
Cost:				
At 4th April 1994	279,105	134,673	98,574	512,352
Additions	18,739	41,743	93,083	153,565
Disposals	-	(21,953)	-	(21,953)
	<u>279,105</u>	<u>134,673</u>	<u>98,574</u>	<u>512,352</u>
At 2nd April 1995	297,844	154,463	191,657	643,964
	<u>297,844</u>	<u>154,463</u>	<u>191,657</u>	<u>643,964</u>
Depreciation:				
At 4th April 1994	88,281	62,162	55,117	205,560
Charge for period	22,335	25,356	21,802	69,493
Disposals	-	(10,395)	-	(10,395)
	<u>88,281</u>	<u>62,162</u>	<u>55,117</u>	<u>205,560</u>
At 2nd April 1995	110,616	77,123	76,919	264,658
	<u>110,616</u>	<u>77,123</u>	<u>76,919</u>	<u>264,658</u>
Net book value at 4th April 1994	<u>190,824</u>	<u>72,511</u>	<u>43,457</u>	<u>306,792</u>
Net book value at 2nd April 1995	<u>187,228</u>	<u>77,340</u>	<u>114,738</u>	<u>379,306</u>

Details of fixed assets held under finance leases and hire purchase contracts, which are included in the relevant headings in the table above, are as follows:

	<u>1995</u>	<u>1994</u>
	£	£
Net book value at 2nd April 1995	<u>118,301</u>	<u>56,221</u>
Depreciation charged during period	<u>22,023</u>	<u>18,740</u>

DREAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD ENDED 2ND APRIL 1995

11.	STOCKS	<u>1995</u>	<u>1994</u>
		£	£
	Goods for resale	<u>578,451</u>	<u>572,305</u>
12.	DEBTORS	<u>1995</u>	<u>1994</u>
		£	£
	Trade debtors	35,229	63,075
	Amounts receivable from customers for goods to be delivered	241,142	219,251
	Other debtors	1,740	34,251
	Prepayments and accrued income	234,435	148,587
		<u>512,546</u>	<u>465,164</u>
13.	CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>1995</u>	<u>1994</u>
		£	£
	Bank loans and overdraft	170,748	170,554
	Obligations under lease and hire purchase contracts	47,106	23,450
	Trade creditors	577,201	548,625
	Corporation tax	5,033	8,679
	Other taxes and social security costs	182,650	140,579
	Other creditors	-	12,622
	Accruals for goods to be delivered	280,474	220,694
	Other accruals	89,139	111,158
		<u>1,352,351</u>	<u>1,236,361</u>
		<u>1995</u>	<u>1994</u>
		£	£
	Secured creditors included above are as follows:		
	Bank overdraft:		
	unlimited debenture	170,748	170,554
	Hire purchase instalments:		
	secured on the assets concerned	47,106	23,450
		<u>217,854</u>	<u>194,004</u>

DREAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD ENDED 2ND APRIL 1995

14. CREDITORS - AMOUNTS FALLING DUE  
AFTER MORE THAN ONE YEAR

	<u>1995</u>	<u>1994</u>
	£	£
Obligations under lease and hire purchase contracts	47,150	29,604
	<u>47,150</u>	<u>29,604</u>
	<u>1995</u>	<u>1994</u>
	£	£
Amounts payable by instalments between one and five years hence:		
Finance lease and hire purchase contracts	<u>47,150</u>	<u>29,604</u>
Secured creditors included above are as follows:		
Hire purchase instalments:		
secured on assets concerned	<u>47,150</u>	<u>29,604</u>

15. SHARE CAPITAL

	<u>1995</u>	<u>1994</u>
	£	£
<b>Authorised:</b>		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<b>Issued and fully paid :</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>



DREAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD ENDED 2ND APRIL 1995

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	<u>1995</u>	<u>1994</u>
	£	£
Profit for the financial period after taxation	25,754	28,144
Dividends	(32,000)	(16,000)
Net addition to shareholders' funds	(6,246)	12,144
Opening shareholders' funds at 4th April 1994	80,622	64,247
Closing shareholders' funds at 2nd April 1995	<u>74,376</u>	<u>80,622</u>

17. TRANSACTIONS WITH DIRECTORS

Mr and Mrs M Clare own the freehold property in Aylesbury and receive rental income from Dreams Limited of £2,000 per month, for the use of the premises. This transaction is at arms length and on normal commercial terms.

DREAMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD ENDED 2ND APRIL 1995

18. LEASE COMMITMENTS

Net obligations under finance leases and hire purchase contracts

	<u>1995</u>	<u>1994</u>
	£	£
Minimum payments due:		
Within one year	56,482	26,798
1-2 years	31,735	23,883
3-5 years	17,585	10,573
Gross obligations	105,802	61,254
Less: finance charges allocated to future periods	(11,546)	(8,200)
Net obligations	<u>94,256</u>	<u>53,054</u>

Annual commitments under operating leases

	<u>Land &amp; Buildings</u>	<u>Other Assets</u>	<u>Land &amp; Buildings</u>	<u>Other Assets</u>
	<u>1995</u>	<u>1995</u>	<u>1994</u>	<u>1994</u>
	£	£	£	£
Operating leases expiring:				
Within one year	91,108	-	20,000	8,400
After 1-5 years	98,150	-	91,108	-
After 5 years	386,300	-	417,583	-
Annual commitments at 2nd April 1995	<u>575,558</u>	<u>-</u>	<u>528,691</u>	<u>8,400</u>