

DAVID BAILEY FURNITURE SYSTEMS LIMITED

Reg. Cos

CHAIRMAN

J. HAIGH

DIRECTORS

J HAIGH
T GILLMAN
D HAIGH
G GOLDFINCH

SECRETARY

K. GODDEN

ACCOUNTANTS

NEVILLE WESTON
3 HIGH STREET
ST. LAWRENCE
RAMSGATE
KENT CT11 0QL

BANKERS

LLOYDS BANK PLC
QUEEN STREET
RAMSGATE
KENT

REGISTERED OFFICE

45 LYSANDER CLOSE
PYSONS ROAD INDUSTRIAL ESTATE
BROADSTAIRS KENT CT10 2YJ

REGISTERED NUMBER 01665150

ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 1998



DAVID BAILEY FURNITURE SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 1998

PRINCIPAL ACTIVITY

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

SHAREHOLDINGS OF COMPANY

	1997		1998	
	ORD. SHARES	PREF. SHARES	ORD. SHARES	PREF. SHARES
J. Haigh - Director	3,600	76,250	3,600	58,750
T. Gillman - Director	264	-	396	-
D. Haigh - Director	2,400	76,250	2,400	58,750
	6,264	152,500	6,396	117,500

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.

SMALL COMPANY RULES

These Accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

This Report was approved by the Board on 21st December 1998 and signed on its behalf.


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Director


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Director

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DAVID BAILEY FURNITURE SYSTEMS LIMITED

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.

DAVID BAILEY FURNITURE SYSTEMS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

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 1998, and of its profit for the year then ended, and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

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

Neville Wells
Chartered Certified Accountants
Registered Auditor

Dated: 21st December 1998

DAVID BAILEY FURNITURE SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 1998

1997		1998
-----		-----
1,283,992	TURNOVER	1,317,026

875,966	COST OF SALES	871,549
	-----	-----
408,026	GROSS PROFIT	445,477

	OPERATING CHARGES	

30,914	DISTRIBUTION COSTS	37,195
193,755	ADMINISTRATION EXPENSES	203,069
14,283	OTHER OPERATING CHARGES	15,367
27,591	DEPRECIATION OF TANGIBLE ASSETS	28,061
42,410	DIRECTORS' REMUNERATION	59,347
308,953		343,039

99,073	PROFIT ON TRADING OPERATIONS	102,438

	OTHER OPERATING INCOME	

-	RENT RECEIVABLE	1,900
1,079	BANK DEPOSIT INTEREST	1,362
1,079		3,262

100,152	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	105,700

	TAXATION ON ORDINARY ACTIVITIES	

21,463	CORPORATION TAX	21,693

78,689	PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	84,007

8,000	CAPITAL REDEMPTION	35,000

8,000	PROPERTY ALTERATIONS	-

-	DIVIDEND	24,000

62,689		25,007
3,133	BALANCE OF PROFITS Brought Forward	65,822
	-----	-----
65,822	BALANCE OF PROFITS Carried Forward	90,829
=====	-----	=====

There were no recognised gains and losses for either year other than those included in the Profit and Loss Account

DAVID BAILEY FURNITURE SYSTEMS LIMITED

NET CURRENT ASSETS (LIABILITIES) AS AT 31 AUGUST 1998

1997

1998

CURRENT ASSETS

56,723	STOCK AND WORK IN PROGRESS	68,293
327,418	SUNDRY DEBTORS	264,787
11,780	BANK DEPOSIT	54,142
95	CASH ACCOUNT	171
1,836	BANK ACCOUNT	22,184
-----		-----
397,852		409,577
-----		-----

CREDITORS : AMOUNTS FALLING DUE
WITHIN ONE YEAR

19,848	FINANCE LEASE ACCOUNTS	20,107
20,920	CORPORATION TAX DUE	21,446
131,130	SUNDRY CREDITORS	107,607
-----		-----
171,898		149,160
-----		-----

225,954

NET CURRENT ASSETS (LIABILITIES)

260,417

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DAVID BAILEY FURNITURE SYSTEMS LIMITED

BALANCE SHEET AS AT 31 AUGUST 1998

1997			1998
----			----
	FIXED ASSETS		

121,897	TANGIBLE ASSETS		128,649
	NET CURRENT ASSETS (LIABILITIES)		

397,852	CURRENT ASSETS	409,577	
171,898	CREDITORS : AMOUNTS FALLING DUE		
	WITHIN ONE YEAR	149,160	
225,954			260,417
-----		-----	-----
347,851	TOTAL ASSETS LESS CURRENT LIABILITIES		389,066

	CREDITORS : AMOUNTS FALLING DUE		
	AFTER MORE THAN ONE YEAR		
46,765	FINANCE LEASE ACCOUNT	38,841	
-	LOAN ACCOUNT	24,000	
46,765			62,841
-----		-----	-----
301,086	NET ASSETS		326,225
=====	-----		=====
	CAPITAL AND RESERVES		

150,764	CALLED UP SHARE CAPITAL		115,896
29,000	SHARE PREMIUM ACCOUNT		29,000
55,500	CAPITAL REDEMPTION RESERVE		90,500
65,822	PROFIT AND LOSS ACCOUNT		90,829
301,086			326,225
=====	-----		=====

The Financial Statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities, were approved by the board on the 21st December 1998, and signed on its behalf.

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Director

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Director

The notes attached hereto form part of these financial statements

DAVID BAILEY FURNITURE SYSTEMS LIMITED

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 1998

ACCOUNTING POLICIES

Basis of Accounting

The Accounts are prepared under the historical cost convention.

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.

Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Profit and Loss Account as incurred.

Stock

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

Pensions

The Company operates a defined contribution pension scheme, David Bailey Furniture Systems Retirement Benefit Scheme, and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

APPROVAL OF ACCOUNTS

The Directors have taken advantage, in the preparation of these financial statements, of the exemptions available under Part I of Schedule 8 to the Companies Act 1985, on the grounds that the Company qualifies as a small company by virtue of Section 247 of the Companies Act 1985.

DAVID BAILEY FURNITURE SYSTEMS LIMITED

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 1998

CONTINUED

OPERATING PROFIT

This is stated after charging the following:

1997		1998
-----		-----
£ 1,500	Auditors' Remuneration	£ 1,700
3,784	Bank Charges and Interest	3,505
3,286	Finance Lease Interest	5,969
3,443	Pension Costs	3,655
	Depreciation:	
15,574	Owned Assets	16,207
	Assets subject to Hire Purchase	
8,833	or Finance Leases	11,854
46,892	Directors' Emoluments	61,660
3,892	Operating Lease Rentals - Other	3,892
	- Hire of	
1,825	Plant & Machinery	4,357
-----		-----

TURNOVER

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

TAXATION

£ 21,490	U.K. Corporation Tax at 21%	£ 21,693
	(1997 : 23%/21%)	
(27)	Prior Years	-
-----		-----

TANGIBLE FIXED ASSETS

	Computer Hardware	Plant & Equipment	Fixtures & Fittings	Motor Vehicles	Totals
Cost	£	£	£	£	£
At 01.9.97	6,500	234,812	38,830	17,926	298,068
Additions	7,085	1,654	378	26,947	36,064
Disposals	(6,363)	-	-	-	(6,363)
	7,222	236,466	39,208	44,873	327,769
Depreciation					
At 01.9.97	4,298	134,318	31,101	6,453	176,170
Disposals W/Off	(4,205)	-	-	-	(4,205)
Charge for Year	1,782	20,186	1,622	3,565	27,155
	1,875	154,504	32,723	10,018	199,120
Net Book Value					
At 31.8.98	5,347	81,962	6,485	34,855	128,649
At 31.8.97	2,201	100,494	7,729	11,473	121,897
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DAVID BAILEY FURNITURE SYSTEMS LIMITED

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 1998

CONTINUED

TANGIBLE FIXED ASSETS - CONTINUED

1997		1998
	The Gross amount of assets held under Hire Purchase or Finance Lease and related Accumulated Depreciation:	
£ 83,491	Cost	£103,029
23,161	Accumulated Depreciation	35,015
£ 60,330		£ 68,014

MOVEMENT ON SHAREHOLDERS FUNDS

£ 78,689	Profit for the Year	£ 83,673
(8,000)	Less : Property Alterations	-
70,689		83,673
238,265	Opening Shareholders Funds	301,086
132	Issue of 132 Ordinary Shares	132
(8,000)	Redemption of Preference Shares	(35,000)
-	Dividend Paid	(24,000)
£301,086		£325,891

DEBTORS

£295,731	Due in Less than One Year:	
7,553	Trade Debtors	£237,921
12,696	Sundry Debtors	7,775
	Prepayments	13,202
£315,980		£258,898
£ 11,438	Due in More than One Year:	
	Sundry Debtors	£ 5,889
£327,418		£264,787

CREDITORS : Amounts Falling Due Within One Year

£ 66,900	Trade Creditors	£ 52,455
41,537	Social Security and Other Taxes	36,848
22,693	Accruals	18,304
£131,130		£107,607

DAVID BAILEY FURNITURE SYSTEMS LIMITED

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 1998

CONTINUED

CREDITORS : Amounts Falling Due Within One Year - Continued

The Company meets its day to day working capital requirements through an overdraft facility which is repayable upon demand. The Company expects to work within the facility currently agreed and within that expected to be agreed on 27th October 1998 when the Company's Bankers are due to consider further renewal. These views are based on the Company's plans and on the successful outcome of discussions with the Company's Bankers. The facility is secured by a debenture on the Company's undertaking, property and assets.

The Bank overdraft facility is secured by a fixed and floating charge over the Company's assets. The finance leases are secured upon the assets concerned.

OBLIGATIONS UNDER FINANCE LEASES

The maturity of these amounts is as follows:

£ 25,734	Within One Year	£ 25,666
56,953	Within Two to Five Years	44,730
£ 82,687		£ 70,396
16,074	Less: Financial Charges allocated to Future Periods	11,448
£ 66,613		£ 58,948

SHARE CAPITAL

£300,000	Authorised: 300,000 Shares of £1 each	£300,000
£ 6,264	Allotted, Issued and Fully Paid: 6,264 Ordinary Shares of £1 each	£ 6,396
£144,500	144,500 Preference Shares of £1 each	£109,500

OTHER COMMITMENTS

At 31st August 1998 the Company had annual commitments under non-cancellable operating leases, as follows:

£ 703	Expiry Date "Other Leases": Within One Year	£ 3,486
4,738	Between Two and Five Years	5,796

TRANSACTIONS WITH DIRECTORS/RELATED PARTIES

Mr J Haigh is a Partner in Haigh Express Transport from whom the Company bought services to the value of £79,236 (1997 - £76,239) on normal commercial terms.

The Company occupies premises owned by the controlling Director and majority Shareholders under a ten year lease dated 1st June 1988. The Lease was renewed after the Balance Sheet to run for a similar term.

DAVID BAILEY FURNITURE SYSTEMS LIMITED

TANGIBLE ASSETS AS AT 31 AUGUST 1998

1997				1998
-----				-----
		COMPUTER HARDWARE		
	6,500	At Cost	7,222	
	4,299	Less Depreciation	1,875	
2,201	-----		-----	5,347
		PLANT & EQUIPMENT		
	234,812	At Cost	236,466	
100,494	-----	Less Depreciation	154,504	
			-----	81,962
		FIXTURES & FITTINGS		
	38,830	At Cost	39,208	
7,729	-----	Less Depreciation	32,723	
			-----	6,485
		MOTOR VEHICLES		
	17,926	At Cost	44,873	
	6,453	Less Depreciation	10,018	
11,473	-----		-----	34,855
-----				-----
121,897		TOTAL OF TANGIBLE ASSETS		128,649
=====		-----		=====