

REGISTRAR'S COPY

COMPANY NUMBER: 425363

BEVAN FUNNELL LIMITED

REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS

for the year ended

31 October 1994

GRANT THORNTON

Chartered Accountants

BRIGHTON

NORMAN BALL, JORDAN & CO

Certified Accountants

H O V E



BEVAN FUNNELL LIMITED

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BEVAN FUNNELL LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 October 1994.

1. Principal activities

The group is principally engaged in the manufacture and sale of traditional English reproduction furniture.

2. Results and dividends

The group profit for the year after taxation amounted to £262,000. The directors do not recommend the payment of a dividend, and the profit has been retained.

3. Review of the business and future developments

There was an upturn in both turnover and profitability during 1994 enabling the group to show an improved result compared to 1993. The early part of 1995 has not, so far, yielded any further improvement in worldwide turnover. There has been an increase in the price of many imported raw materials, and it will be necessary to continue to improve efficiency levels in our factories to offset these higher costs and maintain profitability.

4. Directors

The directors in office during the year are listed below, together with their interests in the shares of the company at 1 November 1993, or date of appointment if later, and 31 October 1994 as recorded in the register maintained by the company in accordance with the provisions of the Companies Act 1985.

	<u>£1 Ordinary Shares</u>	
	<u>1994</u>	<u>1993</u>
B B Funnell (Chairman)	98,000	98,000
Mrs P M Funnell	20,000	20,000
E W Botting	-	-
D W Bradfield	-	-
P J Braithwaite	-	-
B L E Cheshire	-	-
E Coles	-	-
J D Cotton	-	-
J H Greely	-	-
M J Petry (appointed 6 June 1994)	-	-
T G Vermeer	-	-
A W Wallis	-	-

350,000 shares in the company are owned by Heatherside Trust Limited, which is wholly owned by Mr B B Funnell and Mrs P M Funnell.

BEVAN FUNNELL LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

5. Statement of directors' responsibilities for the financial statements

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;
- * state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

6. Tangible fixed assets

Movements on tangible fixed assets are disclosed in note 6 to these financial statements.

The main additions in the year related to replacement motor vehicles and certain other items of plant and office equipment.

There were no significant disposals during the year.

In the opinion of the directors the market value of the land and buildings is well in excess of its book value. However, in the absence of a professional valuation, they are unable to quantify the market value.

7. 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 Groups representatives. The group publishes an in-house magazine on a regular basis.

BEVAN FUNNELL LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

8. 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.

9. Auditors

Grant Thornton and Norman Ball, Jordan & Co., offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

By Order of the Board



T G VERMEER
Secretary

Registered office:

20 Connaught Road
Hove
East Sussex
BN3 3WB

27 March 1995

AUDITORS' REPORT TO THE SHAREHOLDERS OF

BEVAN FUNNELL LIMITED

We have audited the financial statements on pages 5 to 20 which have been prepared under the accounting policies set out on pages 5 and 6.

Respective responsibilities of directors and auditors

As described on page 2 the 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.

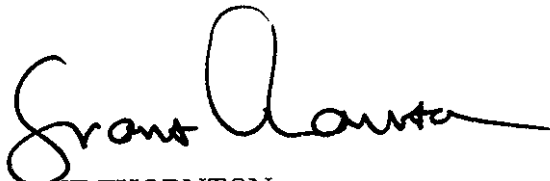
Basis of opinion

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 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 at 31 October 1994 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


GRANT THORNTON
Registered Auditors,
Chartered Accountants

Brighton

29 March 1995


NORMAN BALL, JORDAN & CO
Registered Auditors,
Certified Accountants

Hove

BEVAN FUNNELL LIMITED

ACCOUNTING POLICIES

for the year ended 31 October 1994

The financial statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

The principal accounting policies of the group have remained unchanged from the previous year and are set out below.

a) 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 apart from the two overseas subsidiary undertakings which, for administrative reasons, terminate on 31 July, which is the date to which they are consolidated. All intra-group profits are eliminated on consolidation.

b) Turnover

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.

c) Depreciation

Depreciation is calculated to write down the cost of tangible fixed assets, other than UK freehold and long leasehold properties, to their estimated residual value by equal annual instalments over their expected useful lives.

The periods generally applicable are:

Freeholds - overseas properties	10 to 20 years
Short leasehold property	Period of lease
Plant, machinery and vehicles	5 to 20 years

No depreciation is provided on the UK freehold properties and leasehold properties with more than 50 years unexpired term as it is the company's policy to maintain these assets in a continual state of sound repair. The useful economic lives of these assets are thus so long and residual values so high that any depreciation would not be material. Residual values are based on prices prevailing at the date of acquisition or subsequent valuation. Provision is made in the profit and loss account for any permanent diminution in value.

BEVAN FUNNELL LIMITED

ACCOUNTING POLICIES (CONTINUED)

for the year ended 31 October 1994

d) Stocks

Stocks are stated at the lower of cost and net realisable value.

e) Deferred tax

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

f) 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 opening balance sheets of these subsidiary undertakings are dealt with through reserves.

g) 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.

h) Goodwill

Goodwill arising on consolidation is written off in the year it arises.

i) Leasing

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

BEVAN FUNNELL LIMITED

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 October 1994

	Note	1994	1993
		£'000	£'000
Turnover	1	16,693	15,553
Cost of sales		<u>10,180</u>	<u>9,694</u>
Gross profit		6,513	5,859
Distribution costs		3,547	3,477
Administrative expenses		800	810
Other charges		<u>1,784</u>	<u>1,505</u>
Operating profit		<u>6,131</u>	<u>5,792</u>
		382	67
Interest receivable and similar income		297	436
Interest payable	2	(81)	(72)
Loss on exchange		<u>(137)</u>	<u>(327)</u>
		<u>79</u>	<u>37</u>
Profit on ordinary activities before taxation	1	461	104
Tax charge on profit on ordinary activities	4	199	41
Profit retained on ordinary activities after taxation	5 and 15	<u>262</u>	<u>63</u>
Statement of total recognised gains and losses			
Profit for the financial year		262	63
Currency differences on foreign currency net investments		598	731
Total recognised gains and losses for the year	16	<u>860</u>	<u>794</u>

The accounting policies on pages 5 and 6 and the notes on pages 10 to 20 form an integral part of these financial statements.

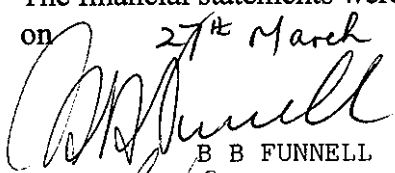

BEVAN FUNNELL LIMITED

BALANCE SHEETS

at 31 October 1994

	Note	<u>Group</u> <u>1994</u> £'000	<u>Group</u> <u>1993</u> £'000	<u>Company</u> <u>1994</u> £'000	<u>Company</u> <u>1993</u> £'000
Fixed assets					
Tangible assets	6	3,932	4,277	2,737	2,567
Investments	7	<u>-</u>	<u>-</u>	<u>154</u>	<u>154</u>
		<u>3,932</u>	<u>4,277</u>	<u>2,891</u>	<u>2,721</u>
Current assets					
Stocks	8	11,176	10,497	7,172	6,899
Debtors	9	2,811	2,671	5,004	4,577
Investments	10	617	1,103	-	-
Bank balances and cash		<u>5,434</u>	<u>4,497</u>	<u>677</u>	<u>619</u>
		<u>20,038</u>	<u>18,768</u>	<u>12,853</u>	<u>12,095</u>
Creditors: amounts falling due within one year					
Bank overdrafts	11	1,232	1,443	929	1,057
Other creditors	12	<u>2,728</u>	<u>2,465</u>	<u>3,474</u>	<u>2,153</u>
		<u>3,960</u>	<u>3,908</u>	<u>4,403</u>	<u>3,210</u>
Net current assets		<u>16,078</u>	<u>14,860</u>	<u>8,450</u>	<u>8,885</u>
Total assets less current liabilities		<u>20,010</u>	<u>19,137</u>	<u>11,341</u>	<u>11,606</u>
Provisions for liabilities and charges					
Deferred tax	13	<u>116</u>	<u>103</u>	<u>148</u>	<u>58</u>
		<u>19,894</u>	<u>19,034</u>	<u>11,193</u>	<u>11,548</u>
Capital and reserves					
Called up share capital	14	468	468	468	468
Profit and loss account	15	19,382	18,522	10,725	11,080
Capital reserve on consolidation		<u>44</u>	<u>44</u>	<u>-</u>	<u>-</u>
Shareholders' funds	16	<u>19,894</u>	<u>19,034</u>	<u>11,193</u>	<u>11,548</u>

The financial statements were approved by the Board of Directors on 27th March 1995


 B B FUNNELL
)
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) Directors
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The accounting policies on pages 5 and 6 and the notes on pages 10 to 20 form an integral part of these financial statements.

BEVAN FUNNELL LIMITED**GROUP CASH FLOW STATEMENT**

for the year ended 31 October 1994

	<u>Note</u>	<u>1994</u> £'000	<u>1993</u> £'000
Net cash inflow from operating activities	17	223	304
Returns on investments and servicing of finance			
Interest received	297	436	
Interest paid	<u>(81)</u>	<u>(72)</u>	
Net cash inflow from returns on investments and servicing of finance		216	364
Taxation			
Corporation and overseas tax paid		(32)	(117)
Investing activities			
Receipts from sale of current asset investments	486	214	
Payments to acquire tangible fixed assets	(137)	(565)	
Receipts from sale of tangible fixed assets	<u>41</u>	<u>16</u>	
Net cash inflow/(outflow) from investing activities		390	(335)
Increase in cash and cash equivalents	18	797	216

The accounting policies on pages 5 and 6 and the notes on pages 10 to 20 form an integral part of these financial statements.

BEVAN FUNNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 1994

1. Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities are attributable to the principal activity, the manufacture and sale of traditional English reproduction furniture.

An analysis of turnover by geographical market is given below:

	<u>1994</u> £'000	<u>1993</u> £'000
United Kingdom	6,935	6,507
Europe	6,359	6,164
North America	2,079	1,866
Other	<u>1,320</u>	<u>1,016</u>
	<u>16,693</u>	<u>15,553</u>

Profit on ordinary activities is stated after:

	<u>1994</u> £'000	<u>1993</u> £'000
Operating lease payments - land and buildings	46	90
Auditors' remuneration - audit services	46	45
- non-audit services	11	7
Depreciation (1994 including £146,000 provision for permanent diminution in value of group's motor yacht)	<u>487</u>	<u>396</u>

2. Interest payable

	<u>1994</u> £'000	<u>1993</u> £'000
On bank overdrafts and other loans repayable within 5 years, otherwise than by instalments	<u>81</u>	<u>72</u>

BEVAN FUNNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 October 1994

3. Directors and employees

Staff costs during the year:

	<u>1994</u> £'000	<u>1993</u> £'000
Wages and salaries	7,982	7,463
Social security	789	737
Pension costs	<u>3</u>	<u>3</u>
	<u>8,774</u>	<u>8,203</u>

The average number of employees of the group during the year was:

	<u>Number</u>	<u>Number</u>
Production	434	454
Others	<u>170</u>	<u>178</u>
	<u>604</u>	<u>632</u>

Remuneration in respect of directors was as follows:

	<u>1994</u> £'000	<u>1993</u> £'000
Management remuneration	339	295
Pension to former director	<u>2</u>	<u>2</u>
	<u>341</u>	<u>297</u>

The emoluments of the directors, excluding pension contributions were as follows:

The Chairman	<u>9</u>	<u>9</u>
The highest paid director	<u>43</u>	<u>38</u>
Other directors	<u>Number</u>	<u>Number</u>
£10,001 to £15,000	1	-
£20,001 to £25,000	1	2
£25,001 to £30,000	3	5
£30,001 to £35,000	4	2
£35,001 to £40,000	<u>1</u>	<u>1</u>

BEVAN FUNNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 October 1994

4. Tax charge on profit on ordinary activities

The tax charge is based on the group profit for the year and is made up as follows:

	<u>1994</u> £'000	<u>1993</u> £'000
United Kingdom:		
Corporation tax at 33%	121	(74)
Deferred tax	13	(5)
Overseas tax	<u>56</u>	<u>115</u>
	190	36
Adjustment in respect of prior years		
Corporation tax	<u>9</u>	<u>5</u>
	<u>199</u>	<u>41</u>

The company is a close company within the provisions of Section 414 of the Income and Corporation Taxes Act 1988.

5. Profit on ordinary activities after taxation retained

The company has taken advantage of section 230(2) of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group profit for the year includes a loss of **£355,000** (1993: £166,000 profit) which is dealt with in the financial statements of the parent company.

BEVAN FUNNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 October 1994

6. Tangible fixed assets

	<u>Land and buildings</u>				<u>Plant machinery, & vehicles</u>
	<u>Total</u>	<u>Freehold</u>	<u>Long leasehold</u>	<u>Short leasehold</u>	
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
(a) Group					
Cost					
At 1 November 1993	7,823	2,733	272	33	4,785
Exchange difference	68	50	-	-	18
Additions	137	-	-	-	137
Disposals	(66)	-	-	-	(66)
At 31 October 1994	<u>7,962</u>	<u>2,783</u>	<u>272</u>	<u>33</u>	<u>4,874</u>
Depreciation					
At 1 November 1993	3,546	564	-	28	2,954
Exchange difference	49	32	-	-	17
Provided in the year	487	15	-	3	469
Disposals	(52)	-	-	-	(52)
At 31 October 1994	<u>4,030</u>	<u>611</u>	<u>-</u>	<u>31</u>	<u>3,388</u>
Net book amounts					
At 31 October 1994	<u>3,932</u>	<u>2,172</u>	<u>272</u>	<u>2</u>	<u>1,486</u>
At 31 October 1993	<u>4,277</u>	<u>2,169</u>	<u>272</u>	<u>5</u>	<u>1,831</u>

The depreciation charge for the year in respect of plant machinery and vehicles includes £143,000 provision for permanent diminution in value in respect of the group's motor yacht.

BEVAN FUNNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 October 1994

6. Tangible fixed assets (continued)

	<u>Land and buildings</u>			<u>Plant machinery, & vehicles</u>
	<u>Total</u>	<u>Freehold</u>	<u>Long leasehold</u>	
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
(b) Company				
Cost				
At 1 November 1993	4,131	1,496	272	2,363
Additions	380	-	-	380
Disposals	<u>(62)</u>	<u>-</u>	<u>-</u>	<u>(62)</u>
At 31 October 1994	<u>4,449</u>	<u>1,496</u>	<u>272</u>	<u>2,681</u>
Depreciation				
At 1 November 1993	1,564	-	-	1,564
Provided in the year	200	-	-	200
Disposals	<u>(52)</u>	<u>-</u>	<u>-</u>	<u>(52)</u>
At 31 October 1994	<u>1,712</u>	<u>-</u>	<u>-</u>	<u>1,712</u>
Net book amounts				
At 31 October 1994	<u>2,737</u>	<u>1,496</u>	<u>272</u>	<u>969</u>
At 31 October 1993	<u>2,567</u>	<u>1,496</u>	<u>272</u>	<u>799</u>

7. Fixed asset investments

Company

	<u>Shares in subsidiary undertakings</u>
	<u>£'000</u>
(a) Cost	
At 1 November 1993 and 31 October 1994	<u>167</u>
Amounts written off	
At 1 November 1993 and 31 October 1994	<u>13</u>
Net book amounts	
At 31 October 1994 and 31 October 1993	<u>154</u>

BEVAN FUNNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 October 1994

7. Fixed asset investments (continued)

(b) The subsidiary undertakings, which are all wholly owned, are shown below:

	<u>Country of incorporation</u>	<u>Class</u>	<u>Share capital issued</u>
A K Verity Limited	England and Wales	Ordinary	£4,000
H & A G Alexander & Company Limited	Scotland	Ordinary	£36,000
Shard Stebbing Limited	England and Wales	Ordinary	£25,000
John Lawrence & Co. (Dover) Limited	England and Wales	Ordinary Preference	£100 £1,200
D & S Partners Limited	England and Wales	Ordinary Preference	£290 £290
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 manufacture and sale of reproduction furniture, except for John Lawrence & Co. (Dover) Limited, which manufactures fine handles and brass fittings and D & S Partners Limited which is now dormant.

Goodwill on consolidation of £168,000 was written off in earlier years.

BEVAN FUNNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 October 1994

8. Stocks

	<u>Group</u> <u>1994</u> £'000	<u>Group</u> <u>1993</u> £'000	<u>Company</u> <u>1994</u> £'000	<u>Company</u> <u>1993</u> £'000
Raw materials	1,412	1,097	575	517
Work in progress	6,350	6,367	5,262	5,315
Finished goods	<u>3,414</u>	<u>3,033</u>	<u>1,335</u>	<u>1,067</u>
	<u>11,176</u>	<u>10,497</u>	<u>7,172</u>	<u>6,899</u>

At 31 October 1994 and 31 October 1993 there were no significant differences between the replacement costs and the values disclosed for stocks.

9. Debtors

	<u>Group</u> <u>1994</u> £'000	<u>Group</u> <u>1993</u> £'000	<u>Company</u> <u>1994</u> £'000	<u>Company</u> <u>1993</u> £'000
Amounts falling due within one year:				
Trade debtors	2,317	1,979	1,662	1,480
Amounts owed by group undertakings	-	-	3,075	2,755
Corporation and overseas tax recoverable	79	195	-	32
Prepayments and accrued income	<u>415</u>	<u>497</u>	<u>267</u>	<u>310</u>
	<u>2,811</u>	<u>2,671</u>	<u>5,004</u>	<u>4,577</u>

10. Current asset investments

These are listed on a foreign investment exchange. At 31 October 1994 the market value was £666,000 (1993: £1,244,000).

11. Bank overdrafts

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

BEVAN FUNNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 October 1994

12. Creditors: amounts falling due within one year

Other creditors

	<u>Group</u>	<u>Group</u>	<u>Company</u>	<u>Company</u>
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Trade creditors	832	703	547	441
Amounts owed to group undertakings	-	-	1,759	746
Corporation and overseas tax	418	380	101	-
Social security and other taxes	314	272	218	189
Accruals	929	902	725	677
Other creditors	<u>235</u>	<u>208</u>	<u>124</u>	<u>100</u>
	<u>2,728</u>	<u>2,465</u>	<u>3,474</u>	<u>2,153</u>

13. Deferred tax

Deferred tax has been provided as follows:-

	<u>Group</u>	<u>Group</u>	<u>Company</u>	<u>Company</u>
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 1 November	103	108	58	47
Provided in year	<u>13</u>	<u>(5)</u>	<u>90</u>	<u>11</u>
At 31 October	<u>116</u>	<u>103</u>	<u>148</u>	<u>58</u>

Provided

Accelerated capital allowances	109	128	60	63
Unrelieved losses	-	(21)	-	-
Sundry timing differences	<u>7</u>	<u>(4)</u>	<u>88</u>	<u>(5)</u>
	<u>116</u>	<u>103</u>	<u>148</u>	<u>58</u>

Not provided

Accelerated capital allowances	430	422	361	354
Overseas stock relief	<u>190</u>	<u>175</u>	<u>-</u>	<u>-</u>
	<u>620</u>	<u>597</u>	<u>361</u>	<u>354</u>

BEVAN FUNNELL LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

for the year ended 31 October 1994

14. Called up share capital

	<u>1994</u> <u>£'000</u>	<u>1993</u> <u>£'000</u>
Authorised 500,000 ordinary shares of £1 each	<u>500</u>	<u>500</u>
Allotted, called up and fully paid 468,000 ordinary shares of £1 each	<u>468</u>	<u>468</u>

15. Profit and loss account

	<u>Group</u> <u>£'000</u>	<u>Company</u> <u>£'000</u>
At 1 November 1993	18,522	11,080
Retained profit/(loss sustained) for the year	262	(355)
Exchange differences	<u>598</u>	<u>-</u>
At 31 October 1994	<u>19,382</u>	<u>10,725</u>

The group reserves in both years include non-distributable reserves in an overseas subsidiary undertaking of £17,000.

16. Reconciliation of movements in shareholders' funds

	<u>1994</u> <u>£'000</u>	<u>1993</u> <u>£'000</u>
Profit for the financial year	262	63
Exchange differences	<u>598</u>	<u>731</u>
Increase in shareholders' funds in the year	<u>860</u>	<u>794</u>
Shareholders' funds at 1 November	<u>19,034</u>	<u>18,240</u>
Shareholders' funds at 31 October	<u>19,894</u>	<u>19,034</u>

BEVAN FUNNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 October 1994

17. Net cash inflow from operating activities

	<u>1994</u> <u>£'000</u>	<u>1993</u> <u>£'000</u>
Operating profit	382	67
Depreciation	487	396
Profit on sale of tangible fixed assets	(27)	(8)
Exchange rate movements	91	(19)
Increase in stocks	(679)	(170)
(Increase)/decrease in debtors	(256)	112
Increase/(decrease) in creditors	<u>225</u>	<u>(74)</u>
	<u>223</u>	<u>304</u>

18. Analysis of changes in cash and cash equivalents

	<u>1994</u> <u>£'000</u>	<u>1993</u> <u>£'000</u>
Net cash inflow before adjustments for the effect of foreign exchange rate changes	797	216
Effect of foreign exchange rate changes	<u>351</u>	<u>341</u>
Change in year	<u>1,148</u>	<u>557</u>
Balance at 1 November	<u>3,054</u>	<u>2,497</u>
Balance at 31 October	<u>4,202</u>	<u>3,054</u>

Cash and cash equivalents comprise:

	<u>1994</u> <u>£'000</u>	<u>1993</u> <u>£'000</u>	<u>1992</u> <u>£'000</u>
Bank balances and cash	5,434	4,497	3,655
Bank overdrafts	<u>(1,232)</u>	<u>(1,443)</u>	<u>(1,158)</u>
	<u>4,202</u>	<u>3,054</u>	<u>2,497</u>

19. Capital commitments

	<u>Group</u> <u>1994</u> <u>£'000</u>	<u>Group</u> <u>1993</u> <u>£'000</u>	<u>Company</u> <u>1994</u> <u>£'000</u>	<u>Company</u> <u>1993</u> <u>£'000</u>
Authorised but not contracted for	<u>250</u>	-	-	-

BEVAN FUNNELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 October 1994

20. Contingent liabilities

- a) The group and the company have a contingent liability with respect to bills under negotiation of **£59,000** (1993: £40,000).
- b) The company has guaranteed all advances made by National Westminster Bank plc in favour of A K Verity Limited, Shard Stebbing Limited, D & S Partners Limited and John Lawrence & Co. (Dover) Limited. The overdrafts of these subsidiary undertakings at 31 October 1994 totalled **£257,000** (1993: £169,000).
- c) There are contingent liabilities for deferred tax not provided (note 13) as follows:

	<u>1994</u> £'000	<u>1993</u> £'000
Group	620	597
Company	<u>361</u>	<u>354</u>

21. Operating leases

The group and the company are committed to leasing payments of **£47,000** (1993: £46,000) on annual commitments under operating leases within the next year. The commitments to make these payments expire during the following years:-

	<u>Land and buildings</u>	
	<u>1994</u> £'000	<u>1993</u> £'000
In 2 to 5 years	7	6
In 5 years or more	<u>40</u>	<u>40</u>
	<u>47</u>	<u>46</u>

22. Ultimate holding undertaking

The ultimate holding undertaking of this company is Heatherside Trust Limited, a company incorporated in Guernsey, Channel Islands.