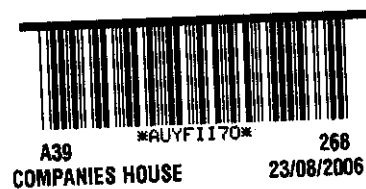


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BEVAN FUNNELL LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2005



BEVAN FUNNELL LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2005

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BEVAN FUNNELL LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31ST OCTOBER 2005

DIRECTORS:

T G Vermeer
Mrs S R Funnell
M J Petry

SECRETARY:

T G Vermeer

REGISTERED OFFICE:

Reprodux House
Norton Road
Newhaven
East Sussex
BN9 0BZ

REGISTERED NUMBER:

425363

AUDITORS:

Ward Mackenzie
Mackenzie House
Coach and Horses Passage
The Pantiles
Tunbridge Wells
Kent
TN2 5NP

BEVAN FUNNELL LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST OCTOBER 2005

The directors present their report with the financial statements of the company and the group for the year ended 31st October 2005.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the manufacture and sale of traditional English furniture.

REVIEW OF BUSINESS

The results for the year and financial position of the company and the group are as shown in the annexed financial statements.

The group have experienced a difficult trading year due to a worldwide recession in the furniture industry and very competitive trading conditions in all our major markets.

DIVIDENDS

No dividends will be distributed for the year ended 31st October 2005.

DIRECTORS

The directors during the year under review were:

B Funnell	- deceased 24.6.2005
T G Vermeer	
Mrs S R Funnell	
M J Petry	

The directors holding office at 31st October 2005 did not hold any beneficial interest in the issued share capital of the company at 1st November 2004 or 31st October 2005.

On the 5 December 2005 P Jarvis and R Dyer were appointed as non executive directors.

On the 22 December 2005 Mr Petry was removed from office under section 303 of the Companies Act 1985.

PROPERTY VALUATION

The directors consider the current value of properties to be in excess of book value (other than investment properties which have been included at directors' estimate), however, they cannot justify the expense of new professional valuations for all properties and therefore any difference cannot be quantified.

EMPLOYEE INVOLVEMENT

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the group by regular meetings between Management and Briefing Group representatives.

EMPLOYMENT OF DISABLED PERSONS

The policy of the group within the United Kingdom is to consider all job applications equally and employ disabled persons where appropriate.

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 the group and of the profit or loss of the group 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.

BEVAN FUNNELL LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST OCTOBER 2005

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

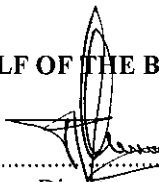
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Ward Mackenzie, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....
T G Vermeer - Director

Date: 18 July 2006

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
BEVAN FUNNELL LIMITED

We have audited the financial statements of Bevan Funnell Limited for the year ended 31st October 2005 on pages five to twenty three. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on pages two and three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company and the group as at 31st October 2005 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ward Mackenzie
Registered Auditors
Mackenzie House
Coach and Horses Passage
The Pantiles
Tunbridge Wells
Kent
TN2 5NP

Date: 18 July 2006

BEVAN FUNNELL LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST OCTOBER 2005

	Notes	2005	2004
		£	£
TURNOVER	2	6,319,842	7,688,840
Cost of sales		<u>3,844,398</u>	<u>4,713,032</u>
GROSS PROFIT		2,475,444	2,975,808
Distribution costs		1,167,957	1,453,139
Administrative expenses		<u>2,731,431</u>	<u>3,607,815</u>
		<u>3,899,388</u>	<u>5,060,954</u>
OPERATING LOSS	4	(1,423,944)	(2,085,146)
Interest receivable and similar income		<u>303,344</u>	<u>279,126</u>
		(1,120,600)	(1,806,020)
Interest payable and similar charges	5	<u>(42,841)</u>	<u>362,993</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,077,759)	(2,169,013)
Tax on loss on ordinary activities	6	<u>37,972</u>	<u>38,342</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		<u>(1,115,731)</u>	<u>(2,207,355)</u>
DEFICIT FOR THE YEAR FOR THE GROUP		<u><u>(1,115,731)</u></u>	<u><u>(2,207,355)</u></u>

CONTINUING OPERATIONS

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

The notes form part of these financial statements

BEVAN FUNNELL LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST OCTOBER 2005

	2005	2004
	£	£
LOSS FOR THE FINANCIAL YEAR	(1,115,731)	(2,207,355)
Differences on foreign currency net investments	<u>(138,570)</u>	<u>188,727</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>(1,254,301)</u>	<u>(2,018,628)</u>

The notes form part of these financial statements

BEVAN FUNNELL LIMITED
CONSOLIDATED BALANCE SHEET
31ST OCTOBER 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	8	2,868,830	3,893,722
CURRENT ASSETS			
Stocks	10	5,234,615	5,420,713
Debtors	11	870,883	1,415,405
Investments	12	1,688,135	2,257,964
Cash at bank and in hand		<u>278,637</u>	<u>704,845</u>
		8,072,270	9,798,927
CREDITORS			
Amounts falling due within one year	13	<u>925,314</u>	<u>2,095,702</u>
NET CURRENT ASSETS		<u>7,146,956</u>	<u>7,703,225</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		10,015,786	11,596,947
CREDITORS			
Amounts falling due after more than one year	14	<u>9,926</u>	<u>132,786</u>
NET ASSETS		<u>10,005,860</u>	<u>11,464,161</u>
CAPITAL AND RESERVES			
Called up share capital	18	468,000	468,000
Revaluation reserve	19	732,064	936,064
Profit and loss account	19	<u>8,805,796</u>	<u>10,060,097</u>
SHAREHOLDERS' FUNDS	22	<u>10,005,860</u>	<u>11,464,161</u>

ON BEHALF OF THE BOARD:




.....
T G Vermeer Director

Approved by the Board on 18 July 2006

The notes form part of these financial statements

BEVAN FUNNELL LIMITED**COMPANY BALANCE SHEET****31ST OCTOBER 2005**

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	8	2,217,552	3,141,602
Investments	9	<u>167,163</u>	<u>167,163</u>
		2,384,715	3,308,765
CURRENT ASSETS			
Stocks	10	3,717,388	3,730,577
Debtors	11	2,371,396	2,472,498
Cash in hand		<u>140,731</u>	<u>72,805</u>
		6,229,515	6,275,880
CREDITORS			
Amounts falling due within one year	13	<u>3,536,845</u>	<u>4,227,855</u>
NET CURRENT ASSETS		<u>2,692,670</u>	<u>2,048,025</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,077,385	5,356,790
CREDITORS			
Amounts falling due after more than one year	14	<u>9,926</u>	<u>13,652</u>
NET ASSETS		<u>5,067,459</u>	<u>5,343,138</u>
CAPITAL AND RESERVES			
Called up share capital	18	468,000	468,000
Revaluation reserve	19	374,000	578,000
Profit and loss account	19	<u>4,225,459</u>	<u>4,297,138</u>
SHAREHOLDERS' FUNDS	22	<u>5,067,459</u>	<u>5,343,138</u>

ON BEHALF OF THE BOARD:


 T G Vermeer - Director

 Approved by the Board on 18/7/2006

The notes form part of these financial statements

BEVAN FUNNELL LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST OCTOBER 2005**

	Notes	2005 £	2004 £
Net cash outflow from operating activities	1	(1,145,106)	(520,092)
Returns on investments and servicing of finance	2	257,214	229,699
Taxation		(42,205)	(39,429)
Capital expenditure	2	<u>1,401,044</u>	<u>(591,875)</u>
		470,947	(921,697)
Financing	2	<u>(119,650)</u>	<u>136,218</u>
Increase/(Decrease) in cash in the period		<u>351,297</u>	<u>(785,479)</u>
Reconciliation of net cash flow to movement in net funds	3		
Increase/(Decrease) in cash in the period		351,297	(785,479)
Cash (inflow)/outflow from (decrease)/increase in liquid resources		(569,829)	351,707
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing		<u>3,334</u>	<u>(17,084)</u>
Effect of foreign exchange rate changes		21,834	(121,065)
Change in net funds resulting from cash flows		<u>(193,364)</u>	<u>(571,921)</u>
Movement in net funds in the period		<u>(193,364)</u>	<u>(571,921)</u>
Net funds at 1st November		<u>1,991,779</u>	<u>2,563,700</u>
Net funds at 31st October		<u>1,798,415</u>	<u>1,991,779</u>

The notes form part of these financial statements

BEVAN FUNNELL LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST OCTOBER 2005

1. **RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	2005 £	2004 £
Operating loss	(1,423,944)	(2,085,146)
Depreciation charges	181,167	225,156
Profit on disposal of fixed assets	(343,226)	(8,111)
Foreign exchange movement	88,971	(313,566)
Decrease in stocks	186,098	1,095,531
Decrease in debtors	544,522	324,809
(Decrease)/Increase in creditors	<u>(378,694)</u>	<u>241,235</u>
Net cash outflow from operating activities	<u>(1,145,106)</u>	<u>(520,092)</u>

2. **ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2005 £	2004 £
Returns on investments and servicing of finance		
Interest received	303,344	279,126
Interest paid	(44,631)	(48,138)
Interest element of hire purchase payments	<u>(1,499)</u>	<u>(1,289)</u>
Net cash inflow for returns on investments and servicing of finance	<u>257,214</u>	<u>229,699</u>
 Capital expenditure		
Purchase of tangible fixed assets	(58,345)	(601,603)
Sale of tangible fixed assets	<u>1,459,389</u>	<u>9,728</u>
Net cash inflow/(outflow) for capital expenditure	<u>1,401,044</u>	<u>(591,875)</u>
 Financing		
Capital repayments in year	(3,334)	17,084
Amount introduced by directors	2,818	119,134
Amount withdrawn by directors	<u>(119,134)</u>	<u>-</u>
Net cash (outflow)/inflow from financing	<u>(119,650)</u>	<u>136,218</u>

The notes form part of these financial statements

BEVAN FUNNELL LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST OCTOBER 2005

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.11.04 £	Cash flow £	At 31.10.05 £
Net cash:			
Cash at bank and in hand	704,845	(426,208)	278,637
Bank overdrafts	<u>(953,946)</u>	<u>799,339</u>	<u>(154,607)</u>
	<u>(249,101)</u>	<u>373,131</u>	<u>124,030</u>
 Liquid resources:			
Current asset investments	<u>2,257,964</u>	<u>(569,829)</u>	<u>1,688,135</u>
	<u>2,257,964</u>	<u>(569,829)</u>	<u>1,688,135</u>
 Debt:			
Hire purchase	<u>(17,084)</u>	<u>3,334</u>	<u>(13,750)</u>
	<u>(17,084)</u>	<u>3,334</u>	<u>(13,750)</u>
 Total	<u>1,991,779</u>	<u>(193,364)</u>	<u>1,798,415</u>

The notes form part of these financial statements

BEVAN FUNNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 2005

1. ACCOUNTING POLICIES

Accounting convention

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

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings. All accounting periods terminate on 31 October, however last year Bevan SA had an accounting reference date of 31 July. Therefore this year's accounts are for a fifteen month period.

Turnover

Turnover represents net invoiced sales of goods, excluding 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.

Freehold property	- Straight line over 50 years, at varying rates on cost and Straight line over 10 years
Plant and machinery	- Straight line over 10 years

Stocks

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 items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred tax

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

In individual companies, monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date, whereas non monetary assets and liabilities are translated using the rate of exchange ruling at the date of acquisition. Exchange profits or losses arising on trading are accounted for through the profit and loss account.

On consolidation, assets, liabilities and the operating results of overseas subsidiary undertakings are translated into sterling at the rates of exchange ruling at their balance sheet date. Exchange differences arising from the restatement of the opening balance sheets of these subsidiary undertakings are dealt with through reserves.

Leasing

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Pension Costs

The pension costs charged against profits represent the amount of the contributions payable to defined contribution schemes in respect of the accounting period.

BEVAN FUNNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST OCTOBER 2005

1. ACCOUNTING POLICIES - continued

Investment Properties

In accordance with Statement of Standard Accounting Practice No 19, the group's property held for long-term investment is included in the balance sheet at the open market value. The surplus or deficit on revaluation of the property is transferred to an investment property revaluation reserve. The investment property is not amortised.

This policy represents a departure from statutory accounting principles. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation.

Investments

Fixed asset investments are included at cost less amounts written off.

Current asset investments are included at the lower of cost and net realisable value. Market value is shown by way of note.

2. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2005	2004
	£	£
United Kingdom	2,528,209	3,664,854
Europe	2,051,141	1,911,475
North America	1,578,183	1,880,596
Other	<u>162,309</u>	<u>231,915</u>
	<u><u>6,319,842</u></u>	<u><u>7,688,840</u></u>

Turnover is the total amount receivable by the group in the ordinary course of business with outside customers for goods supplied excluding VAT and trade discounts.

3. STAFF COSTS

	2005	2004
	£	£
Wages and salaries	3,511,090	3,838,760
Social security costs	344,612	380,071
Other pension costs	<u>43,909</u>	<u>30,647</u>
	<u><u>3,899,611</u></u>	<u><u>4,249,478</u></u>

The average monthly number of employees during the year was as follows:

	2005	2004
Production	159	177
Others	<u>39</u>	<u>49</u>
	<u><u>198</u></u>	<u><u>226</u></u>

BEVAN FUNNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST OCTOBER 2005

4. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2005	2004
	£	£
Hire of plant and machinery	141,388	194,589
Other operating leases	41,667	57,450
Depreciation - owned assets	181,167	225,156
Profit on disposal of fixed assets	(343,226)	(8,111)
Auditors' remuneration	<u>16,470</u>	<u>18,133</u>
Directors' emoluments	87,944	94,335
Compensation to director for loss of office	<u>31,331</u>	<u>5,458</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£	£
Bank interest	44,631	48,138
(Profit)/loss on exchange	(88,971)	313,566
Hire purchase	<u>1,499</u>	<u>1,289</u>
	<u>(42,841)</u>	<u>362,993</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the year was as follows:

	2005	2004
	£	£
Current tax:		
Overseas taxation	49,079	51,485
Overseas tax adj prior year	<u>(11,107)</u>	<u>(13,143)</u>
Tax on loss on ordinary activities	<u>37,972</u>	<u>38,342</u>

BEVAN FUNNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST OCTOBER 2005

6. TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2005 £	2004 £
Loss on ordinary activities before tax	<u>(1,077,759)</u>	<u>(2,169,013)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 - 30%)	(323,328)	(650,704)
Effects of:		
Accelerated capital allowances	(56,390)	51,518
Higher rates on overseas earnings	49,079	33,966
Adjustments to tax charge in respect of prior periods	(11,107)	(13,134)
Losses carried forward for future utilisation	379,008	616,696
Expenses not deductible	<u>710</u>	<u>-</u>
Current tax charge	<u>37,972</u>	<u>38,342</u>

7. LOSS OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(71,679) (2004 - £(1,676,177)).

BEVAN FUNNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST OCTOBER 2005

8. TANGIBLE FIXED ASSETS

Group	Freehold property £	Short leasehold £	Long leasehold £
COST			
At 1st November 2004	2,447,258	800,000	650,000
Disposals	(98,619)	(800,000)	-
Exchange differences	5,099	-	-
	<u>2,353,738</u>	<u>-</u>	<u>650,000</u>
At 31st October 2005			
DEPRECIATION			
At 1st November 2004	761,641	-	-
Charge for year	27,024	-	-
Exchange differences	(4,844)	-	-
	<u>783,821</u>	<u>-</u>	<u>-</u>
At 31st October 2005			
NET BOOK VALUE			
At 31st October 2005	<u>1,569,917</u>	<u>-</u>	<u>650,000</u>
At 31st October 2004	<u>1,685,617</u>	<u>800,000</u>	<u>650,000</u>

	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1st November 2004	4,134,009	526,873	538,565	9,096,705
Additions	41,812	4,200	12,333	58,345
Disposals	(13,544)	-	-	(912,163)
Exchange differences	(5,462)	-	-	(363)
	<u>4,156,815</u>	<u>531,073</u>	<u>550,898</u>	<u>8,242,524</u>
At 31st October 2005				
DEPRECIATION				
At 1st November 2004	3,449,185	470,240	521,917	5,202,983
Charge for year	129,138	16,032	8,973	181,167
Exchange differences	(5,612)	-	-	(10,456)
	<u>3,572,711</u>	<u>486,272</u>	<u>530,890</u>	<u>5,373,694</u>
At 31st October 2005				
NET BOOK VALUE				
At 31st October 2005	<u>584,104</u>	<u>44,801</u>	<u>20,008</u>	<u>2,868,830</u>
At 31st October 2004	<u>684,824</u>	<u>56,633</u>	<u>16,648</u>	<u>3,893,722</u>

BEVAN FUNNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST OCTOBER 2005

8. TANGIBLE FIXED ASSETS - continued

Company

	Freehold property £	Long leasehold £	Plant and machinery £
COST			
At 1st November 2004	1,815,670	650,000	2,467,580
Additions	-	-	29,744
Disposals	(800,000)	-	(13,544)
At 31st October 2005	<u>1,015,670</u>	<u>650,000</u>	<u>2,483,780</u>
DEPRECIATION			
At 1st November 2004	98,455	-	1,766,475
Charge for year	20,313	-	111,464
At 31st October 2005	<u>118,768</u>	<u>-</u>	<u>1,877,939</u>
NET BOOK VALUE			
At 31st October 2005	<u>896,902</u>	<u>650,000</u>	<u>605,841</u>
At 31st October 2004	<u>1,717,215</u>	<u>650,000</u>	<u>701,105</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1st November 2004	526,873	538,565	5,998,688
Additions	4,200	12,333	46,277
Disposals	-	-	(813,544)
At 31st October 2005	<u>531,073</u>	<u>550,898</u>	<u>5,231,421</u>
DEPRECIATION			
At 1st November 2004	470,240	521,917	2,857,087
Charge for year	16,032	8,973	156,782
At 31st October 2005	<u>486,272</u>	<u>530,890</u>	<u>3,013,869</u>
NET BOOK VALUE			
At 31st October 2005	<u>44,801</u>	<u>20,008</u>	<u>2,217,552</u>
At 31st October 2004	<u>56,633</u>	<u>16,648</u>	<u>3,141,601</u>

The long leasehold investment property is revalued to the open market value. Professional valuations were carried out by Fenn Wright and McLeod Wright, chartered surveyors, in the year ending 31/10/2003. The historical cost amount of this asset is £272,000.

BEVAN FUNNELL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST OCTOBER 2005**

9. FIXED ASSET INVESTMENTS

The subsidiary undertakings at 31 October 2005, which are wholly owned, are shown below:

	Country of incorporation	Class	Share capital issued
H & A G Alexander & Company Limited	Scotland	Ordinary	£36,000
Shard Stebbing Limited	England and Wales	Ordinary	£25,600
John Lawrence & Co (Dover) Limited	England and Wales	Ordinary	£100
		Preference	£1,200
Bevan Funnell Limited (Reprodux) inc	USA	Ordinary	* \$25,000
Bevan S A	Switzerland	Ordinary	SF 50,000

* Bevan S A holds 50% of the ordinary share capital of Bevan Funnell Limited (Reprodux) Inc.

The principal activity of the subsidiary undertakings is the sale of reproduction furniture, except for John Lawrence & Co. (Dover) Limited, which manufactures brass handles and fittings. H & A G Alexander & Company Limited and Shard Stebbing Limited are dormant.

John Lawrence & Co. (Dover) Limited ceased to trade during the year, and at the balance sheet date was dormant.

10. STOCKS

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Raw materials	457,326	509,202	445,915	419,442
Work-in-progress	1,713,227	1,806,141	1,713,227	1,806,141
Finished goods	<u>3,064,062</u>	<u>3,105,370</u>	<u>1,558,246</u>	<u>1,504,994</u>
	<u><u>5,234,615</u></u>	<u><u>5,420,713</u></u>	<u><u>3,717,388</u></u>	<u><u>3,730,577</u></u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Trade debtors	695,008	1,013,693	430,868	558,153
Amounts owed by group undertakings	-	-	1,837,619	1,670,349
Other debtors	19,711	23,194	9,757	12,166
Prepayments	<u>156,164</u>	<u>378,518</u>	<u>93,152</u>	<u>231,830</u>
	<u><u>870,883</u></u>	<u><u>1,415,405</u></u>	<u><u>2,371,396</u></u>	<u><u>2,472,498</u></u>

12. CURRENT ASSET INVESTMENTS

	Group	
	2005	2004
	£	£
Listed investments	<u><u>1,688,135</u></u>	<u><u>2,257,964</u></u>

Market value of listed investments held by the group at 31st October 2005 - £1,786,088 (2004 - £2,399,451).

BEVAN FUNNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST OCTOBER 2005

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Bank loans and overdrafts (see note 15)	154,607	953,946	431,392	755,071
Hire purchase contracts (see note 16)	3,824	3,432	3,824	3,432
Trade creditors	359,270	498,352	281,637	446,846
Amounts owed to group undertakings	-	-	2,501,089	2,542,141
Corporation and overseas tax	73,264	68,829	-	-
Social security and other taxes	81,093	84,432	81,093	84,432
VAT	21,576	57,803	21,576	57,803
Other creditors	50,091	61,201	47,311	-
Directors' current accounts	2,818	-	2,818	-
Accrued expenses	178,771	367,707	166,105	338,130
	<u>925,314</u>	<u>2,095,702</u>	<u>3,536,845</u>	<u>4,227,855</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Hire purchase contracts (see note 16)	9,926	13,652	9,926	13,652
Directors loan account	-	119,134	-	-
	<u>9,926</u>	<u>132,786</u>	<u>9,926</u>	<u>13,652</u>

15. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	<u>154,607</u>	<u>953,946</u>	<u>431,392</u>	<u>755,071</u>

BEVAN FUNNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST OCTOBER 2005

16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group

	Hire purchase contracts	
	2005	2004
	£	£
Net obligations repayable:		
Within one year	3,824	3,432
Between one and five years	<u>9,926</u>	<u>13,652</u>
	<u><u>13,750</u></u>	<u><u>17,084</u></u>

Company

	Hire purchase contracts	
	2005	2004
	£	£
Net obligations repayable:		
Within one year	3,824	3,432
Between one and five years	<u>9,926</u>	<u>13,652</u>
	<u><u>13,750</u></u>	<u><u>17,084</u></u>

The following operating lease payments are committed to be paid within one year:

Group

	Land and buildings		Other operating leases	
	2005	2004	2005	2004
	£	£	£	£
Expiring:				
Between one and five years	-	-	20,846	20,846
In more than five years	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>7,450</u>
	<u><u>50,000</u></u>	<u><u>50,000</u></u>	<u><u>20,846</u></u>	<u><u>28,296</u></u>

Company

	Land and buildings	
	2005	2004
	£	£
Expiring:		
In more than five years	<u>50,000</u>	<u>50,000</u>

BEVAN FUNNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST OCTOBER 2005

17. SECURED DEBTS

The following secured debts are included within creditors:

	Company	
	2005	2004
	£	£
Bank overdrafts	<u>431,392</u>	<u>755,071</u>

The bank overdrafts are secured by a fixed charge over the UK freehold property.

18. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal	2005	2004
		value:	£	£
500,000	Ordinary	£1	<u>500,000</u>	<u>500,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal	2005	2004
		value:	£	£
468,000	Ordinary	£1	<u>468,000</u>	<u>468,000</u>

BEVAN FUNNELL LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued**
FOR THE YEAR ENDED 31ST OCTOBER 2005**19. RESERVES****Group**

	Profit and loss account £	Revaluation reserve £	Totals £
At 1st November 2004	10,060,097	936,064	10,996,161
Deficit for the year	(1,115,731)		(1,115,731)
Exchange differences	(138,570)	-	(138,570)
Movement on sale of property	-	(204,000)	(204,000)
At 31st October 2005	<u>8,805,796</u>	<u>732,064</u>	<u>9,537,860</u>

Company

	Profit and loss account £	Revaluation reserve £	Totals £
At 1st November 2004	4,297,138	578,000	4,875,138
Deficit for the year	(71,679)		(71,679)
Movement on sale of property	-	(204,000)	(204,000)
At 31st October 2005	<u>4,225,459</u>	<u>374,000</u>	<u>4,599,459</u>

20. ULTIMATE PARENT COMPANY

The ultimate holding undertaking was Heatherside Trust Limited, a company incorporated in Guernsey, Channel Island, a company controlled by Mr Funnell. However when Mr Funnell passed away on 24 June 2005 the shares he owned in the parent undertaking were passed to the Bevan Funnell Limited Employee Benefit Trust, therefore changing the ownership of the group. Group accounts have only been prepared by Bevan Funnell Limited.

21. RELATED PARTY DISCLOSURES

A leasehold property from which the company trades was owned by one of the directors, Mr B B Funnell. The company paid him an annual rent of £41,667 (2004: £50,000).

A consultancy fee of £7,576 (2004: £25,706) in respect of services rendered outside the United Kingdom was paid to an off shore company which until he passed away was controlled by Mr B B Funnell.

BEVAN FUNNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST OCTOBER 2005

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2005 £	2004 £
Loss for the financial year	(1,115,731)	(2,207,355)
Other recognised gains and losses relating to the year (net)	(138,570)	188,727
Revaluation reserve adjustment on disposal of fixed asset	<u>(204,000)</u>	<u>-</u>
Net reduction of shareholders' funds	(1,458,301)	(2,018,628)
Opening shareholders' funds	<u>11,464,161</u>	<u>13,482,789</u>
Closing shareholders' funds	<u>10,005,860</u>	<u>11,464,181</u>
 Equity interests	 <u>10,005,860</u>	 <u>11,464,181</u>

Company

	2005 £	2004 £
Loss for the financial year	(71,679)	(1,676,177)
Revaluation adjustment on disposal	<u>(204,000)</u>	<u>-</u>
Net reduction of shareholders' funds	(275,679)	(1,676,177)
Opening shareholders' funds	<u>5,343,138</u>	<u>7,019,315</u>
Closing shareholders' funds	<u>5,067,459</u>	<u>5,343,138</u>
 Equity interests	 <u>5,067,459</u>	 <u>5,343,138</u>