



REGISTRAR'S COPY

GODFREY SYRETT LIMITED

Abbreviated accounts

31 July 1999



**Deloitte & Touche
Gainsborough House
34-40 Grey Street
Newcastle upon Tyne
NE1 6AE**

REPORT AND FINANCIAL STATEMENTS 1999

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REPORT AND FINANCIAL STATEMENTS 1999

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D A Greenwell (Chairman)
N C Petrie
P S Skelton (Alternate for N C Petrie)
Sir Simon Day
Lady Wakeham
C G Conyers
W J Rusga
C M Senior

SECRETARY

C G Conyers

REGISTERED OFFICE

Eagle Works
Killingworth Township
Newcastle upon Tyne
NE12 ORJ

BANKERS

Royal Bank of Scotland plc
31 Grey Street
Newcastle upon Tyne
NE1 6ES

SOLICITORS

Dickinson Dees
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE99 1SB

AUDITORS

Deloitte & Touche
Chartered Accountants
Gainsborough House
34-40 Grey Street
Newcastle upon Tyne
NE1 6AE

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 July 1999.

ACTIVITIES

The principal activity of the company is the design and manufacture of furniture.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company has traded successfully during the year and the directors consider the company's future to be satisfactory.

The company intends pursuing its current policy of increased product diversification and marketing.

DIVIDENDS AND TRANSFERS TO RESERVES

The results for the year are shown in the profit and loss account on page 5.

During the year four interim dividends were paid, of £1.74, £1.74, £2.19 and £2.05 per share. A final dividend of £2.18 per share (1998 - £5.23) is proposed. Total dividend : 1999: £9.90 per share, (1998: £17.98 per share). After dividends, retained profits of £107,952 (1998 - loss of £(328,663)) have been transferred to/withdrawn from reserves.

YEAR 2000

The directors have evaluated the risks and uncertainties associated with Year 2000 compliance. The company has upgraded its computer and accounting systems where necessary and has completed its contingency planning. Major customers and suppliers have been contacted regarding their Year 2000 status and management is satisfied with their responses.

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year, together with their interests in the ordinary share capital of the company's ultimate parent company, were as follows:-

	Godfrey Syrett (Holdings) Limited	
	At 31 July 1999	At 31 July 1998
	£1 Ordinary	£1 Ordinary
	shares	shares
	No.	No.
D A Greenwell	3,130	3,130
N C Petrie	9,640	9,640
P S Skelton (Alternate for N C Petrie)	-	-
Sir Simon Day	8,528	8,528
Lady Wakeham	4,713	4,713
C G Conyers	4,000	4,000
W J Rusga	2,941	2,941
C M Senior	-	-

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.


**DIRECTORS' REPORT (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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

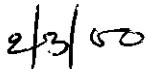
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Approved by the Board of Directors
and signed on behalf of the Board



Secretary





AUDITORS' REPORT TO GODFREY SYRETT LIMITED PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 15 together with the financial statements of Godfrey Syrett Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 July 1999.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A(3) of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts prepared in accordance with this section and whether the abbreviated accounts have been properly prepared in accordance with this provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under sections 247, 247A and 249 of the Companies Act 1985 to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, in respect of the year ended 31 July 1999 and the abbreviated accounts on pages 5 to 15 have been properly prepared in accordance with this provision.

Deloitte & Touche

Chartered Accountants and

Registered Auditors

G. Mark Loo


ABBREVIATED PROFIT AND LOSS ACCOUNT
Year ended 31 July 1999

	Note	1999 £	1998 £
GROSS PROFIT		<u>1,474,546</u>	<u>1,399,441</u>
Distribution costs		681,630	565,863
Administrative expenses (including in 1998 exceptional recoveries of costs of £55,798)	5	<u>393,717</u>	<u>434,281</u>
		<u>1,075,347</u>	<u>1,000,144</u>
OPERATING PROFIT: continuing operations		399,199	399,297
Income from shares in group undertakings		230,418	100,000
Interest receivable and similar income	3	<u>2,336</u>	<u>11,005</u>
		631,953	510,302
Interest payable and similar charges	4	<u>(27,266)</u>	<u>(27,586)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	604,687	482,716
Tax on profit on ordinary activities	8	<u>(115,454)</u>	<u>(118,832)</u>
PROFIT FOR THE FINANCIAL YEAR		489,233	363,884
Dividends	9	<u>(381,281)</u>	<u>(692,547)</u>
RETAINED PROFIT/(LOSS) TRANSFERRED TO/(FROM) RESERVES	10	<u>107,952</u>	<u>(328,663)</u>

There are no recognised gains and losses for the current financial year and the preceding financial year other than as stated in the profit and loss account.

BALANCE SHEET
31 July 1999

	Note	1999 £	1998 £
FIXED ASSETS			
Tangible assets	11	806,682	709,167
Investments	12	109,008	109,008
		<u>915,690</u>	<u>818,175</u>
CURRENT ASSETS			
Stocks	13	363,162	343,964
Debtors	14	1,104,474	916,611
Cash at bank and in hand		10,174	446,175
		<u>1,477,810</u>	<u>1,706,750</u>
CREDITORS: amounts falling due within one year	15	(1,313,956)	(1,551,118)
NET CURRENT ASSETS		<u>163,854</u>	<u>155,632</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,079,544	973,807
CREDITORS: amounts falling due after more than one year			
Long term loans	16	(402,134)	(402,134)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(53,687)	(55,902)
		<u>623,723</u>	<u>515,771</u>
CAPITAL AND RESERVES			
Called up share capital	18	38,500	38,500
Profit and loss account	10	585,223	477,271
TOTAL EQUITY SHAREHOLDERS' FUNDS	19	<u>623,723</u>	<u>515,771</u>

These accounts have been prepared in accordance with the special provisions relating to medium-sized companies under section 246A of the Companies Act 1985 with respect to the delivery of individual accounts.

These financial statements were approved by the Board of Directors on 2/3/00

Signed on behalf of the Board of Directors



NOTES TO THE ABBREVIATED ACCOUNTS
Year ended 31 July 1999

1. ACCOUNTING POLICIES

The particular accounting policies adopted are described below.

Accounting convention

The accounts have been prepared under the historical cost convention.

Basis of consolidation

The directors have taken advantage of the exemption conferred by Section 228 of the Companies Act 1985 from the requirement to prepare and deliver group accounts. In the opinion of the directors the company is eligible for this exemption on the grounds that it is a subsidiary undertaking.

Accordingly these financial statements present information about the company as an individual undertaking and not as a group. They are included in the consolidated financial statements of Godfrey Syrett (Holdings) Limited, a company incorporated in England (See note 22).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided on a reducing balance and straight line basis at the following annual rates in order to write off each asset over its estimated useful life:

Plant and machinery	15%
Fixtures and fittings	between 15% and 25%
Motor vehicles	25%

It is the company's policy to maintain its freehold properties in such a state of repair that the aggregate of their residual values is at least equal to their book values. In the opinion of the directors, any depreciation of these properties would not be material or necessary.

Stocks

Stocks and work in progress are stated 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. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Pension costs

Pension costs represent contributions to defined contribution pension schemes. Pension costs are charged to the profit and loss account as they become payable to the pension schemes.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Leases

Operating lease rentals are charged to profit and loss in equal amounts over the lease term.


NOTES TO THE ABBREVIATED ACCOUNTS
Year ended 31 July 1999
1. ACCOUNTING POLICIES (continued)
Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	1999 £	1998 £
Bank interest	2,336	11,005

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £	1998 £
Pension fund loan	9,532	27,083
Bank loan and overdraft	8,086	503
Interest on overdue tax	9,648	-
	<u>27,266</u>	<u>27,586</u>


NOTES TO THE ABBREVIATED ACCOUNTS
Year ended 31 July 1999
5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1999 £	1998 £
This is stated after charging/ (crediting):		
Depreciation of tangible fixed assets owned	59,719	54,634
Profit on disposal of tangible fixed assets	(322)	(1,655)
Rentals under operating leases:		
Hire of plant and machinery	875	1,808
Other operating leases	73,752	69,234
Auditors' remuneration – company audit fees	10,800	10,800
Exceptional items	-	(55,798)
	<u> </u>	<u> </u>

The recovery of £55,798 from the assets of a former employee, in part recovery of costs incurred as a result of a fraud in prior years, has been recognised in 1998 as an exceptional item within administrative expenses.

6. DIRECTORS' REMUNERATION

	1999 £	1998 £
Emoluments	141,358	176,036
Pension contributions	12,225	14,975
	<u>153,583</u>	<u>191,011</u>
Emoluments of highest paid director		
Emoluments	71,604	102,516
Pension contributions	6,225	6,225
	<u>77,829</u>	<u>108,741</u>

Two directors are members of the defined contribution pension scheme (1998 – two).


NOTES TO THE ABBREVIATED ACCOUNTS
Year ended 31 July 1999
7. STAFF COSTS AND EMPLOYEES (INCLUDING DIRECTORS)

	1999 £	1998 £
Wages and salaries	1,532,164	1,462,125
Social security costs	145,807	149,527
Other pension costs	32,482	37,277
	<u>1,710,453</u>	<u>1,648,929</u>
 The average weekly number of employees during the year was:	 No.	 No.
Office and management	21	22
Production and sales	65	65
	<u>86</u>	<u>87</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
Based on profit for the year:		
UK Corporation tax at 30% (1998 – 30%)	117,669	108,813
Deferred taxation (note 17)	(2,215)	10,019
	<u>115,454</u>	<u>118,832</u>

9. DIVIDENDS

	1999 £	1998 £
Ordinary Shares		
Interims paid - £7.72 per ordinary share. (1998 - £12.75)	297,307	491,009
Final proposed - £2.18 per ordinary share. (1998 - £5.23)	83,974	201,538
	<u>381,281</u>	<u>692,547</u>


NOTES TO THE ABBREVIATED ACCOUNTS
Year ended 31 July 1999
10. STATEMENT OF MOVEMENTS ON RESERVES

	Profit and loss account £
At 1 August 1998	477,271
Profit retained for the year	107,952
At 31 July 1999	<u>585,223</u>

11. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and Fittings £	Total £
Cost					
At 1 August 1998	436,395	557,386	76,714	144,955	1,215,450
Additions	109,659	1,935	-	46,168	157,762
Disposals	-	-	(8,880)	-	(8,880)
At 31 July 1999	<u>546,054</u>	<u>559,321</u>	<u>67,834</u>	<u>191,123</u>	<u>1,364,332</u>
Accumulated depreciation					
At 1 August 1998	-	363,574	24,944	117,765	506,283
Charge for the year	-	29,435	13,025	17,259	59,719
Disposals	-	-	(8,352)	-	(8,352)
At 31 July 1999	<u>-</u>	<u>393,009</u>	<u>29,617</u>	<u>135,024</u>	<u>557,650</u>
Net book value					
At 31 July 1999	<u>546,054</u>	<u>166,312</u>	<u>38,217</u>	<u>56,099</u>	<u>806,682</u>
At 31 July 1998	<u>436,395</u>	<u>193,812</u>	<u>51,770</u>	<u>27,190</u>	<u>709,167</u>


NOTES TO THE ABBREVIATED ACCOUNTS
Year ended 31 July 1999
12. INVESTMENTS HELD AS FIXED ASSETS

	1999 £	1998 £
Shares in subsidiaries at cost	109,008	109,008

The following are wholly owned subsidiaries of Godfrey Syrett Limited:

Company name	Activity
Peal Furniture (Durham) Limited	Design and manufacture of furniture
Lodge Contracts (1984) Limited	Dormant
Vinyl Master (Northumbria) Limited	Dormant
Hillfield Securities (Wembley) Limited	Investment (dormant from 30 July 1999)
Peal Equipment Limited	Dormant
Herlacross Limited	Dormant
Martock Investments Limited	Dormant

All companies are registered in England and Wales.

13. STOCKS

	1999 £	1998 £
Raw materials	299,839	287,530
Work in progress	63,323	56,434
	<u>363,162</u>	<u>343,964</u>

14. DEBTORS

	1999 £	1998 £
Falling due within one year:		
Trade debtors	517,748	583,303
Amounts due from subsidiary undertakings	218,128	144,562
Advance corporation tax recoverable	71,086	50,708
Other debtors	77,033	73,938
Prepayments	20,479	13,764
Dividends receivable	200,000	-
	<u>1,104,474</u>	<u>866,275</u>
Falling due after one year:		
Advance corporation tax recoverable	-	50,336
	<u>1,104,474</u>	<u>916,611</u>

Included within other debtors is £59,099 (1998 - £55,506) owed by the Godfrey Syrett (Holdings) Limited Pension Fund.

NOTES TO THE ABBREVIATED ACCOUNTS
Year ended 31 July 1999

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Bank overdrafts (note 15a)	630,406	271,768
Trade creditors	293,420	211,365
Loan from Godfrey Syrett (Holdings) Ltd Pension Fund (note 15b)	-	325,000
Amount owed to subsidiary undertakings	285	102,202
Other taxes and social security costs	99,885	94,674
Other creditors	16,896	1,400
Accruals and deferred income	104,697	170,616
Corporation tax	84,393	122,219
Advance corporation tax	-	50,336
Proposed dividend	83,974	201,538
	<u>1,313,956</u>	<u>1,551,118</u>

- a) Bank overdrafts are secured by a fixed and floating charge on the group's assets.
- b) The Godfrey Syrett (Holdings) Limited Pension fund loan is secured on part of the freehold property of the company. The loan was repaid during the year.

16. LONG TERM LOANS

	1999 £	1998 £
Amount owed to parent undertaking	35,527	35,527
Amount owed to subsidiary undertakings	366,607	366,607
	<u>402,134</u>	<u>402,134</u>

The long term loans are interest free and have no fixed repayment dates.

NOTES TO THE ABBREVIATED ACCOUNTS
Year ended 31 July 1999

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Provided 1999 £	Provided 1998 £	Not Provided 1999 £	Not Provided 1998 £
Deferred taxation				
Accelerated capital allowances	53,687	57,236	-	-
Short term timing differences	-	(1,334)	-	-
	<u>53,687</u>	<u>55,902</u>	<u>-</u>	<u>-</u>

Movements	1999 £	1998 £
At 1 August	55,902	45,883
Profit and loss account (credit)/charge	(2,215)	10,019
At 31 July	<u>53,687</u>	<u>55,902</u>

18. CALLED UP SHARE CAPITAL

	1999 £	1998 £
Authorised		
40,000 Ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>
Called up, allotted and fully paid		
38,500 Ordinary shares of £1 each	<u>38,500</u>	<u>38,500</u>

19. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	1999 £	1998 £
Profit for the financial year after taxation	489,233	363,884
Dividends	(381,281)	(692,547)
Net addition to/(reduction in) equity shareholders' funds	<u>107,952</u>	<u>(328,663)</u>
Opening shareholders' funds	<u>515,771</u>	<u>844,434</u>
Closing shareholders' funds	<u>623,723</u>	<u>515,771</u>


NOTES TO THE ABBREVIATED ACCOUNTS
Year ended 31 July 1999
20. FINANCIAL COMMITMENTS

At 31 July 1999 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings 1999 £	Motor vehicles 1999 £
Leases which expire:		
Within one year	800	10,724
Within two to five years	-	75,540
	<hr/> 800	<hr/> 86,264

21. PENSION SCHEMES

The company operates a defined contribution pension scheme. The assets of the scheme are invested and held separately from those of the company. No contributions were made to the Scheme in 1999 and 1998 and there were no unfunded actuarial liabilities outstanding at the year end.

In addition the group operates eight other minor schemes where defined contributions are paid to insurance companies. The payments made were £32,482 in the year (1998: £37,277).

22. PARENT UNDERTAKING

The company is a wholly owned subsidiary of Godfrey Syrett (Holdings) Limited, a company registered in England and Wales.

The accounts of the company are included in the audited consolidated accounts of Godfrey Syrett (Holdings) Limited. Copies of the group financial statements of Godfrey Syrett (Holdings) Limited may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

23. RELATED PARTY TRANSACTIONS

During the year the company incurred management charges from Genner Trust Limited, a company of which Lady Wakeham is a director, amounting to £58,278 (1998 - £67,704). At the financial year end £9,426 (1998 - £33,226) was due to Genner Trust Limited. This amount is included within creditors due within one year.

The company has taken advantage of the exemption available in Financial Reporting Standard No 8 "Related Party Disclosures", not to disclose transactions with entities that are part of the same group.