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DAVID BAILEY FURNITURE SYSTEMS LIMITED

CHAIRMAN

J. Haigh

DIRECTORS

J. Haigh  
T. Gillman

SECRETARY

K. Godden

ACCOUNTANTS

Neville Weston  
3 High Street  
St Lawrence  
Ramsgate  
Kent

BANKERS

Lloyds Bank PLC  
3 Queen Street  
Ramsgate  
Kent

REGISTERED OFFICE

45 Lysander Close  
Pysons Road Industrial Estate  
Broadstairs  
Kent

REGISTERED NUMBER - 01665150



ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 1995

DAVID BAILEY FURNITURE SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 1995

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was that of the Manufacture of Specialist Furniture.

DIVIDENDS AND TRANSFERS TO RESERVES

No interim dividends were paid in the year ended 31st August 1995. The Directors recommend final dividends as follows:

£1 Ordinary Shares	£ 1.66 per share
£1 Preference Shares	Nil per share

The total distribution of dividends for the year ended 31st August 1995 will be £10,000, and the retained profit transferred to reserves £87,398.

DIRECTORS / SHAREHOLDINGS

	1994		1995	
	ORD.	PREF.	ORD.	PREF.
The Directors of the Company in office during the year, and their beneficial interests were as follows:	SHARES	SHARES	SHARES	SHARES
J. Haigh	3,600	100,000	3,600	100,000
T. Gillman	-	-	-	-

NON-DIRECTOR SHAREHOLDINGS

D. Haigh	2,400	100,000	2,400	100,000
	6,000	200,000	6,000	200,000

No changes have taken place during the year

Cont. Overleaf . . . .

DAVID BAILEY FURNITURE SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 1995

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 the year. In preparing these 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;

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.

AUDITORS

Messrs Neville Weston, the Company's Auditors, offer themselves for re-election at the Annual General Meeting, in accordance with the Companies Act 1985.

Signed on Behalf of the Board By:

.....  
Director

.....  
Director

Dated: 9th November 1995

DAVID BAILEY FURNITURE SYSTEMS LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached financial statements which have been prepared under the historical cost convention and the Accounting Policies set out in the Notes to the Accounts.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on the Directors' Report, the Company's Directors are responsible for the preparation of the 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

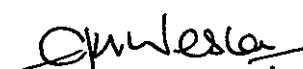
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

OPINION

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31st August 1995, and of its results for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

3, High Street  
St. Lawrence  
Ramsgate  
Kent CT11 0QL

  
Certified Accountants  
Registered Auditor

Dated: 9th November 1995

DAVID BAILEY FURNITURE SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 1995

1994		1995
-----		-----
£911,388	TURNOVER	£1,207,320
	-----	
657,616	COST OF SALES	812,546
-----	-----	-----
£253,772	GROSS PROFIT	£ 394,774
-----	-----	-----
	OPERATING CHARGES:	
	-----	
24,858	Distribution Costs	£ 34,503
126,999	Administration Expenses	168,394
9,617	Other Operating Charges	12,246
24,338	Depreciation of Tangible Assets	26,495
27,126	Director's Remuneration	30,763
-----	-----	-----
£212,938		£ 272,401
-----		-----
£ 40,834	NET OPERATING PROFIT	£ 122,373
	-----	
	OTHER INCOME (CHARGES)	
	-----	
983	Bank Deposit Interest (Gross)	2,286
-----	-----	-----
£ 41,817	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	£ 124,659
	-----	
	TAXATION ON ORDINARY ACTIVITIES	
	-----	
246	Corporation Tax	27,261
-----	-----	-----
£ 41,571	PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	£ 97,398
	-----	
-	DIVIDEND	10,000
-----	-----	-----
£ 41,571		£ 87,398
( 80,979)	BALANCE OF LOSSES Brought Forward	( 39,408)
-----	-----	-----
(£ 39,408)	BALANCE OF PROFITS Carried Forward	£ 47,990
=====	-----	=====

NOTE: All recognised gains and losses are included  
----- in the Profit and Loss Account.

DAVID BAILEY FURNITURE SYSTEMS LIMITED

TANGIBLE ASSETS AS AT 31 AUGUST 1995

1994				1995
----				----
8,000		ALTERATIONS TO PROPERTY		8,000
		At Cost		
		COMPUTER HARDWARE		
	3,748	At Cost	6,500	
	1,368	Less Depreciation	2,587	
2,380	-----		-----	3,913
		PLANT & EQUIPMENT		
	141,212	At Cost	168,057	
	78,892	Less Depreciation	96,725	
62,320	-----		-----	71,332
		FIXTURES & FITTINGS		
	38,830	At Cost	38,830	
	23,735	Less Depreciation	26,754	
15,095	-----		-----	12,076
		MOTOR VEHICLES		
	23,940	At Cost	31,440	
	8,899	Less Depreciation	13,407	
15,041	-----		-----	18,033
-----				-----
102,836		TOTAL OF TANGIBLE ASSETS		113,354
=====		-----		=====

DAVID BAILEY FURNITURE SYSTEMS LIMITED

NET CURRENT ASSETS AS AT 31 AUGUST 1995

1994

1995

CURRENT ASSETS

55,122	STOCK AND WORK IN PROGRESS	36,159
191,663	SUNDRY DEBTORS	182,750
61,325	BANK DEPOSIT	106,374
332	CASH ACCOUNT	549
-	BANK ACCOUNT	24,451
-----		-----
308,442		350,283
-----		-----

CREDITORS : AMOUNTS FALLING DUE  
WITHIN ONE YEAR

6,912	FINANCE LEASE ACCOUNTS	7,417
4,881	HIRE PURCHASE ACCOUNTS	-
246	CORPORATION TAX DUE	27,261
135,513	SUNDRY CREDITORS	103,296
35,554	BANK OVERDRAFT	-
-----		-----
183,106		137,974
-----		-----

125,336

NET CURRENT ASSETS

212,309

=====

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DAVID BAILEY FURNITURE SYSTEMS LIMITED

BALANCE SHEET AS AT 31 AUGUST 1995

1994

1995

FIXED ASSETS

102,836

TANGIBLE ASSETS

113,354

125,336

NET CURRENT ASSETS

212,309

228,172

TOTAL ASSETS LESS CURRENT LIABILITIES

325,663

CREDITORS : AMOUNTS FALLING DUE  
AFTER MORE THAN ONE YEAR

7,757  
24,823

FINANCE LEASE ACCOUNT  
LOAN ACCOUNT

17,850  
24,823

32,580

42,673

195,592

282,990

CAPITAL AND RESERVES

206,000

CALLED UP SHARE CAPITAL

206,000

29,000

SHARE PREMIUM ACCOUNT

29,000

( 39,408)

PROFIT AND LOSS ACCOUNT

47,990

195,592

282,990

The Financial Statements were approved by the Board of Directors on  
9th November 1995, and signed on its behalf by:

.....  
Director

.....  
Director



DAVID BAILEY FURNITURE SYSTEMS LIMITED

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 1995

ACCOUNTING POLICIES

Basis of Accounting

The Accounts are prepared under the historical cost convention

Cash Flow Statement

The Company is classified as a small company and in accordance with Financial Reporting Standard No. 1 is exempt from preparing a cash flow statement.

Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Computer Hardware	25% on Reducing Balance
Plant and Equipment	20% on Reducing Balance
Fixtures and Fittings	20% on Reducing Balance
Motor Vehicles	20% on Reducing Balance

Leased Assets

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases") the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding liability to the leasing company is included as an obligation under finance leases. Depreciation on leased assets is charged to the profit and loss account on the same basis as shown above.

Leasing payments are treated as consisting of capital and interest elements, and interest is charged to the Profit and Loss Account using the "sum of digits" method.

Stock

This has been valued by the Directors at the lower of cost or market value.

OPERATING PROFIT

This is stated after charging the following:

1994		1995
£ 1,000	Auditors' Remuneration	£ 1,000
1,352	Bank Charges and Interest	1,840
2,482	Finance Lease Interest	2,900
2,123	Hire Purchase Interest	652
	Depreciation:	
14,740	Owned Assets	12,516
	Assets subject to Hire Purchase	
9,598	or Finance Leases	13,979
31,006	Directors' Emoluments	34,842

DAVID BAILEY FURNITURE SYSTEMS LIMITED

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 1995

CONTINUED

TURNOVER

This is attributable to the one principal activity of the Company. All sales were made within the United Kingdom.

STAFF COSTS

£200,524	Wages and Salaries	£257,158
24,528	National Insurance	27,722
4,361	Pension Costs	4,676
£229,413		£289,556

TAXATION

£ 246	U.K. Corporation Tax at 25%	£ 27,261
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TANGIBLE FIXED ASSETS

	Alterations To Property	Computer Hardware	Plant & Equipment	Fixtures & Fittings	Motor Vehicles	Totals
Cost	£	£	£	£	£	£
At 01.9.94	8,000	3,748	141,212	38,830	23,940	215,730
Additions		3,093	26,845		7,500	37,438
Disposals		( 342)				( 342)
	8,000	6,500	168,057	38,830	31,440	252,827
Depreciation						
At 01.9.94		1,368	78,892	23,735	8,899	112,894
Written Off on Disposals		( 85)				( 85)
Charge for Year		1,304	17,833	3,019	4,508	26,664
	-	2,587	96,725	26,754	13,407	139,473
Net Book Value						
At 31.8.95	8,000	3,912	71,332	12,077	18,033	113,354
At 31.8.94	8,000	2,380	62,320	15,095	15,041	102,836

The Gross amount of assets held under Hire Purchase or Finance Lease and related Accumulated Depreciation:

£ 65,284	Cost	£ 32,995
26,888	Accumulated Depreciation	9,189
£ 38,396		£ 23,806

DAVID BAILEY FURNITURE SYSTEMS LIMITED

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 1995

CONTINUED

CAPITAL COMMITMENTS

TOTAL

Contracted for but not Provided	£ 8,000
Authorised but not Contracted for	£ 18,000

1994

1995

SUNDRY DEBTORS

Due in Less than One Year:		
£174,685	Trade Debtors	£167,653
4,968	Sundry Debtors	2,891
11,342	Prepayments	8,846
£190,995		£179,390

Due in More than One Year:		
£ 668	Sundry Debtors	£ 3,360
£191,663		£182,750

SUNDRY CREDITORS

£108,610	Trade Creditors	£ 49,172
11,248	Social Security and Other Taxes	29,406
15,655	Accruals	24,718
£135,513		£103,296

SHARE CAPITAL

Authorised:		
300,000 Shares of £1 each		£300,000
Allotted, Issued and Fully Paid:		
6,000 Ordinary Shares of £1 each		£ 6,000
200,000 Preference Shares of £1 each		£200,000