

Manor House Furnishings Limited

1870598

Annual report for the year ended 30 June 1997

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Directors' report for the year ended 30 June 1997

The directors present their annual report and the audited financial statements of the company for the year ended 30 June 1997.

Principal activities

The profit and loss account for the period is set out on page 4.

The principal activities of the company continue to be the manufacture and marketing of interior furnishings for the caravan industry.

Review of business and future developments

The company has experienced a satisfactory trading period and the directors are confident about the future prospects for the company.

Dividends

The directors do not recommend the payment of a dividend.

Directors

The directors of the company at 30 June 1997, both of whom have been directors for the whole of the year ended on that date, are listed below:

P Millership
T Keely

Directors' interests

The interests of the directors of the company in the shares of the company at 30 June 1997, together with their interests at 1 July 1996 were:

	30 June 1996 and 1997 Number
Ordinary shares of £1 each	
P Millership	5,000
T Keely	-

Taxation status

The company is a close company as defined by the provisions of the Income and Corporation Taxes Act 1988 and this opinion has not changed since the end of the financial year.

Employees

The company's policy is to consult and discuss with employees matters likely to affect employees' interests. Information on matters of concern to employees is given through information bulletins which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled persons. Arrangements are made, where possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

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.

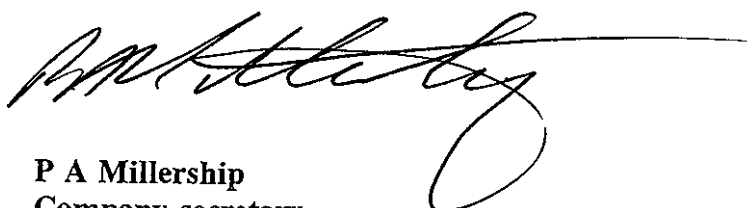
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 June 1997. The directors also confirm that applicable accounting standards 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of 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



P A Millership
Company secretary

9/4/98

**Report of the auditors to the members of
Manor House Furnishings Limited**

We have audited the financial statements on pages 4 to 18.

Respective responsibilities of directors and auditors

As described on page 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.

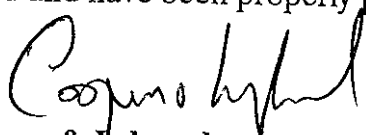
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the basis of preparation. The financial statements have been prepared on a going concern basis and, in the event of the sale of the company by the existing shareholders, the validity of this depends on adequate financing facilities being arranged by the new directors and / or shareholders. The financial statements do not include any adjustments that would result from a failure to obtain this funding. Details of the circumstances are described in Note 1. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 1997 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Coopers & Lybrand
Chartered Accountants and Registered Auditors
Nottingham

9 April 1998

**Profit and loss account
for the year ended 30 June 1997**

	Notes	1997 £'000	Ten months ended 30 June 1996 £'000
Turnover	2	18,837	15,305
Cost of sales		(12,863)	(11,241)
Gross profit		5,974	4,064
Distribution costs		(368)	(351)
Administrative expenses		(5,643)	(2,752)
Operating (loss)/profit		(37)	961
Investment income	3	2	2
Interest receivable		54	3
Interest payable	4	(14)	(45)
Profit on ordinary activities before taxation	5	5	921
Taxation	8	(156)	(369)
(Loss)/retained profit for the period	16	(151)	552

Continuing operations

All items dealt with in arriving at profit on ordinary activities before taxation relate to continuing activities.

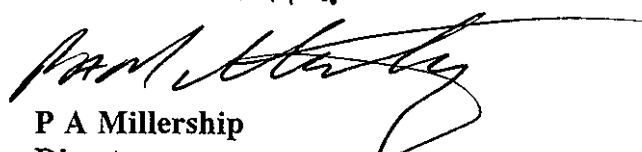
The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the (loss)/retained profit for the period stated above, and their historical cost equivalents.

**Balance sheet
at 30 June 1997**

	Notes	1997		1996	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9		1,294		1,360
Investments	10		102		100
			<u>1,396</u>		<u>1,460</u>
Current assets					
Stock and work in progress	11	595		568	
Debtors: amounts falling due after one year	12	404		-	
Debtors: amounts falling due within one year	13	5,181		5,317	
Cash at bank and in hand		1,787		453	
		<u>7,967</u>		<u>6,338</u>	
Creditors					
Amounts falling due within one year	14	7,682		5,931	
				<u>5,931</u>	
Net current assets			<u>285</u>		<u>407</u>
Total assets less current liabilities			<u>1,681</u>		<u>1,867</u>
Creditors					
Amounts falling due after more than one year	14		28		63
			<u>28</u>		<u>63</u>
Net assets			<u><u>1,653</u></u>		<u><u>1,804</u></u>
Capital and reserves					
Called up share capital	15		5		5
Capital redemption reserve	16		5		5
Profit and loss account	16		1,643		1,794
			<u>1,653</u>		<u>1,804</u>
Equity shareholders' funds	17		<u><u>1,653</u></u>		<u><u>1,804</u></u>

The financial statements were approved by the Board of Directors on 9/4/98 and were signed on its behalf by:


P A Millership
Director

**Cash flow statement
for the year ended 30 June 1997**

	Notes	1997		Ten months ended 30 June 1996	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities			1,933		1,565
Returns on investments and servicing of finance					
Interest paid		(11)		(40)	
Interest received		48		3	
Interest element of hire purchase repayments		(3)		(5)	
Dividends received		2		2	
		<hr/>		<hr/>	
Net cash inflow/(outflow) from returns on investment and servicing of finance			36		(40)
Taxation					
Corporation tax paid			(361)		(322)
Capital expenditure and financial investment					
Purchase of unquoted investments		(2)		-	
Purchase of fixed assets		(170)		(97)	
Sale of fixed assets		49		29	
		<hr/>		<hr/>	
			(123)		(68)
Net cash inflow before financing			1,485		1,135
Financing					
Repayment of ECSC loan		(73)		(45)	
Repayment of principal under hire purchase		(5)		(45)	
		<hr/>		<hr/>	
Net cash outflow from financing			(78)		(90)
Increase in cash in the period	19		<hr/> <hr/> 1,407		<hr/> <hr/> 1,045

Notes to the cash flow statement**Reconciliation of operating profit to net cash inflow operating activities**

	1997 £'000	1996 £'000
Continuing operating activities		
Operating (loss)/profit	(37)	961
Depreciation charges	205	189
(Profit)/loss on sale of tangible fixed assets	(18)	1
Decrease/(increase) in debtors	142	(1,805)
Increase in creditors	1,668	2,168
(Increase)/decrease in stock	(27)	51
	<hr/>	<hr/>
Net cash inflow from operating activities	1,933	1,565
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the financial statements
for the year ended 30 June 1997****1 Principal accounting policies**

The financial statements have been prepared under the historical cost accounting rules and 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 preparing the financial statements - going concern assumption

The shareholders have signed Heads of Agreement to sell their shares to new investors. The shareholders, who are also directors of the company, expect that the sale will be completed and that as a consequence new directors will be appointed. The new directors, who will control the business after the sale, will be responsible for putting in place appropriate funding and financing facilities. Whilst the directors are therefore unable to confirm the outcome of these matters, they believe that it is the intention of the potential new directors to arrange appropriate facilities, and therefore it is appropriate for the financial statements to be prepared on the going concern basis.

Tangible fixed assets

The cost of tangible fixed assets is their 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 estimates residual values on a straight line basis, over the expected useful economic lives of the assets concerned. The principal annual rates used for their purpose are:

	%
Freehold land and buildings	2
Plant and equipment	20
Office equipment	20
Motor vehicles	25
Improvements to leasehold property	20

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 and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Turnover

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

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that tax assets or liabilities are likely to crystallise in the foreseeable future.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange on the date of the transactions. All exchange differences are taken to the profit and loss account.

Hire purchase and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Hire purchase agreements 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 hire purchase contracts. The capital element of the payment 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 hire purchase contracts are depreciated over the useful lives of equivalent owned assets.

Pensions

Payments are made on the basis of a defined contribution scheme. The charge in these financial statements comprises contributions payable on the salaries for the period.

The company provides no other post retirement benefits to its employees.

Comparatives

The presentation of the results for the period ended 30 June 1996 has been amended to include £64,000 of foreign exchange gains, previously disclosed as other operating income, in cost of sales as this is considered the most appropriate treatment.

2 Turnover

Turnover consists entirely of sales made in the United Kingdom.

3 Investment income

	Year ended 30 June 1997 £'000	Ten months ended 30 June 1996 £'000
Income from listed investments	2	2
	<u>2</u>	<u>2</u>

4 Interest payable and similar charges

	Year ended 30 June 1997 £'000	Ten months ended 30 June 1996 £'000
On bank overdrafts and loans	11	40
Hire purchase interest	3	5
	<u>14</u>	<u>45</u>
	<u>14</u>	<u>45</u>

5 Profit on ordinary activities before taxation

	Year ended 30 June 1997 £'000	Ten months ended 30 June 1996 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation charge for the period:		
- Tangible fixed assets	205	189
Auditors' remuneration:		
- for audit	15	14
- for non-audit services	22	3
(Profit)/loss on sale of fixed assets	(18)	1
Hire of other assets - operating leases	86	66
Directors emoluments (see note 7)	2,769	418
	<u>2,769</u>	<u>418</u>
	<u>2,769</u>	<u>418</u>

6 Employee information

The average monthly number of persons, including directors, employed by the company during the period was:

	Year ended 30 June 1997 Number	Ten months ended 30 June 1996 Number
Management and administration	51	49
Production	216	213
	<u>267</u>	<u>262</u>
	1997	1996
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	4,529	3,070
Social security costs	419	294
Other pension costs	1,921	118
	<u>6,869</u>	<u>3,482</u>

7 Directors' emoluments

	Year ended 30 June 1997 £'000	Ten months ended 30 June 1996 £'000
Aggregate emoluments	1,002	368
Company pension contributions	1,822	50
	<u>1,822</u>	<u>50</u>

Pension contributions have been paid or accrued in respect of both directors.

	1997 £'000	1996 £'000
Highest paid director		
Aggregate emoluments	902	318
Company pension contributions	1,468	50
	<u>1,468</u>	<u>50</u>

8 Taxation

	Year ended 30 June 1997 £'000	Ten months ended 30 June 1996 £'000
Corporation tax charge on profit on ordinary activities at 32.5% (1996: 33%)	552	361
Corporation tax under provided in previous years	8	8
Deferred tax credit at 31%	(404)	-
	<u>156</u>	<u>369</u>

The taxation charge for the year has been increased by approximately £100,000 as a result of expenditure and provisions not deductible for corporation tax purposes.

9 Tangible fixed assets

	Improvements to leasehold property £'000	Freehold land & buildings £'000	Plant & equipment £'000	Office equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation						
At 1 July 1996	126	1,178	681	124	299	2,408
Additions	-	27	48	36	59	170
Disposals	-	(36)	(37)	(1)	(32)	(106)
At 30 June 1997	<u>126</u>	<u>1,169</u>	<u>692</u>	<u>159</u>	<u>326</u>	<u>2,472</u>
Depreciation						
At 1 July 1996	102	173	500	82	191	1,048
Charge for the year	22	33	70	19	61	205
Disposals	-	(15)	(36)	-	(24)	(75)
At 30 June 1997	<u>124</u>	<u>191</u>	<u>534</u>	<u>101</u>	<u>228</u>	<u>1,178</u>
Net book value						
At 30 June 1997	<u>2</u>	<u>978</u>	<u>158</u>	<u>58</u>	<u>98</u>	<u>1,294</u>
At 30 June 1996	<u>24</u>	<u>1,005</u>	<u>181</u>	<u>42</u>	<u>108</u>	<u>1,360</u>

The net book value of tangible fixed assets includes £78,583 (1996: £82,635) in respect of assets held under hire purchase contracts. The depreciation charged on these assets during the period amounted to £24,915 (1996: £21,070).

10 Investments

	Investments other than loans £'000
Cost and net book value at 1 July 1996	100
Additions	2
	<hr/>
Cost and net book value at 30 June 1997	102
	<hr/> <hr/>

Listed investments included above

	1997 £'000	1996 £'000
Cost	52	50
	<hr/>	<hr/>
Market value	31	31
	<hr/> <hr/>	<hr/> <hr/>

All listed investments are listed on the International Stock Exchange, London.

The company holds 100% of the issued share capital of Tudor Fabrics Limited, a company incorporated in England. The company did not trade in the year and has not been consolidated as it is immaterial.

11 Stocks

	1997 £'000	1996 £'000
Raw materials	527	472
Work in progress	46	45
Finished goods	22	51
	<hr/>	<hr/>
	595	568
	<hr/> <hr/>	<hr/> <hr/>

12 Debtors: amounts falling due after one year

	Deferred taxation £'000
At 1 July 1996	-
Credited to profit and loss account	404
	<hr/>
At 30 June 1997	404
	<hr/> <hr/>

The deferred taxation asset recognised in the financial statements and the amount unrecognised are as follows:

	Amount recognised		Amount unrecognised	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Tax effect of timing differences:				
Accrued pension contributions	404	-	-	-
Accelerated capital allowances	-	-	17	11
	<u>404</u>	<u>-</u>	<u>17</u>	<u>11</u>
	<u><u>404</u></u>	<u><u>-</u></u>	<u><u>17</u></u>	<u><u>11</u></u>

13 Debtors: amounts falling due within one year

	1997	1996
	£'000	£'000
Trade debtors	4,771	5,051
Other debtors	131	131
Prepayments	279	135
	<u>5,181</u>	<u>5,317</u>
	<u><u>5,181</u></u>	<u><u>5,317</u></u>

14 Creditors

	Amounts falling due within one year		Amounts falling due after more than one year	
	1997	1996	1997	1996
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	43	155	-	34
Trade creditors	3,521	3,455	-	-
Corporation tax	560	361	-	-
Other taxes and social security	824	747	-	-
Other creditors	2,525	1,057	-	-
Accruals	172	115	-	-
Hire purchase	37	41	28	29
	<u>7,682</u>	<u>5,931</u>	<u>28</u>	<u>63</u>
	<u><u>7,682</u></u>	<u><u>5,931</u></u>	<u><u>28</u></u>	<u><u>63</u></u>

15 Called up share capital

	1997	1996
	£'000	£'000
Authorised		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Called up, issued and fully paid		
Ordinary shares of £1 each	5	5
	<u>5</u>	<u>5</u>

16 Reserves

	Profit and loss account	Capital redemption reserve
	£'000	£'000
Balance at 1 July 1996	1,794	5
Loss for the year	(151)	-
	<u>1,643</u>	<u>5</u>
Balance at 30 June 1997	<u><u>1,643</u></u>	<u><u>5</u></u>

17 Reconciliation of movements in shareholders' funds

	1997	1996
	£'000	£'000
Opening shareholders' funds	1,804	1,252
(Loss)/profit for the financial period	(151)	552
	<u>1,653</u>	<u>1,804</u>
Closing shareholders' funds	<u><u>1,653</u></u>	<u><u>1,804</u></u>

18 Reconciliation of net cash flow to movements in cash net of debt

	1997	1996
	£'000	£'000
Increase in net cash	1,407	1,045
Cash outflow from decrease in debt	78	59
	<u>1,485</u>	<u>1,104</u>
Movement in net debt in period	1,485	1,104
Cash net of debt/(net debt) at 1 July 1996	194	(910)
	<u>1,679</u>	<u>194</u>
Cash net of debt at 30 June 1997	<u><u>1,679</u></u>	<u><u>194</u></u>

19 Analysis of cash net of debt

	At 1 July 1996 £'000	Cash flow £'000	At 30 June 1997 £'000
Cash at bank and in hand	453	1,334	1,787
Overdrafts	(88)	73	(15)
	<u>365</u>	<u>1,407</u>	<u>1,772</u>
Debt due after one year	(34)	34	-
Debt due within one year	(67)	39	(28)
Hire purchase	(70)	5	(65)
	<u>(171)</u>	<u>78</u>	<u>(93)</u>
Total	<u>194</u>	<u>1,485</u>	<u>1,679</u>

20 Capital commitments

	1997 £'000	1996 £'000
Contracted for but not provided in these financial statements	-	21
	<u>-</u>	<u>21</u>

21 Leasing commitments

Commitments due under operating leases are as follows:

	Land and buildings	
	1997 £'000	1996 £'000
Leases expiring:		
Within two to five years	34	17
	<u>34</u>	<u>17</u>
Over five years	52	69
	<u>52</u>	<u>69</u>

22 Related party transactions

Directors' loan

Mr P A Millership had a loan from the company during the year as detailed below:

	£
Amount owed to company at 30 June 1996	4,906
Amount owed to company at 30 June 1997	<u>129,273</u>
Maximum amount outstanding during the period	<u><u>156,425</u></u>

The company has had the following transactions, in the ordinary course of business, with other companies controlled by P Millership and T Keely:

	Beauvale Furnishings Limited £'000	Tudor House Textiles Limited £'000
Sales to	917	-
Purchases from	<u>110</u>	<u>240</u>
Amounts owed to related party at 30 June 1997	<u>218</u>	<u>53</u>
Amounts owed by related party at 30 June 1997	<u>351</u>	-
Related party borrowings secured by a charge on the company's assets	<u>1,414</u>	-

The company has also had transactions with Ilkeston Town Football Club Limited, a company in which P Millership has significant influence. Sponsorship of £45,000 was paid to the football club during the year and a loan amounting to £399,000 was owed to Manor House Furnishings Limited at 30 June 1997, but has been fully provided against in these accounts (£221,000 provided in the year).

23 Pension costs

Defined contribution scheme

The company operates a defined contribution scheme and makes contributions to personal pension schemes. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the schemes and amounted to £970,937 (£1996: £118,022). An amount of £354,000 had not been paid over at 30 June 1997 and is included in other creditors. In addition £950,000 was charged and accrued in respect of contributions to a funded unapproved retirement benefit scheme.