

Registered no: 2093821

Dauphin plc
Annual report
for the year ended 31 December 1997



Dauphin plc

Annual report for the year ended 31 December 1997

	Pages
Directors and advisers	1
Directors' report	2
Report of the auditors	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

Directors and advisers

Directors

S G Thomson
(Chairman)

P J Smithson
(Managing Director)

P Dowdy

G Priest

A C Taylor

F-W Dauphin *

Mrs E E Dauphin *

* Non-executive

Secretary and registered office

G Priest
Peter Street
Blackburn
Lancashire
BB1 5LH

Registered Auditors

Coopers & Lybrand
Abacus Court
6 Minshull Street
Manchester
M1 3ED

Solicitors

Addleshaw Booth & Co
100 Barbirolli Square
Manchester
M2 3AB

Bankers

National Westminster Bank PLC
Manchester Corporate Business Centre
100 Barbirolli Square
Manchester
M60 2FT

**Directors' report
for the year ended 31 December 1997**

The directors present their report and the audited financial statements for the year ended 31 December 1997.

Principal activities

Throughout the year the principal activity of the company was the design, manufacture and marketing of office seating.

Review of business and future developments

The profit and loss account for the year is set out on page 6.

Following the demerger of the office seating and desking business in March 1996, the seating business was reorganised and the company's sales and trading results have continued to show improvement from those in the second half of 1996.

The opportunity for 1998 is further improvement by increasing sales and margins through the development of new products and strengthening the dealer network. The management team is fully committed to achieving this objective.

Dividends

The directors do not recommend a final dividend in respect of the year ended 31 December 1997 (1996: £460,000).

Directors

The names of the current directors, who each served throughout the year, are shown on page 1.

On 5 September 1997, C A Mordlock and Anthony Waddicor resigned as directors.

Directors' interests

No directors held beneficial interests in the shares of the company, its subsidiary undertakings or fellow subsidiary undertakings at 31 December 1997, or at any time during the year.

The interests of the directors of the company at 31 December 1997 in the shares and share options of the parent company, Calderburn PLC, according to the register required to be kept by Section 325 of the Companies Act 1985, were as follows:

	Ordinary 10p shares of Calderburn PLC			
	Shares held		Options held	
	31 December 1997	1 January 1997	31 December 1997	1 January 1997
G Priest	2,181	2,181	56,362	56,362
P Dowdy	513	513	54,999	54,999

As permitted by statutory instrument, the register does not include directors who are also directors of the company's parent company.

During the year Calderburn PLC introduced a Share Price Related Incentive Scheme for senior executives in the group. Each participating senior executive is allocated notional shares in the parent company, Calderburn PLC, and will receive a bonus payment based on the increase in the share price over the three year period following the date of the allocation provided certain performance conditions are met. Bonus payments can be made either in shares or cash and are capped at 50p per share.

The allocation to the directors of notional shares as at 31 December 1997 is as shown below:

	31 December 1997	1 January 1997
P J Smithson	60,000	-

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

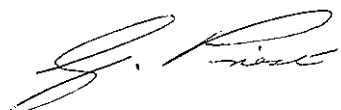
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board

A handwritten signature in dark ink, appearing to read 'G. Priest', is written over the printed name.

G Priest
Company Secretary
7 April 1998

Report of the auditors to the members of Dauphin plc

We have audited the financial statements on pages 6 to 17.

Respective responsibilities of directors and auditors

As described on page 3 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.

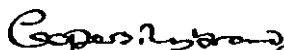
Basis of opinion

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand

Chartered Accountants and Registered Auditors
Manchester
7 April 1998

Profit and loss account for the year ended 31 December 1997

	Notes	1997 £'000	1996 £'000
Turnover			
Continuing operations		6,617	7,632
Discontinued operations		-	2,034
		<hr/>	<hr/>
Total turnover	2	6,617	9,666
Cost of sales		(4,851)	(7,422)
		<hr/>	<hr/>
Gross profit		1,766	2,244
Net operating expenses		(1,941)	(2,960)
		<hr/>	<hr/>
Operating loss			
Continuing operations		(175)	(339)
Discontinued operations		-	(377)
		<hr/>	<hr/>
		(175)	(716)
1995 provision		-	377
		<hr/>	<hr/>
Total operating loss	3	(175)	(339)
Net loss on sale of discontinued operations		-	(874)
1995 provision		-	3,873
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before interest		(175)	2,660
Interest payable and similar charges	6	(14)	(315)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation	7	(189)	2,345
Tax on (loss)/profit on ordinary activities	8	183	(285)
		<hr/>	<hr/>
(Loss)/profit for the financial year		(6)	2,060
Dividends on equity shares	9	-	(460)
		<hr/>	<hr/>
(Deficit)/retained profit for the year	17	(6)	1,600
		<hr/> <hr/>	<hr/> <hr/>

There are no recognised gains or losses other than those reflected in the loss for the financial year, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

**Balance sheet
at 31 December 1997**

	Notes	1997 £'000	1996 £'000
Fixed assets			
Tangible assets	10	1,313	1,492
Investments	11	5	5
		<u>1,318</u>	<u>1,497</u>
Current assets			
Property held for disposal		-	82
Stocks	12	681	971
Debtors	13	2,707	2,928
Cash at bank and in hand		27	2
		<u>3,415</u>	<u>3,983</u>
Creditors: amounts falling due within one year	14	<u>(1,410)</u>	<u>(2,151)</u>
Net current assets		<u>2,005</u>	<u>1,832</u>
Net assets		<u><u>3,323</u></u>	<u><u>3,329</u></u>
Capital and reserves			
Called up share capital	16	1,076	1,076
Share premium account		1,138	1,138
Profit and loss account	17	1,109	1,115
Equity shareholders' funds	18	<u><u>3,323</u></u>	<u><u>3,329</u></u>

The financial statements on pages 6 to 17 were approved by the board of directors on 7 April 1998 and were signed on its behalf by:



P J Smithson
Director

Notes to the financial statements for the year ended 31 December 1997

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Tangible fixed assets

The cost of tangible fixed assets is purchase cost, together with any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Freehold land	-
Freehold buildings	2 - 3
Short leasehold properties	10
Plant and machinery	20
Fixtures, fittings and office furniture	10 - 33
Motor vehicles	20 - 25

Where, in the opinion of the directors, a tangible fixed asset has suffered a permanent diminution in value, full provision for the diminution in value is made in the financial statements.

Fixed asset investments

The cost of fixed asset investments is their cost of acquisition.

Finance and operating leases

Costs in respect of operating leases are recognised on a straight line basis over the lease term. Leasing agreements, and hire purchase agreements of a similar nature, which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases and hire purchase agreements. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of the equivalent owned assets.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow moving and defective stocks.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange differences arising from currency conversions in the normal course of trading, are taken into account in arriving at operating profit.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Pension costs

The company operates defined contribution schemes and participates in a defined benefit scheme which is operated by the parent company, Calderburn PLC. The assets of the schemes are held in separate trustee administered funds.

The pension cost charge for the year for the defined contribution schemes represents contributions payable by the company to the schemes.

Contributions, which are based on pension costs across the group as a whole, to the defined benefit scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by an independent qualified actuary on the basis of regular valuations. Details of the latest actuarial assessment of the scheme, which is fully funded, are provided in the financial statements of Calderburn PLC.

Cash flow statement

A cash flow statement has not been included in the financial statements as the company is exempt under Financial Reporting Standard No.1.

2 Turnover

The geographical analysis of turnover is as follows:

	1997 £'000	1996 £'000
United Kingdom	6,001	8,975
Europe	185	272
Rest of the World	431	419
	<u>6,617</u>	<u>9,666</u>

3 Cost of sales and net operating expenses

	1997 Continuing £'000	1996 Continuing £'000	1996 Discontinued £'000	1996 Total £'000
Turnover	6,617	7,632	2,034	9,666
Cost of sales	4,851	5,597	1,825	7,422
Gross profit	<u>1,766</u>	<u>2,035</u>	<u>209</u>	<u>2,244</u>
Distribution costs	1,369	1,496	514	2,010
Administrative expenses	596	895	72	967
Less: other operating income	(24)	(17)	-	(17)
Net operating expenses	<u>1,941</u>	<u>2,374</u>	<u>586</u>	<u>2,960</u>
	(175)	(339)	(377)	(716)
1995 provision	-	-	377	377
Operating loss	<u>(175)</u>	<u>(339)</u>	<u>-</u>	<u>(339)</u>

4 Directors' emoluments

	1997 £'000	1996 £'000
Aggregate emoluments	225	184
Company pension contributions to money purchase schemes	11	18
Compensation for loss of office	-	10

In addition to the emoluments shown above, C A Mordlock and A Waddicor received £11,396 and £15,000 respectively on the termination of their service contracts.

Retirement benefits are accruing to 1 director (1996: 1 director) under the group's defined benefit schemes.

Emoluments payable to the highest paid director are as follows:

	1997 £'000	1996 £'000
Aggregate emoluments	59	52
Company pension contributions to money purchase schemes	2	5

5 Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was:

	1997 Number	1996 Number
By activity		
Production	42	69
Sales, marketing, design and distribution	15	13
Administration	12	10
	69	92
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	1,153	1,875
Social security costs	104	170
Other pension costs	24	50
	1,281	2,095

6 Interest payable and similar charges

	1997 £'000	1996 £'000
On bank loans, overdrafts and other loans:		
Repayable within five years, not by instalments	-	215
Repayable wholly or partly in more than five years, by instalments	-	57
On finance leases and hire purchase agreements	-	43
On inter-company loans	14	-
	14	315

7 (Loss)/profit on ordinary activities before taxation

	1997 £'000	1996 £'000
(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting):		
Auditors' remuneration for:		
Audit	16	14
Other services	11	10
Depreciation of tangible fixed assets:		
Owned	117	147
Group management charge	175	410
Operating lease rentals - plant and machinery	75	82
Operating lease rentals - property	27	85
	<u> </u>	<u> </u>

Auditors' fees for other services include tax advice and corporate finance services.

8 Tax on (loss)/profit on ordinary activities

	1997 £'000	1996 £'000
United Kingdom corporation tax at 31.5% (1996: 33%):		
Current	-	(404)
Deferred	-	908
Over provision in respect of prior years:		
Current	(129)	120
Group relief receivable	(54)	(339)
	<u> </u>	<u> </u>
Tax (credit)/charge	(183)	285
	<u> </u>	<u> </u>

9 Dividends on equity shares

	1997 £'000	1996 £'000
Final dividend proposed of Nil pence per share (1996: 2.14 pence per share)	-	460
	<u> </u>	<u> </u>

10 Tangible fixed assets

	Freehold land and buildings	Short leasehold land and buildings	Plant, fixtures and motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 1997	1,508	83	1,016	2,607
Additions	-	-	188	188
Disposals	(278)	(83)	(3)	(364)
At 31 December 1997	1,230	-	1,201	2,431
Depreciation				
At 1 January 1997	151	74	890	1,115
Charge for year	31	9	77	117
Disposals	(28)	(83)	(3)	(114)
At 31 December 1997	154	-	964	1,118
Net book value				
At 31 December 1997	1,076	-	237	1,313
Net book value				
At 31 December 1996	1,357	9	126	1,492

11 Fixed asset investments

	Interests in subsidiary undertakings at cost £'000
At 1 January 1997 and at 31 December 1997	5

Details of the company's subsidiary undertakings are as follows:

Name of undertaking	Description of shares held	Proportion of nominal value of issued shares held by:		Principal activities
		Company	Subsidiary undertakings	
		%	%	
Dauphin Premium Limited	Ordinary £1	100	-	Dormant
Buromarque Limited	Ordinary £1	100	-	Dormant

The above companies are registered in England and Wales. As permitted by Section 228 Companies Act 1985, Cooper Dauphin PLC has not prepared consolidated financial statements. The company and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent company, Calderburn PLC.

12 Stocks

	1997	1996
	£'000	£'000
Raw materials and consumables	502	697
Work in progress	18	19
Finished goods and goods for resale	161	255
	<u>681</u>	<u>971</u>
	<u><u>681</u></u>	<u><u>971</u></u>

13 Debtors

	1997	1996
	£'000	£'000
Amounts falling due within one year		
Trade debtors	1,274	1,050
Amounts owed by parent and fellow subsidiary undertakings	1,350	1,347
Corporation tax	-	404
Other debtors	22	23
Prepayments and accrued income	61	104
	<u>2,707</u>	<u>2,928</u>
	<u><u>2,707</u></u>	<u><u>2,928</u></u>

14 Creditors: amounts falling due within one year

	1997	1996
	£'000	£'000
Bank overdraft	30	709
Trade creditors	960	1,024
Amounts owed to subsidiary undertakings	19	19
Other creditors	3	11
Other taxation and social security costs	116	55
Accruals and deferred income	282	333
	<u>1,410</u>	<u>2,151</u>
	<u><u>1,410</u></u>	<u><u>2,151</u></u>

15 Deferred taxation

No deferred taxation (asset)/liability has been recognised in the financial statements.
The amount not recognised is as follows:

	1997 £'000	1996 £'000
Tax effect of timing differences because of:		
Excess of capital allowances over depreciation	(74)	(97)
Other	(73)	(277)
	<u>(147)</u>	<u>(374)</u>

16 Called up share capital

	1997 £'000	1996 £'000
Authorised		
28,000,000 ordinary shares of 5p each	<u>1,400</u>	<u>1,400</u>
Allotted, called up and fully paid		
21,515,000 ordinary shares of 5p each	<u>1,076</u>	<u>1,076</u>

17 Profit and loss account

	£'000
At 1 January 1997	1,115
Loss for the year	<u>(6)</u>
At 31 December 1997	<u>1,109</u>

18 Reconciliation of movements in shareholders' funds

	1997 £'000	1996 £'000
(Loss)/profit for the financial year	(6)	2,060
Dividends	-	(460)
	<hr/>	<hr/>
(Decrease)/increase in shareholders' funds	(6)	1,600
Opening shareholders' funds	3,329	1,729
	<hr/>	<hr/>
Closing shareholders' funds	<u>3,323</u>	<u>3,329</u>

19 Financial commitments

At 31 December 1997 the company had annual commitments under non-cancellable operating leases as follows:

	Plant and machinery 1997 £'000	1996 £'000
Expiring within one year	23	-
Expiring between two and five years	46	-
	<hr/>	<hr/>
	<u>69</u>	<u>-</u>

20 Guarantee

The company has entered into a composite guarantee with its bank in respect of its own account and those of its parent company, and certain of its subsidiary and fellow subsidiary undertakings.

The company has granted a fixed and floating charge over its assets in favour of its parent company's bankers as security for an indemnity given by its parent company.

21 Related party transactions

(a) The company trades with F-W Dauphin GmbH, a company in which F-W Dauphin has a beneficial interest. The company also holds a licence agreement to manufacture Dauphin brand products.

Details of the related party trading transactions during the year and outstanding balances at the year end are set out below. All transactions are on normal trading terms.

	F-W Dauphin GmbH £'000
Sales	66
	<u> </u>
Purchases	516
	<u> </u>
Debtor balance	63
	<u> </u>
Creditor balance	(61)
	<u> </u>
Licence fee payable	60
	<u> </u>

(b) After taking appropriate independent professional advice, the property at Mayfield Street, Blackburn was sold to a former director, Mr Alec Waddicor, for a cash consideration of £100,000 on 7 March 1997.

22 Parent company and ultimate controlling party

The directors regard Calderburn PLC, a company registered in England and Wales, as the parent company and ultimate controlling party. Copies of Calderburn PLC's consolidated financial statements may be obtained from the Company Secretary, Peter Street, Blackburn, Lancashire, BB1 5LH.