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DREAMS LIMITED

ACCOUNTS

FOR THE PERIOD ENDED 3RD APRIL 1994

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



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COMPANIES HOUSE 26/07/94

# 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  
3 Burkes Parade  
Beaconsfield  
Buckinghamshire

## REPORT AND ACCOUNTS 3RD APRIL 1994

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statutory accounts.

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## DREAMS LIMITED

### DIRECTORS' REPORT FOR THE PERIOD ENDED 3RD APRIL 1994

The directors present their report with the audited accounts of the company for the period 29th March 1993 to 3rd April 1994.

#### **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 £77,415 as detailed on page 4. Dividends of £16,000 (1993 £22,500) were paid during the year.

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

The company had another successful year, increasing turnover and profit. A further four branches were opened during the year which has improved the geographical coverage of the company's retail operations. The directors are diversifying the company's activities with a greater emphasis on the retailing of clocks.

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:

	Number of shares	
	1994	1993
M G Clare	95	95
C A Clare	5	5

#### **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 3RD APRIL 1994**

**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

15th June 1994

## DREAMS LIMITED

### AUDITORS' REPORT TO THE SHAREHOLDERS OF DREAMS LIMITED

We have audited the financial statements on pages 4 to 15 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 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.

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 3rd April 1994 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

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

Barnes Roffe  
Chartered Accountants  
Registered Auditors

*Barnes Roffe*

Date: 7<sup>th</sup> July 1994

**DREAMS LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 3RD APRIL 1994**

	Notes	1994 £	1993 £
TURNOVER	2	5,350,220	4,479,772
COST OF SALES		2,754,629	2,542,866
GROSS PROFIT		2,595,591	1,936,906
Distribution and administrative expenses		2,444,731	1,814,259
OPERATING PROFIT	3	150,860	122,647
Interest payable and similar charges	5	(48,445)	(45,841)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		102,415	76,806
Tax on ordinary activities	6	25,000	23,000
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		77,415	53,806
Dividends	7	16,000	22,500
RETAINED PROFIT FOR THE PERIOD		61,415	31,306

**STATEMENT OF RETAINED EARNINGS**

BROUGHT FORWARD AS ORIGINALLY STATED	68,378	64,147
Prior year adjustment	-	(27,075)
BROUGHT FORWARD AS RESTATED	68,378	37,072
RETAINED PROFIT FOR THE PERIOD	61,415	31,306
RETAINED PROFIT CARRIED FORWARD	129,793	68,378

**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 15 form an integral part of these accounts.

**DREAMS LIMITED**

**CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 3RD APRIL 1994**

	NOTE	£	1994	£	£	1993	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	1			85,178			338,296
RETURN ON INVESTMENTS AND SERVICING OF FINANCE							
- Interest paid		(48,445)			(45,841)		
- Dividends paid		(16,000)			(22,500)		
NET CASH (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				(64,445)			(68,341)
TAXATION PAID				(8,695)			(48,687)
INVESTMENT ACTIVITIES							
- Sale of fixed tangible assets		11,818			6,337		
- Purchase of fixed tangible assets		(87,921)			(174,010)		
NET CASH (OUTFLOW) FROM INVESTMENT ACTIVITIES				(76,103)			(167,673)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING				(64,065)			53,595
FINANCING							
- Net inflow from financing	4			23,438			14,250
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	2			(40,627)			67,845

The notes on pages 8 to 15 form an integral part of these financial statements.

**DREAMS LIMITED****NOTES TO THE CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 3RD APRIL 1994**

1.RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	1994 £	1993 £
Operating Profit	150,860	137,647
Exceptional items before taxation	-	(15,000)
Depreciation of fixed tangible assets	62,852	55,778
(Increase) in stocks	(136,139)	(113,508)
Decrease/(Increase) in debtors	86,610	(291,424)
(Decrease)/Increase in creditors	(79,005)	564,803
Net cash inflow from operating activities	85,178	338,296

2.ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR	1994 £	1993 £
Balance brought forward	(127,601)	(59,756)
Net cash (outflow)	0,627	(67,845)
Balance carried forward	(168,228)	(127,601)

3.ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET	1994 £	1993 £	Changes in year £
Cash at bank and in hand	2,326	1,640	686
Bank overdraft	(170,554)	(129,241)	(41,313)
	(168,228)	(127,601)	(40,627)

4.ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR	Hire Purchase £	Total £
Balance brought forward	29,616	29,616
Net cash inflow from financing	23,438	23,438
Balance carried forward	53,054	53,054

The notes on pages 8 to 15 form an integral part of these accounts.



DREAMS LIMITEDBALANCE SHEET  
AS AT 3RD APRIL 1994

	<u>Notes</u>	<u>£</u>	<u>1994</u>	<u>£</u>	<u>1993</u>	<u>£</u>
<b>FIXED ASSETS</b>						
Tangible assets	8		306,792		293,541	
<b>CURRENT ASSETS</b>						
Stocks	9	572,305		436,166		
Debtors	10	465,164		549,451		
Cash at bank and in hand		2,326		1,640		
		<u>1,039,795</u>		<u>987,257</u>		
CREDITORS - amounts falling due within one year	11	<u>1,187,090</u>		<u>1,196,075</u>		
NET CURRENT (LIABILITIES)			<u>(147,295)</u>		<u>(208,818)</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			159,497		84,723	
CREDITORS - amounts falling due after more than one year	12		<u>29,604</u>		<u>16,245</u>	
NET ASSETS			<u>129,893</u>		<u>68,478</u>	
<b>CAPITAL AND RESERVES</b>						
Called up share capital	13		100		100	
Profit and loss account			<u>129,793</u>		<u>68,378</u>	
			<u>129,893</u>		<u>68,478</u>	

Approved by the board on 15<sup>th</sup> June 1994  
and signed on its behalf by:

M G Clare

C A Clare

) Directors

The notes on pages 8 to 15 form an integral part of these accounts.

## DREAMS LIMITED

### NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 3RD APRIL 1994

#### 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 ACCOUNTS - continued FOR THE PERIOD ENDED 3RD APRIL, 1994

### 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. OPERATING PROFIT

1994

1993

£

£

This is stated after charging :

Depreciation

60,930

55,778

Loss on disposal of fixed assets

348

387

Payments under operating leases

8,400

8,400

Auditors' remuneration

5,000

5,000

Exceptional item - bad debt

-

15,000

### 4. EMPLOYEE INFORMATION

1994

1993

£

£

#### 4.1 Staff costs including directors:

Wages and salaries

828,784

645,064

Social security costs

78,013

62,044

906,797

707,108

#### 4.2 The average weekly number of employees including directors during the period was as follows:

No.

No.

Sales and administration

66

55

#### 4.3 Directors' emoluments:

£

£

Fees and salaries (including benefits in kind)

37,328

27,343

DREAMS LIMITED

NOTES TO THE ACCOUNTS - continued  
FOR THE PERIOD ENDED 3RD APRIL 1994

5. INTEREST PAYABLE

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
On bank loans, overdrafts and other loans wholly repayable within five years	12,793	16,605
Credit card charges	33,381	27,380
Finance lease and hire purchase	2,271	1,856
	<u>48,445</u>	<u>45,841</u>

6. TAXATION

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
The tax charge on the profit on ordinary activities for the period was as follows:		
U.K corporation tax at 25% (1993 - 25%)	<u>25,000</u>	<u>23,000</u>

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

7. DIVIDENDS

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Interim dividend paid:		
Interim dividends	<u>16,000</u>	<u>22,500</u>

# DREAMS LIMITED

## NOTES TO THE ACCOUNTS - continued FOR THE PERIOD ENDED 3RD APRIL 1994

### 8. TANGIBLE FIXED ASSETS

	Leasehold Premises £	Leasehold improvements £	Motor Vehicles £	Fittings and office equipment £	Total £
Cost:					
At 29th March 1993	25,161	228,910	116,338	88,583	453,992
Additions	780	24,254	50,974	9,991	85,999
Disposals	-	-	(32,639)	-	(32,639)
At 3rd April 1994	25,941	253,164	134,673	98,574	512,352
Depreciation:					
At 29th March 1993	10,466	54,791	59,093	41,101	165,451
Charge for period	1,979	21,045	23,890	14,016	60,930
Disposals	-	-	(20,821)	-	(20,821)
At 3rd April 1994	12,445	75,836	62,162	55,117	205,560
Net book value at 29th March 1993	14,695	174,119	57,245	47,482	293,541
Net book value at 3rd April 1994	13,496	177,328	72,511	43,457	306,792

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:

	1994 £	1993 £
Net book value at 3rd April 1994	56,221	31,160
Depreciation charged during year	18,740	10,385

DREAMS LIMITED

NOTES TO THE ACCOUNTS - continued  
FOR THE PERIOD ENDED 3RD APRIL 1994

<b>9. STOCKS</b>	<b>1994</b>	<b>1993</b>
	<b>£</b>	<b>£</b>
Goods for resale	<u>572,305</u>	<u>436,166</u>
<b>10. DEBTORS</b>	<b>1994</b>	<b>1993</b>
	<b>£</b>	<b>£</b>
Trade debtors	63,075	24,374
Amounts receivable from customers for goods to be delivered	219,251	307,417
Other debtors	34,251	22,883
Prepayments and accrued income	148,587	194,777
	<u>465,164</u>	<u>549,451</u>
<b>11. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>1994</b>	<b>1993</b>
	<b>£</b>	<b>£</b>
Bank loans and overdraft	170,554	129,241
Obligations under lease and hire purchase contracts	23,450	13,371
Trade creditors	548,625	481,795
Corporation tax	25,102	6,474
Other taxes and social security costs	140,579	136,588
Other creditors	12,622	-
Accruals for goods to be delivered	155,000	380,096
Other accruals	111,158	48,510
	<u>1,187,090</u>	<u>1,196,075</u>
	<b>1994</b>	<b>1993</b>
	<b>£</b>	<b>£</b>
Secured creditors included above are as follows:		
Bank overdraft:		
unlimited debenture	170,554	129,241
Hire purchase instalments:		
secured on the assets concerned	23,450	13,371
	<u>194,004</u>	<u>142,612</u>

# DREAMS LIMITED

## NOTES TO THE ACCOUNTS - continued FOR THE PERIOD ENDED 3RD APRIL 1994

### 12. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1994</u>	<u>1993</u>
	£	£
Obligations under lease and hire purchase contracts	29,604	16,245
	<u>29,604</u>	<u>16,245</u>
	<u>1994</u>	<u>1993</u>
	£	£
Amounts payable by instalments between one and five years hence:		
Finance lease and hire purchase contracts	<u>29,604</u>	<u>16,245</u>
Secured creditors included above are as follows:		
Hire purchase instalments:		
secured on assets concerned	<u>29,604</u>	<u>16,245</u>

### 13. SHARE CAPITAL

	<u>1994</u>	<u>1993</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>

DREAMS LIMITED

NOTES TO THE ACCOUNTS - continued  
FOR THE PERIOD ENDED 3RD APRIL 1994

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	<u>1994</u>	<u>1993</u>
	£	£
Profit for the financial year after taxation	77,415	53,806
Dividends	(16,000)	(22,500)
Net addition to shareholders' funds	61,415	31,306
Opening shareholders' funds at 29th March 1993	68,478	64,247
Prior year adjustment	-	(27,075)
Closing shareholders' funds at 3rd April 1994	<u>129,893</u>	<u>68,478</u>

15. TRANSACTIONS WITH DIRECTORS

Mr and Mrs H 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 ACCOUNTS - continued  
FOR THE PERIOD ENDED 3RD APRIL 1994

16. LEASE COMMITMENTS

Net obligations under finance leases and hire purchase contracts

	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
Minimum payments due:		
Within one year	26,798	14,171
1-2 years	23,883	17,575
3-5 years	10,573	-
	<u>61,254</u>	<u>31,746</u>
Gross obligations	61,254	31,746
less: finance charges allocated to future periods	(8,200)	(2,130)
Net obligations	<u>53,054</u>	<u>29,616</u>

Annual commitments under operating leases

	<u>Land &amp; Buildings</u> <u>1994</u> <u>£</u>	<u>Other Assets</u> <u>1994</u> <u>£</u>	<u>Land &amp; Buildings</u> <u>1993</u> <u>£</u>	<u>Other Assets</u> <u>1993</u> <u>£</u>
Operating leases expiring:				
Within one year	20,000	8,400	-	-
After 1-5 years	91,108	-	-	8,400
After 5 years	417,583	-	291,458	-
	<u>528,691</u>	<u>8,400</u>	<u>291,458</u>	<u>8,400</u>
Annual commitments at 3rd April 1994	528,691	8,400	291,458	8,400