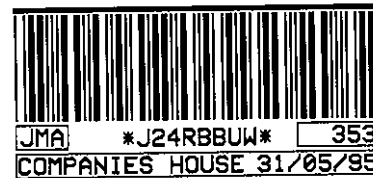


419883

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1994
FOR
THE DOWNLAND BEDDING CO. LIMITED**



THE DOWNLAND BEDDING CO. LIMITED

INDEX TO THE FINANCIAL STATEMENTS

	Page
Company information	1
Report of the directors	2
Report of the auditors	4
Consolidated profit and loss account	5
Consolidated balance sheet	6
Company balance sheet	7
Cash flow statement	8
Notes to the cash flow statement	9
Notes to the financial statements	10
Trading and profit and loss account	16

THE DOWNLAND BEDDING CO. LIMITED**COMPANY INFORMATION****DIRECTORS:**

G.R. Smith

G.O. Smith

SECRETARY:

G.R. Smith

REGISTERED OFFICE:23 Blackstock Street
Liverpool
L3 6ER.**REGISTERED NUMBER:**

419883

AUDITORS:Bristow Burrell
Chartered Accountants
Registered Auditors
Green Dragon House
64-70 High Street
Croydon
Surrey CR9 1AJ.

THE DOWNLAND BEDDING CO. LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and financial statements for the group for the year ended 30 April 1994.

PRINCIPAL ACTIVITY

The company has carried on the business of the manufacture and sale of pillows and bedding.

REVIEW OF THE BUSINESS

The directors have taken measures to reduce overheads in order to improve the Group trading results.

DIVIDENDS

The directors do not recommend the payment of a dividend.

FIXED ASSETS

The directors are of the opinion that the market value of land and buildings is in excess of the amounts shown in the financial statements.

DIRECTORS

The directors who have served during the year and their interests in the share capital of the company were as follows:-

	<u>30.4.94</u>	<u>1.5.93</u>
G.O. Smith	1,900	1,900
G.R. Smith	3,100	3,100

THE DOWNLAND BEDDING CO. LIMITED**REPORT OF THE DIRECTORS (Continued)****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 that period. In preparing those 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

In accordance with Section 385(2) of the Companies Act 1985 a resolution proposing the re-appointment of Bristow Burrell as auditors to the company will be put to the Annual General Meeting.

On behalf of the board

30 MAY 1995



G.R. SMITH
Director

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
THE DOWNLAND BEDDING CO. LIMITED**

We have audited the financial statements on pages five to fifteen which have been prepared under the historical cost convention and the accounting policies set out on pages ten and eleven.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page three 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

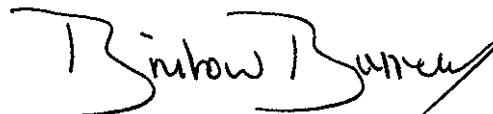
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 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. However, we were not able to attend the year end physical stock take and we have therefore relied upon the stock valuation produced by the directors.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

QUALIFIED OPINION ARISING FROM LIMITATION IN AUDIT SCOPE

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the stock valuation, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BRISTOW BURRELL

Green Dragon House
64-70 High Street
Croydon
Surrey CR9 1AJ

30 MAY 1995

Chartered Accountants
Registered Auditors

THE DOWNLAND BEDDING CO. LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 1994

	Notes	1994		1993	
		£	£	£	£
TURNOVER	2		2,186,518		2,215,431
Cost of sales			1,784,797		1,754,918
GROSS PROFIT			401,721		460,513
Distribution costs		186,755		230,151	
Administrative expenses		273,984	460,739	288,207	518,358
OPERATING LOSS	3		(59,018)		(57,845)
Exceptional item	5		-		276,297
			(59,018)		218,452
Other income	6	16,196		15,082	
Interest payable	7	4,750	11,446	14,846	236
LOSS FOR THE FINANCIAL YEAR (1993 - PROFIT)			(47,572)		218,688
RETAINED PROFIT brought forward			236,356		17,668
RETAINED PROFIT carried forward			188,784		236,356

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

THE DOWNLAND BEDDING CO. LIMITED
CONSOLIDATED BALANCE SHEET AS AT 30 APRIL 1994

	<u>Notes</u>	<u>1994</u>		<u>1993</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	11		233,839		265,437
CURRENT ASSETS					
Stocks	13	167,105		163,015	
Debtors	14	384,573		402,327	
Cash at bank and in hand		6,746		11,112	
		558,424		576,454	
CREDITORS: amounts falling due within one year	15	467,285		465,700	
NET CURRENT ASSETS			91,139		110,754
TOTAL ASSETS LESS CURRENT LIABILITIES			324,978		376,191
CREDITORS: amounts falling due after more than one year					
Deferred government grants		41,194		44,835	
Long term loan	16	55,000		55,000	
Medium term loan	16	35,000	131,194	35,000	134,835
			193,784		241,356
CAPITAL AND RESERVES					
Called up share capital	17		5,000		5,000
Profit and loss account			188,784		236,356
Shareholders' Funds			193,784		241,356

G.R. Smith

G.R. SMITH
 DIRECTOR

Approved by the board on **30 MAY 1995**

THE DOWNLAND BEDDING CO. LIMITED
BALANCE SHEET AS AT 30 APRIL 1994

	Notes	<u>1994</u>		<u>1993</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	11		220,643		247,481
Investment in subsidiary	12		33,403		33,403
			<hr/>		<hr/>
			254,046		280,884
CURRENT ASSETS					
Stocks	13	124,519		134,659	
Debtors	14	412,092		423,305	
Cash at bank and in hand		6,746		11,112	
		<hr/>		<hr/>	
		543,357		569,076	
CREDITORS: amounts falling due within one year	15	446,428		448,517	
		<hr/>		<hr/>	
NET CURRENT ASSETS			96,929		120,559
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/>		<hr/>
			350,975		401,443
CREDITORS: amounts falling due after more than one year					
Deferred government grants		41,194		44,835	
Long term loan	16	55,000		55,000	
Medium term loan	16	35,000	131,194	35,000	134,835
		<hr/>	<hr/>	<hr/>	<hr/>
			219,781		266,608
CAPITAL AND RESERVES			<hr/>		<hr/>
Called up share capital	17		5,000		5,000
Profit and loss account			214,781		261,608
			<hr/>		<hr/>
			219,781		266,608
			<hr/>		<hr/>

G.R. Smith

G.R. SMITH
DIRECTOR

Approved by the board on

30 MAY 1995

**THE DOWNLAND BEDDING CO. LIMITED
AND SUBSIDIARY COMPANY
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 1994**

	<u>1994</u>		<u>1993</u>	
	£	£	£	£
Net cash outflow from operating activities		(774)		(32,644)
Return on investments and servicing of finance:				
Interest paid	(4,750)		(14,846)	
	<u> </u>		<u> </u>	
Net cash outflow from returns on investments and servicing of finance		(4,750)		(14,846)
Other income		9,983		8,595
Investing activities				
Purchases of fixed assets	(8,825)		(14,141)	
Profit on sale of fixed assets	-		297,829	
	<u> </u>		<u> </u>	
Net cash (outflow)/inflow from investing activities		(8,825)		283,688
		<u> </u>		<u> </u>
Net cash (outflow)/inflow before financing		(4,366)		244,793
Financing				
Issue of medium term borrowing	-		35,000	
Repayment of hire purchase loans	-		(1,634)	
	<u> </u>		<u> </u>	
Net cash inflow from financing		-		33,366
		<u> </u>		<u> </u>
Increase/(Decrease) in cash and cash equivalents		(4,366)		278,159
		<u> </u>		<u> </u>

**THE DOWNLAND BEDDING CO. LIMITED
AND SUBSIDIARY COMPANY
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 1994**

1. Reconciliation of operating loss to net cash outflow from operating activities

	<u>1994</u> £	<u>1993</u> £
Operating loss	(59,018)	(57,845)
Depreciation charges	40,423	50,581
(Increase)/decrease in stocks	(4,090)	33,624
(Increase)/decrease in debtors	17,754	(82,498)
Increase/(decrease) in creditors	4,157	23,494
	<hr/>	<hr/>
Net cash outflow from operating activities	(774)	(32,644)
	<hr/>	<hr/>

2. Analysis of changes in cash and cash equivalents during the year

	<u>1994</u> £	<u>1993</u> £
Balance at 1 May 1993	11,112	(267,047)
Net cash inflow/(outflow)	(4,366)	278,159
	<hr/>	<hr/>
Balance at 30 April 1994	6,746	11,112
	<hr/>	<hr/>

3. Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	<u>1994</u> £	<u>1993</u> £	<u>Change in year</u> £
Cash at bank and in hand	6,746	11,112	(4,366)
	<hr/>	<hr/>	<hr/>

4. Analysis of changes in financing during the year

	<u>Loan</u> £
Balance at 1 May 1993	90,000
Cash inflows/(outflows) from financing	-
	<hr/>
Balance at 30 April 1994	90,000
	<hr/>

THE DOWNLAND BEDDING CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1994

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared under the historical cost convention.

b) Basis of consolidation

The consolidated profit and loss account and balance sheet incorporate the financial statements of the company and its subsidiary. As provided by Section 228(5) of the Companies Act 1985 a profit and loss account is not provided for the holding company.

c) Turnover

Turnover represents sales at invoiced value net of trade discounts, excluding value added tax.

d) Tangible fixed assets

Depreciation is provided at rates calculated to reduce the respective assets to their estimated realisable values at the end of their useful working lives on the following bases:-

Plant and machinery	-	15% straight line
Fixtures and fittings	-	20% written down value
Motor vehicles	-	25% straight line
Long leasehold buildings	-	2% straight line
Freehold factory buildings	-	2% straight line

Depreciation is not provided on freehold houses or land.

e) Stocks

Stock and work in progress is valued at the lower of cost and net realisable value.

Cost incurred in bringing each product to its present location and condition is as follows:

Raw materials	-	Purchase cost on a first in first out basis;
Work in progress & finished goods	-	Cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

f) Hire purchase

Assets acquired under hire purchase contracts are capitalised in the balance sheet and depreciated over their useful lives. The deferred liability, net of finance charges, is reflected as a liability. The finance element is charged to the profit and loss account over the period of the contract.

THE DOWNLAND BEDDING CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS - Continued

1. ACCOUNTING POLICIES (Continued)

g) Government grants

Grants relating to fixed assets are released to trading profits over the expected useful lives of the particular assets to which they relate.

h) Deferred taxation

Provision is made under the liability method unless in the opinion of the directors there is reasonable probability that no liability is likely to arise in the foreseeable future.

2. TURNOVER

The turnover and loss before taxation is attributable to the one principal activity of the company as follows:-

	<u>1994</u>	<u>1993</u>
	£	£
Geographical analysis		
United Kingdom	2,166,310	2,208,862
Others	20,208	6,569
	<hr/>	<hr/>
	2,186,518	2,215,431
	<hr/>	<hr/>

3. OPERATING LOSS

	<u>1994</u>	<u>1993</u>
	£	£
The operating loss is stated after charging:		
Directors' remuneration (note 9)	64,258	64,258
Directors' pension contributions	1,008	1,008
Auditors' remuneration	8,390	9,000
Depreciation (note 11)	40,423	50,581
	<hr/>	<hr/>

4. EMPLOYEES

The average weekly number of employees including directors during the year was 83 (1993 85) whose aggregate remuneration was as follows:-

	<u>1994</u>	<u>1993</u>
	£	£
Wages and salaries	637,394	657,217
Social security costs	55,952	56,820
Other pension costs	5,770	2,624
	<hr/>	<hr/>
	699,116	716,661
	<hr/>	<hr/>

DOWNLAND BEDDING CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS - Continued

5. EXCEPTIONAL ITEM

The exceptional item relates to the profit arising on the disposal of a freehold property in the previous year.

6. OTHER INCOME

	<u>1994</u>	<u>1993</u>
	£	£
Government grants	6,213	6,777
Administration charge receivable	7,000	7,000
Sundry income	2,983	1,305
	<hr/>	<hr/>
	16,196	15,082
	<hr/>	<hr/>

7. INTEREST PAYABLE

	<u>1994</u>	<u>1993</u>
	£	£
Loan interest	4,666	6,347
Hire purchase interest	-	349
Bank overdraft	84	8,150
	<hr/>	<hr/>
	4,750	14,846
	<hr/>	<hr/>

8. TAXATION

No provision for corporation tax is required by virtue of available losses.

The company is a close company as defined by Section 414 of the Income and Corporation Taxes Act 1988.

9. DIRECTOR'S REMUNERATION

	<u>1994</u>	<u>1993</u>
	£	£
Highest paid director	<u>33,000</u>	<u>33,000</u>
Other directors in the range £30,000 to £35,000	<u>1</u>	<u>1</u>

10. LOSS OF HOLDING COMPANY (1993 - PROFIT)

£46,827 (1993 - profit £215,769) of the consolidated loss has been dealt with in the financial statements of The Downland Bedding Co. Limited.

THE DOWNLAND BEDDING CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS - Continued

11. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Long leasehold land and buildings £	Plant machinery vehicles etc £	TOTAL £
<u>GROUP</u>				
Cost at 1 May 1993	188,277	69,400	616,249	873,926
Additions	-	-	8,825	8,825
	<hr/>	<hr/>	<hr/>	<hr/>
Cost at 30 April 1994	188,277	69,400	625,074	882,751
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
Provision at 1 May 1993	60,776	32,646	515,067	608,489
Charge for the year	2,605	1,388	36,430	40,423
	<hr/>	<hr/>	<hr/>	<hr/>
Provision at 30 April 1994	63,381	34,034	551,497	648,912
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 30 April 1994	<u>124,896</u>	<u>35,366</u>	<u>73,577</u>	<u>233,839</u>
Net book value at 30 April 1993	<u>127,501</u>	<u>36,754</u>	<u>101,182</u>	<u>265,437</u>
<u>COMPANY</u>				
Cost at 1 May 1993	188,277	69,400	401,632	659,309
Additions	-	-	8,825	8,825
	<hr/>	<hr/>	<hr/>	<hr/>
Cost at 30 April 1994	188,277	69,400	410,457	668,134
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
Provision at 1 May 1993	60,776	32,646	318,406	411,828
Charge for the year	2,605	1,388	31,670	35,663
	<hr/>	<hr/>	<hr/>	<hr/>
Provision at 30 April 1994	63,381	34,034	350,076	447,491
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 30 April 1994	<u>124,896</u>	<u>35,366</u>	<u>60,381</u>	<u>220,643</u>
Net book value at 30 April 1993	<u>127,501</u>	<u>36,754</u>	<u>83,226</u>	<u>247,481</u>

THE DOWNLAND BEDDING CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS - Continued

12. SUBSIDIARY COMPANY

	<u>1994</u> £	<u>1993</u> £
Investment in Scott feather Co. Limited - at cost	41,415	41,415
Goodwill written off	(8,012)	(8,012)
	<hr/> 33,403	<hr/> 33,403

Scott Feather Co. Limited is a wholly owned subsidiary company incorporated in England.

13. STOCKS

	<u>Group</u>		<u>Company</u>	
	<u>1994</u> £	<u>1993</u> £	<u>1994</u> £	<u>1993</u> £
Stocks comprise goods for resale	<u>167,105</u>	<u>163,015</u>	<u>124,519</u>	<u>134,659</u>

14. DEBTORS

	<u>Group</u>		<u>Company</u>	
	<u>1994</u> £	<u>1993</u> £	<u>1994</u> £	<u>1993</u> £
Due within one year:				
Trade debtors	381,301	395,552	381,301	395,552
Group company	-	-	28,740	23,406
Prepayments	2,532	6,663	2,051	4,235
Other debtors	740	112	-	112
	<hr/> 384,573	<hr/> 402,327	<hr/> 412,092	<hr/> 423,305

THE DOWNLAND BEDDING CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS - Continued

15. CREDITORS

	<u>Group</u>		<u>Company</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	£	£	£	£
Falling due within one year:				
Trade creditors	343,273	338,469	334,663	333,057
Other taxes and social security costs	65,777	63,046	64,367	61,511
Other creditors	5,199	14,043	2,700	12,023
Accruals and deferred income	53,036	50,142	44,698	41,926
	<hr/>	<hr/>	<hr/>	<hr/>
	467,285	465,700	446,428	448,517
	<hr/>	<hr/>	<hr/>	<hr/>

The bank borrowings are secured by a fixed and floating charge on the assets of the group.

16. OTHER LOANS

The long term loan is secured on pension policies and is repayable in two equal instalments the first on 1 April 1997 and the second on 1 September 1999. Interest is charged at prevailing rates.

The medium term loan represents funds provided by the directors. The loan is unsecured, interest free and not repayable until after 30 April 1995.

17. SHARE CAPITAL

	<u>1994</u>	<u>1993</u>
	£	£
Authorised, allotted, called up and fully paid 5,000 Ordinary shares of £1 each	5,000	5,000
	<hr/>	<hr/>

**18. RECONCILIATION OF MOVEMENTS
IN SHAREHOLDERS' FUNDS**

	<u>1994</u>	<u>1993</u>
	£	£
Loss for the financial year (1993 - profit)	(47,572)	218,688
	<hr/>	<hr/>
Net (reduction)/addition to shareholders funds	(47,572)	218,688
Opening shareholders' funds	241,356	22,668
	<hr/>	<hr/>
Closing shareholders' funds	193,784	241,356
	<hr/>	<hr/>