

DREAMS LIMITED

ACCOUNTS

FOR THE PERIOD ENDED 28TH MARCH 1993



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  
12 The Broadway  
Beaconsfield  
Buckinghamshire

REPORT AND ACCOUNTS  
28TH MARCH 1993

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The following pages do not form part of the statutory accounts.

Detailed profit and loss account	13
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**DREAMS LIMITED**

**DIRECTORS' REPORT**  
**FOR THE PERIOD ENDED 28TH MARCH 1993**

The directors present their report with the audited accounts of the company for the period from 1st April 1992 to 28th March 1993.

**PRINCIPAL ACTIVITIES**

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

**RESULTS AND DIVIDENDS**

The profit for the period after taxation was £53,806 as detailed on page 3.

Dividends of £22,500 (1992 £0) were paid during the period.

**REVIEW OF THE DEVELOPMENT OF THE BUSINESS**

The results for the period were satisfactory, despite the current recession. The directors hope that the trend in rising turnover will continue.

**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>	
	1993	1992
M G Clare	95	95
C A Clare (appointed 18th March 1993)	5	5

**AUDITORS**

Haines Watts resigned and Barnes Roffe were appointed auditors by the directors. Proposals will be made at the general meeting for their confirmation and in accordance with Section 385 of the Companies Act 1985, the auditors, Barnes Roffe, will be proposed for the re-appointment for the ensuing year.

By Order of the Board

C A Clare

Secretary

26th July 1993

DREAMS LIMITED

AUDITORS REPORT TO THE MEMBERS OF DREAMS LIMITED

We have audited the financial statements on pages 3 to 12 in accordance with Auditing Standards.

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 year 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.

Subject to the foregoing, in our opinion the financial statements give a true and fair view of the state of the company's affairs at 28th March 1993 and of its profit for the period then ended and have been properly prepared with the Companies Act 1985.

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

Barnes Roffe  
Registered Auditor  
Chartered Accountants

*Barnes Roffe*

26th July 1993

DREAMS LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 28TH MARCH 1993

	<u>Notes</u>	<u>1993</u> £	<u>9 months to</u> <u>31st March 1992</u> £
TURNOVER	2	4,479,772	2,752,311
COST OF SALES		2,542,866	1,593,912
GROSS PROFIT		1,936,906	1,158,399
Distribution and administrative expenses		1,814,259	1,020,632
		122,647	137,767
Other operating income	3	-	5,000
OPERATING PROFIT	4	122,647	142,767
Interest payable and similar charges	6	(45,841)	(36,609)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		76,806	106,158
Tax on ordinary activities	7	23,000	35,659
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		53,806	70,499
Dividends	8	22,500	-
RETAINED PROFIT FOR THE PERIOD		31,306	70,499
<u>STATEMENT OF RETAINED EARNINGS</u>			
BROUGHT FORWARD AS ORIGINALLY STATED		64,147	(33,427)
Prior year adjustment	9	(27,075)	-
BROUGHT FORWARD AS RESTATED		37,072	(33,427)
RETAINED PROFIT FOR THE PERIOD		31,306	70,499
RETAINED PROFIT CARRIED FORWARD		68,378	37,072

The notes on pages 5 to 12 form an integral part of these accounts.

**DREAMS LIMITED**

**BALANCE SHEET  
AS AT 28TH MARCH 1993**

	<u>Notes</u>	£	<u>1993</u>	£	£	<u>1992</u>	£
<b>FIXED ASSETS</b>							
Tangible assets	10			293,541			181,647
<b>CURRENT ASSETS</b>							
Stocks	11	436,166				322,658	
Debtors	12	549,451				258,027	
Cash at bank and in hand		1,640				1,201	
			<u>987,257</u>			<u>581,886</u>	
CREDITORS - amounts falling due within one year	13	1,196,075				<u>722,472</u>	
<b>NET CURRENT (LIABILITIES)</b>				<u>(208,818)</u>			<u>(140,586)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				84,723			41,061
CREDITORS - amounts falling due after more than one year	14			16,245			3,889
<b>NET ASSETS</b>				<u>68,478</u>			<u>37,172</u>
<b>CAPITAL AND RESERVES</b>							
Called up share capital	15			100			100
Profit and loss account				68,378			37,072
				<u>68,478</u>			<u>37,172</u>

Approved by the board on 26th July 1993  
and signed on its behalf by:

M G Clare

C A Clare

} Directors

The notes on pages 5 to 12 form an integral part of these accounts.

## DREAMS LIMITED

### NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 28TH MARCH 1993

#### 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. This is the procedure which has been used to recognise turnover in all previous years.

##### 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.

##### 1.7 Cash Flow Statement

As the company qualifies as a small company as defined by the Companies Act 1985, it is exempted under FRS1 from the requirement to prepare a cash flow statement.

DREAMS LIMITED

NOTES TO THE ACCOUNTS - continued  
FOR THE PERIOD ENDED 28TH MARCH 1993

2. TURNOVER

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

The turnover arises entirely in the U.K.

3. OTHER OPERATING INCOME	<u>1993</u>	<u>9 months to</u> <u>31st March 1992</u>
	£	£
Premium on granting of franchise		5,000

4. OPERATING PROFIT	<u>1993</u>	<u>1992</u>
	£	£
This is stated after charging :		
Depreciation	55,778	27,763
Loss on disposal of fixed assets	387	-
Payments under operating leases	8,400	5,351
Auditors' remuneration	5,000	5,000
Exceptional item - bad debt	15,000	-

Exceptional bad debt written off arising on loans made to Grandfather Clock Emporium Limited, a company of which Mr M Clare and Mrs C Clare are directors and shareholders.

DREAMS LIMITED

NOTES TO THE ACCOUNTS - continued  
FOR THE PERIOD ENDED 28TH MARCH 1993

5. EMPLOYEE INFORMATION

	<u>1993</u> £	<u>9 months to</u> <u>31st March 1992</u> £
5.1 Staff costs including directors:		
Wages and salaries	645,064	377,643
Social security costs	62,044	38,786
	<u>707,108</u>	<u>416,429</u>
5.2 The average weekly number of employees including directors during the period was as follows:	No.	No.
Sales and administration	55	45
5.3 Directors' emoluments:	£	£
Fees and salaries (including benefits in kind)	<u>27,343</u>	<u>21,202</u>

6. INTEREST PAYABLE

	<u>1993</u> £	<u>1992</u> £
On bank loans, overdrafts and other loans wholly repayable within five years	16,605	17,454
Credit card charges	27,380	17,500
Finance lease and hire purchase	1,856	1,655
	<u>45,841</u>	<u>36,609</u>

DREAMS LIMITED

NOTES TO THE ACCOUNTS - continued  
FOR THE PERIOD ENDED 28TH MARCH 1993

7. TAXATION

	<u>1993</u> £	<u>9 months to</u> <u>31st March 1992</u> £
The tax charge on the profit on ordinary activities for the period was as follows:		
U.K corporation tax at 25% (1992 - 29%)	23,000	44,951
Adjustment of provision for previous periods	..	(9,292)
	<u>23,000</u>	<u>35,659</u>

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

8. DIVIDENDS

	<u>1993</u> £	<u>1992</u> £
Interim dividend paid: Interim dividends	<u>22,500</u>	<u>-</u>

9. PRIOR YEAR ADJUSTMENT

	<u>1993</u> £	<u>1992</u> £
Prior year adjustment	<u>27,075</u>	<u>-</u>

The item relates to arrears in rent not provided previously.

DREAMS LIMITED

NOTES TO THE ACCOUNTS - continued  
FOR THE PERIOD ENDED 28TH MARCH 1993

10. TANGIBLE FIXED ASSETS

	Leasehold Premises £	Leasehold improvements £	Motor Vehicles £	Fittings and office equipment £	Total £
Cost:					
At 1st April 1992	25,161	120,841	96,291	54,589	296,882
Additions	-	108,069	31,947	33,994	174,010
Disposals	-	-	(11,900)	-	(11,900)
At 28th March 1993	<u>25,161</u>	<u>228,910</u>	<u>116,338</u>	<u>88,583</u>	<u>458,992</u>
Depreciation:					
At 1st April 1992	8,487	33,660	45,276	27,813	115,236
Charge for period	1,979	21,131	19,380	13,288	55,778
Disposals	-	-	(5,563)	-	(5,563)
At 28th March 1993	<u>10,466</u>	<u>54,791</u>	<u>59,093</u>	<u>41,101</u>	<u>165,451</u>
Net book value at 1st April 1992	<u>16,674</u>	<u>87,181</u>	<u>51,015</u>	<u>26,776</u>	<u>181,646</u>
Net book value at 28th March 1993	<u>14,695</u>	<u>174,119</u>	<u>57,245</u>	<u>47,482</u>	<u>293,541</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:

	1993 £	1992 £
Net book value at 28th March 1993	<u>31,160</u>	<u>19,771</u>
Depreciation charged during year	<u>10,385</u>	<u>7,227</u>

DREAMS LIMITED

NOTES TO THE ACCOUNTS - continued  
FOR THE PERIOD ENDED 28TH MARCH 1993

11. STOCKS	<u>1993</u>	<u>1992</u>
	£	£
Goods for resale	<u>436,166</u>	<u>322,658</u>
12. DEBTORS	<u>1993</u>	<u>1992</u>
	£	£
Trade debtors	24,374	17,504
Amounts receivable from customers for goods to be delivered	307,417	169,192
Other debtors	22,883	277
Prepayments and accrued income	<u>194,777</u>	<u>71,054</u>
	<u>549,451</u>	<u>258,027</u>
13. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>1993</u>	<u>1992</u>
	£	£
Bank loans and overdraft	129,241	196,647
Obligations under lease and hire purchase contracts	13,371	11,477
Trade creditors	481,795	109,415
Corporation tax	6,474	32,161
Other taxes and social security costs	136,588	94,805
Accruals for goods to be delivered	380,096	211,046
Other accruals	<u>48,510</u>	<u>66,921</u>
	<u>1,196,075</u>	<u>722,472</u>
	<u>1993</u>	<u>1992</u>
	£	£
Secured creditors included above are as follows:		
Bank overdraft:		
unlimited debenture	129,241	196,647
Hire purchase instalments:		
secured on the assets concerned	13,371	11,477
	<u>142,612</u>	<u>208,124</u>

DREAMS LIMITED

NOTES TO THE ACCOUNTS - continued  
FOR THE PERIOD ENDED 28TH MARCH 1993

14. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	<u>1993</u> £	<u>1992</u> £
Obligations under lease and hire purchase contracts	<u>16,245</u>	<u>3,889</u>
	<u>16,245</u>	<u>3,889</u>
	<u>1993</u> £	<u>1992</u> £
Amounts payable by instalments between one and five years hence: Finance lease and hire purchase contracts	<u>16,245</u>	<u>3,889</u>
Secured creditors included above are as follows: Hire purchase instalments: secured on assets concerned	<u>16,245</u>	<u>3,889</u>
15. SHARE CAPITAL	<u>1993</u> £	<u>1992</u> £
Authorised: 10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Issued and fully paid : 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

16. TRANSACTIONS WITH DIRECTORS

Mr M Clare owns the freehold property in Aylesbury and receives rental income from Dreams Limited of £1,500 per month, for the use of those premises. This transaction is at arms length and on normal commercial terms.

DREAMS LIMITED

NOTES TO THE ACCOUNTS - continued  
FOR THE PERIOD ENDED 28TH MARCH 1993

17. LEASE COMMITMENTS

Net obligations under finance leases and hire purchase contracts

	<u>1993</u> £	<u>1992</u> £
Minimum payments due:		
Within one year	14,171	11,810
1-2 years	17,576	3,889
	<u>31,747</u>	<u>31,747</u>
Gross obligations	31,747	31,747
Less: finance charges allocated to future periods	(2,130)	(333)
Net obligations	<u>29,617</u>	<u>29,617</u>

Annual commitments under operating leases

	<u>Land &amp; Buildings</u> <u>1993</u> £	<u>Other Assets</u> <u>1993</u> £	<u>Land &amp; Buildings</u> <u>1992</u> £	<u>Other Assets</u> <u>1992</u> £
Operating leases expiring:				
After 1-5 years	-	8,400	-	8,400
After 5 years	291,458	-	198,000	-
	<u>291,458</u>	<u>8,400</u>	<u>198,000</u>	<u>8,400</u>
Annual commitments at 28th March 1993	<u>291,458</u>	<u>8,400</u>	<u>198,000</u>	<u>8,400</u>