

Reg. Co

DAVID BAILEY FURNITURE SYSTEMS LIMITED

CHAIRMAN

J. HAIGH

DIRECTORS

J HAIGH
T GILLMAN
D HAIGH
G GOLDFINCH

SECRETARY

G GOLDFINCH

AUDITORS

NEVILLE WESTON
ACCOUNTANTS AND REGISTERED AUDITORS
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 (ENGLAND AND WALES)

ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 1999

DAVID BAILEY FURNITURE SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 1999

PRINCIPAL ACTIVITY

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

SHAREHOLDINGS OF COMPANY

	1998		1999	
	ORD. SHARES	PREF. SHARES	ORD. SHARES	PREF. SHARES
J. Haigh - Director	3,600	54,750	3,600	39,750
T. Gillman - Director	396	-	528	-
D. Haigh - Director	2,400	54,750	2,400	39,750
	6,396	109,500	6,528	79,500


AUDITORS

Messrs Neville Weston, the Company's Auditors, will be proposed for re-appointment in accordance with S.385 of 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.

This Report was approved by the Board on 7th December 1999 and signed on its behalf.


T. Gillman
Director

DAVID BAILEY FURNITURE SYSTEMS LIMITED

STATEMENT OF 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 in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999), 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 1999, and of its profit for the year then ended, and have been properly prepared in accordance with the provisions of the Companies Act 1985.

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


Chartered Certified Accountants
Registered Auditors

Dated: 7th December 1999

DAVID BAILEY FURNITURE SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 1999

1998 -----		1999 -----
£1,317,026	TURNOVER -----	£1,066,944
871,549 -----	COST OF SALES -----	730,129 -----
£ 445,477	GROSS PROFIT -----	£ 336,815
(37,195)	DISTRIBUTION COSTS	(35,598)
(299,225) -----	ADMINISTRATIVE EXPENSES	(289,758) -----
£ 109,057	OPERATING PROFIT -----	£ 11,459
1,250	PROFIT ON DISPOSAL OF FIXED ASSETS	-
1,362	INTEREST RECEIVABLE	955
(5,969) -----	INTEREST PAYABLE	(5,559) -----
£ 105,700	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION -----	£ 6,855
21,693 -----	TAXATION ON PROFIT ON ORDINARY ACTIVITIES	2,197 -----
£ 84,007	PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION -----	£ 4,658
35,000	CAPITAL REDEMPTION	30,000
24,000 -----	DIVIDEND	- -----
25,007	RETAINED RESULT FOR THE YEAR -----	(25,342)
65,822 -----	RETAINED PROFIT BROUGHT FORWARD	90,829 -----
£ 90,829 =====	RETAINED PROFIT CARRIED FORWARD -----	£ 65,487 =====

DAVID BAILEY FURNITURE SYSTEMS LIMITED

BALANCE SHEET AS AT 31 AUGUST 1999

1998 -----		1999 -----
	FIXED ASSETS -----	
£128,649	TANGIBLE ASSETS	£ 95,309
	CURRENT ASSETS -----	
68,293	STOCK AND WORK IN PROGRESS	72,782
253,339	DEBTORS	308,068
76,497	CASH AT BANK AND IN HAND	688
-----		-----
398,129		381,538
-----		-----
167,601	CREDITORS: AMOUNTS FALLING DUE ----- WITHIN ONE YEAR	156,030
-----		-----
230,528	NET CURRENT ASSETS (LIABILITIES)	225,508
-----		-----
359,177	TOTAL ASSETS LESS CURRENT LIABILITIES	320,817

	CREDITORS: AMOUNTS FALLING DUE ----- AFTER MORE THAN ONE YEAR	19,802
32,952		-----
-----		19,802
£326,225	NET ASSETS	£301,015
=====		=====
	CAPITAL RESERVES -----	
£115,896	CALLED UP SHARE CAPITAL	£ 86,028
29,000	SHARE PREMIUM ACCOUNT	29,000
90,500	CAPITAL REDEMPTION RESERVE	120,500
90,829	PROFIT AND LOSS ACCOUNT	65,487
-----		-----
£326,225		£301,015
=====		=====

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, (effective March 1999), were approved by the Board on the 7th December 1999, and signed on its behalf.



 J. Haigh
 Director



 T. Gillman
 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 1999

ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

The Accounts are prepared under the historical cost convention.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the Company, net of Value Added Tax.

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

Leasing and Hire Purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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.

Stocks and Work in Progress

Stocks and Work in Progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

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.

DAVID BAILEY FURNITURE SYSTEMS LIMITED

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 1999

CONTINUED

TURNOVER

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

OPERATING PROFIT

This is stated after charging the following:

1998		1999
£ 1,700	Auditors' Remuneration	£ 2,100
3,655	Pension Costs	3,849
16,207	Depreciation:	
	Owned Assets	12,999
11,854	Assets subject to Hire Purchase	
61,660	or Finance Leases	11,162
	Directors' Emoluments	61,516

TAXATION

£ 21,693	U.K. Corporation Tax at 20%/21% (1998 : 21%)	£ 2,076
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DIVIDENDS

£ 24,000	Final Dividend of 21.91 pence per preference share - paid	£ -
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TANGIBLE FIXED ASSETS

	Computer Hardware	Plant & Equipment	Fixtures & Fittings	Motor Vehicles	Totals
Cost					
At 01.9.98	7,221	236,466	39,208	44,873	327,768
Disposals				(17,925)	(17,925)
	7,221	236,466	39,208	26,948	309,843
Depreciation					
At 01.9.98	1,875	154,504	32,723	10,018	199,120
Disposals W/Off				(8,747)	(8,747)
Charge for Year	1,337	16,392	1,297	5,135	24,161
	3,212	170,896	34,020	6,406	214,534
Net Book Value					
At 31.8.99	4,009	65,570	5,188	20,542	95,309
At 31.8.98	5,347	81,962	6,485	34,855	128,649

Included above are assets held under finance leases or hire purchase contracts amounting to £44,649, (1998 - £68,014)

DAVID BAILEY FURNITURE SYSTEMS LIMITED

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 1999

CONTINUED

1998		1999
-----		-----
MOVEMENT ON SHAREHOLDERS FUNDS		

£ 84,007	Profit for the Year	£ 4,658
301,086	Opening Shareholders Funds	326,225
132	Issue of 132 Ordinary Shares	132
(35,000)	Redemption of Preference Shares	(30,000)
(24,000)	Dividend Paid	-
-----		-----
£326,225		£301,015
-----		-----
DEBTORS: Due in Less than One Year:		

£237,921	Trade Debtors	£280,748
15,418	Other Debtors	27,320
-----		-----
£253,339		£308,068
-----		-----
CREDITORS : Amounts Falling Due Within One Year		

£ -	Bank Loans and Overdrafts	£ 18,695
14,549	Net Obligations under Finance Leases	13,150
52,455	Trade Creditors	65,373
21,445	Corporation Tax	2,076
79,152	Other Creditors	56,736
-----		-----
£167,601		£156,030
-----		-----

Included within Other Creditors is an amount of £24,264, (1998 - £36,848), relating to Social Security and Other Taxes. Of the Creditors falling due within and after more than one year the Bank loans and overdrafts totalling £18,695 (1998 - Nil), and the net obligations under finance lease and hire purchase contracts £32,952, (1998 - £47,501) are secured.

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 in December 1999 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.

DAVID BAILEY FURNITURE SYSTEMS LIMITED

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 1999

CONTINUED

OBLIGATIONS UNDER FINANCE LEASES

The maturity of these amounts is as follows:

£ 25,666	Within One Year	£ 16,661
44,730	Within Two to Five Years	22,180
£ 70,396		£ 38,841
11,448	Less: Financial Charges allocated to Future Periods	5,889
£ 58,948		£ 32,952

SHARE CAPITAL

£300,000	Authorised: 300,000 Shares of £1 each	£300,000
£ 6,396	Allotted, Issued and Fully Paid: 6,528 Ordinary Shares of £1 each	£ 6,528
£109,500	79,500 Preference Shares of £1 each	£ 79,500

OTHER COMMITMENTS

At 31st August 1999 the Company had annual commitments under non-cancellable operating leases, as follows:

	Expiry Date "Other Leases":	
£ 3,486	Within One Year	£ 250
5,796	Between Two and Five Years	7,957

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 (1998 - £79,236) on normal commercial terms.

DEFERRED TAXATION

The additional potential liability for Deferred Taxation not provided was:

Accelerated Capital Allowances:	
Balance at 1st September 1998	£ 6,018
Decrease in Year	(637)
Balance at 31st August 1999	£ 5,381