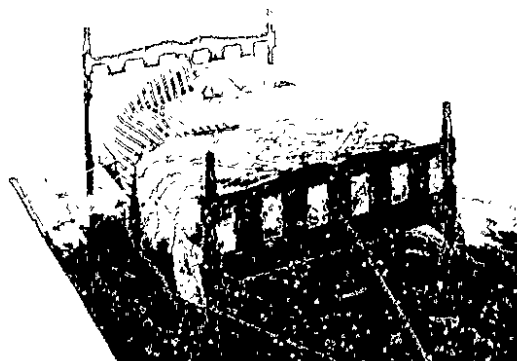




Airsprung Furniture Group PLC

Annual Report and Accounts

1992



1
Notice of Meeting

2
Directors, officers and advisers

3
Trading subsidiaries

4 5
Chairman's statement

6
Five year summary

7 8
Directors' report

9
Consolidated profit and loss account

10
Consolidated balance sheet

11
Balance sheet

12
Cashflow statement

13
Principal accounting policies

14 20
Notes to the accounts

20
Auditor's report



Gimson Slater

1287785
688785

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Airsprung Furniture Group PLC will be held at the Registered Office, Canal Road, Trowbridge, Wiltshire, on Thursday 23 July 1992 at 2.40 p.m. for the following purposes:-

Ordinary Business

1. To receive the report of the directors together with the accounts for the year ended 31 March 1992 and the report of the auditors thereon.
2. To declare a final dividend.
3. To re-elect P G Bradshaw a director.
4. To re-elect M J F Carter a director.
5. To re-appoint the auditor and authorise the directors to fix their remuneration.

Special Business

As special business, to consider and if thought fit, pass the following resolutions of which Resolution 6 will be proposed as an Ordinary Resolution and Resolution 7 will be proposed as a Special Resolution.

6. That the Directors be and they are hereby generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) up to an aggregate nominal amount of £320,983 during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the Annual General Meeting of the Company to be held in 1993, which authority shall replace the existing authority to allot relevant securities of the Company, so that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
7. That, subject to and conditional upon Resolution 6 above being passed, the Directors be and they are hereby empowered pursuant to Section 95 of the Act, to allot equity securities (within the meaning of Section 94 of the Act) for cash pursuant to the authority conferred by Resolution 6 above as if Section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited:
 - (i) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) in respect of the number of ordinary shares then held or deemed to be held by them, subject only to such exceptions, exclusions or other arrangements as the Directors may, in their opinion, deem necessary or expedient to deal with fractional entitlements, legal or practical problems under the laws of any overseas territory, or the requirements of any regulatory body or stock exchange in any such territory; and
 - (ii) to the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities which are or are to be wholly paid up in cash to any aggregate amount equal to 5 per cent of the issued share capital of the Company at the date of passing of this resolution.

Canal Road
Trowbridge
Wiltshire

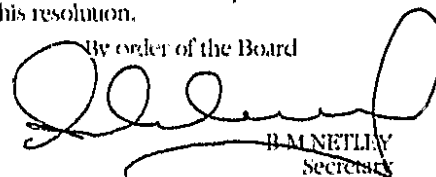
23 June 1992

Notes

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the company. A form of proxy for the use of shareholders is enclosed with this report.

The following documents will be available for inspection by members at the registered office during normal business hours and prior to and during the Annual General Meeting:-

Register of directors' shareholdings.
Contracts of service of the directors.

By order of the Board

B. M. NETLIV
Secretary

1
NOTICE OF MEETING

DIRECTORS, OFFICERS AND ADVISERS

DIRECTORS

John Yates (Chairman), aged 76, has been with the group for over 50 years and has been the main driving force in the group's expansion from a small local bed manufacturer to its present position.

Michael Coppel (Chief Executive), aged 60, has been connected with the group since 1968 and employed in his present position since 1977. His family has been in the furniture industry for many years.

Brian Netley (Finance), aged 56, joined the group in 1976 following previous experience with public companies and was appointed to the board in 1978.

Philip Bradshaw* (Deputy Chairman), aged 57, joined the board in 1986. From 1980 to 1989 he was chairman of Equipu PLC, a supplier of office furniture and equipment and also from 1988 to 1989 he was deputy managing director of Sketchley plc. He is currently non-executive chairman of a number of private companies.

Stephen Yates (Marketing), aged 37, was appointed a director in 1987. He has spent most of his career within the group.

Kenneth Hillier, aged 56, joined the group in 1960 and has held various managerial positions mainly in sales and marketing. He was appointed to the main board in 1989 and is a director of Airsprung Beds Limited, responsible for sales.

John Pierce, aged 48, was appointed to the board in January 1990. He has been managing director of Airsprung Beds Limited since joining the group in 1989, before which he was managing director and deputy chairman of Sleeppezee Limited.

John Mack, aged 44, appointed in January 1990, is managing director of Bymacks Limited where he has spent the whole of his career.

Michael Carter CBE*, aged 51, was appointed in November 1990. He is a director of Olives Holdings PLC and chairman of East Somerset NHS Trust.

**Non-executive*

SECRETARY AND REGISTERED OFFICE

Brian M Netley FCA,
Canal Road, Trowbridge, Wiltshire BA14 8RQ

REGISTRARS

National Westminster Bank PLC, Caxton House, Redcliffe Way,
Bristol BS99 7NH

REGISTERED AUDITOR

Coopers & Lybrand, 66 Queen Square Bristol BS1 4JP

BANKERS

Lloyds Bank Plc, 61 Fore Street, Trowbridge, Wiltshire BA14 8EU

National Westminster Bank PLC, 62 Fore Street, Trowbridge,
Wiltshire BA14 8EX

SOLICITORS

Osborne Clarke, 30 Queen Charlotte Street, Bristol BS99 7QQ

MERCHANT BANKERS

Singer & Friedlander Limited, Colston Street, Bristol BS1 4XL

STOCKBROKERS

Beeson Gregory, The Registry, Royal Mint Court, London EC3N 4EY

Brewin Dolphin & Co. Limited, 5 Giltspur Street, London EC1A 9DE

TRADING SUBSIDIARIES

Airsprung Beds

Trowbridge

Divans, mattresses, bedsteads and bunks

Airsprung Scotland

Glasgow

Meets the special requirements of Scottish and Northern Ireland markets
for divan beds and mattresses

Gainsborough

Trowbridge

Pocketed spring beds and luxury sofa beds

Duckers Furniture

Rotterdam

Premier quality pine bedsteads, bedroom furniture and bunk beds

Bymacks

Dursley

Modern upholstery

Gimson & Slater

Nottingham

Luxury leather upholstery

Cavendish Upholstery

Chorley

Traditional three-piece suites

Confortluxe Furniture

Dursley

Imported modern upholstery

Airofreem

Trowbridge

CMHR foam for the furniture and other trades

Fltex Products & Flametex Fillings

Trowbridge Ossett

Coir fibre and wool mixture fillings for the furniture trade

Arena Design

Nottingham

Product design

CHAIRMAN'S STATEMENT

Results

Results for the year to 31 March 1992 show a turnover of £58 million (£56 million). The profit before tax is £1.9 million (£1.5 million) and earnings per share are 33.1p (21.6p restated). The earnings per share for 1991-92 are affected by a change in the deferred tax provision (see note 9 to the accounts).

The operating profit before interest is £5.1 million (£1.1 million).

Your board recommends a final dividend of 4.87p which, together with the interim of 2.63p, makes a total for the year of 7.5p per ordinary share. The dividend is covered 1.2 times by earnings.

These results constitute another record for the group.

Turnover is up by 3.8%.

Operating profit is up by 14.1%.

Pre-tax profit is up by 39.1%.

Earnings per share are up by 53.2%.

The recommended dividend per share is up by 22.1%.

In the light of the difficulties experienced by industry generally and the furniture trade in particular, these results are excellent and once again reflect the loyalty, ingenuity and energy of management and staff at all levels.

The main reasons for the improvement are:-

Stable raw material prices combined with a more efficient use of those materials.

A substantial reduction in bank interest from £907,000 to £130,000 because of the proceeds of the rights issue, good cash generation and a reduction in interest rates.

An overall improvement in productivity.

Bed Division

All three companies in this division have increased their market share and made substantial improvements to the return on sales.

In Scotland the new offices and showroom have been completed and provide a very useful management tool for the sales staff. Work is almost complete on the new distribution department which will give us the opportunity to increase our capacity.

At Trowbridge, Airsprung Beds has now embarked on a project to substantially increase its distribution department, as this has proved to be the main constraint on further growth in production and profitability. A representative has been appointed for Eastern Europe and we have received first orders from Poland.

Gainsborough is completing the refurbishment and expansion of its showroom to improve the display of its high quality beds.

All three companies have invested substantial sums in modern equipment which will enable them to further increase production and improve delivery times to their customers.

Upholstery Division

Byrnacks, Cavendish and Gainsborough have substantially increased their turnover and profits during the year. Whilst there has been an improvement at Gimson & Slater, this subsidiary has some way to go before it realises its full potential.

We continue to look for a long term solution to the production constraints at Byrnacks caused by shortage of space.

During the year we negotiated with a Belgian company to distribute their showwood upholstery in the United Kingdom. We commenced business in January 1992 through a wholly owned subsidiary called Confortuxe Furniture, and I am pleased to report that this company was profitable from the second month of operation.

Cabinet Furniture Division

There has been little improvement at Duckers and it has some way to go before it achieves its potential. Now that production and quality are satisfactory, a review of marketing has taken place and the conclusions reached are being implemented.

We continue to seek a suitable acquisition to bring this division up to its envisaged size.

Fillings Division

Airofreem, Fitex and Flametex have performed extremely well and improved their contributions to group profits. State-of-the-art equipment has been installed at Airofreem and is working satisfactorily. We are examining a project to install the most modern equipment at Fitex.

CHAIRMAN'S STATEMENT *continued***Contracts Division**

This division, which markets group products to large users such as hotels, holiday camps and offices, has commenced to meet our expectations. It has a full complement of specialists involved in staffing and marketing and we are confident of its future progress.

Design

Arena continues to expand its activities in the design of products, sales literature, trade displays and group advertising.

General

Our balance sheet is strong with current assets approximately 1.8 times current liabilities, and our cash resources at £5.5 million are adequate for our present needs. Capital expenditure for the year under review totals £1.1 million and we plan to spend about £2 million in the year to March 1993, excluding any acquisitions.

This year the company was proud to win the West of England Share Challenge competition sponsored by Coopers & Lybrand and Albert F Sharp. A presentation was made to the company at a formal dinner on the SS Great Britain, attended by many of the leading industrialists in the West of England.

Other subsidiaries are now working towards joining Airsprung Beds Ltd as accredited holders of BS5750 quality assurance certificates.

Directors

During the year W H (Jim) French retired after 37 years' service with the group. His many roles included group board director. The group owes much of its success to his tenacity and enterprise.

This year also saw the retirement of Alan Sharphouse, a non-executive director and chairman of Duckers. Andrew Rattray, managing director of Airsprung Scotland, and Keith Hilslop, managing director of Arena Design Associates.

We thank them all for their valuable contributions and wish each of them a long, happy and healthy retirement.

Employees

Once again I record my thanks for the enthusiasm of staff at all levels, without whose wholehearted co-operation we could not have achieved such excellent results.

I am particularly pleased that the board has more than doubled the allocation under the Employees' Profit Sharing Scheme.

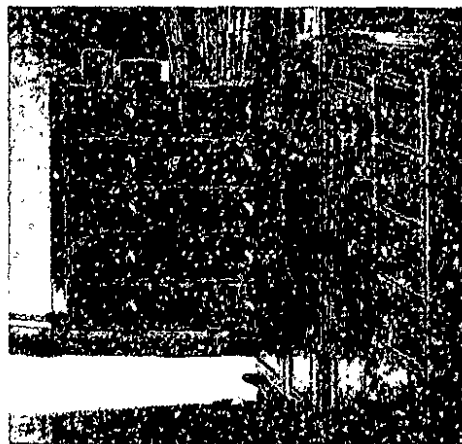
Future

There is undoubtedly an improvement in the level of business confidence, but this has yet to translate itself into a substantial increase in demand. However, we are planning for further growth in the current year and I am confident that, at this time next year, I will be able to report satisfactory progress.

John Yates, *Chairman*



Confortluxe



Duckers

FIVE YEAR SUMMARY

Turnover £000

1988	29,338
1989	34,357
1990	43,911
1991	55,973
1992	58,117

Profit before tax £000

1988	2,575
1989	3,039
1990	2,351
1991	3,503
1992	4,873

Earnings per share

1988	18.0p*
1989	18.7p*
1990	12.7p*
1991	21.6p*
1992	26.6p

Dividends per share

1988	4.76p*
1989	5.34p*
1990	5.34p*
1991	6.14p*
1992	7.50p

* Restated, following the rights issue in July 1991.

DIRECTORS' REPORT

The directors submit their report together with the audited accounts for the year ended 31 March 1992.

Profits and dividends

The consolidated profit and loss account on page 9 shows profit before tax of £4.9 million (1991 £3.5 million).

Preference dividends have been paid for the year to 6 January 1992 and accrued for the period up to 31 March 1992.

An interim dividend in respect of the year of 2.63p per ordinary share (1991 = 2.63p) was paid on 31 January 1992.

The directors recommend a final dividend of 4.87p per ordinary share (1991 = 3.7p) payable on 31 July 1992.

The retained profit of £2.8 million (1991 = £1.5 million) has been added to reserves.

Activities

The principal activity of the group is the manufacture of furniture. During the year the company set up a wholly owned subsidiary, Conforlux Furniture, to import showwood upholstery for sale in the UK and Ireland under a distribution agreement with a Belgian manufacturer. The directors do not foresee any major changes in the level or nature of the group's business.

Fixed assets

Changes in tangible fixed assets are reflected in note 10 to the accounts.

The group's freehold land and buildings were professionally valued as at 1 April 1987, which valuation was incorporated into the consolidated balance sheet. Additions since 1 April 1987 are included at cost. The directors do not consider the market value of freehold property at 31 March 1992 to be materially different from that shown in the balance sheet.

Note 22 shows approved capital expenditure outstanding of £2.2 million which includes expenditure on premises of £1.0 million and equipment updating of £0.5 million.

Rights issue

In July 1991 the company offered shareholders new ordinary shares in the company on the basis of one new ordinary share for each four shares held at an issue price of 145p per share. Approximately 96% of the offer was taken up, the balance being sold in the market at a premium for the benefit of shareholders not subscribing. The capital raised, net of expenses, was approximately £3.2 million.

Employee involvement

Management continues to consult with employees at all levels on matters which are likely to affect their interests. Profit bonus and other incentive schemes have been developed to enable employees to benefit more directly from their performance. A group newsletter is published annually and all employees receive a copy. Its purpose is to inform employees of the work of the group as a whole and, in particular, the financial and economic factors which affect the group.

Profit sharing and share option schemes

The employees' profit sharing scheme was set up in 1980 within the terms of the Finance Act 1978. In accordance with the rules of that scheme, 488 employees have qualified to participate in respect of the year ended 31 March 1992. The directors have appropriated the sum of £55,000 to the trustees, who have applied it in subscribing for new ordinary shares in the company, which were allocated to participating employees on 15 June 1992.

The company, also in 1986, introduced an executive share option scheme within the terms of the Finance Act 1981. Details of outstanding options which have been granted at the date of this report are shown in note 23 to the accounts. In December 1987 Mr S G W Yates, who is not eligible to participate in the executive share option scheme, was granted an option to subscribe for ordinary shares of 10p each, as detailed in note 23 to the accounts.

In July 1991, following announcement of the 1991 results and the proposed rights issue, Messrs Coppel and Netley exercised options for, respectively, 135,000 and 60,000 shares, which were subsequently placed through the Stock Exchange.

Disabled employees

Our employment policy takes account of the special care necessary to identify aptitudes, abilities and training needs of disabled employees so they may be effectively utilised to mutual benefit within the group.

DIRECTORS' REPORT *continued***Donations**

Total charitable donations during the year amounted to £4,496.

Directors

The directors of the company at 31 March 1992, all of whom served throughout the year, were:

J G W Yates	K G Hillier
M L Coppel	J R Mack
B M Netley	P G Bradshaw
J E Pierce	A Sharpouse
S G W Yates	M J F Carter

Mr A Sharpouse retired on 9 June 1992.

In accordance with the Articles of Association Messrs P G Bradshaw and M J F Carter retire at the Annual General Meeting and, being eligible, offer themselves for re-election.

The beneficial interests of the directors in the shares of the company are shown in note 23 to the accounts.

There were no commitments or contracts subsisting during or at the end of the year in which a director of the company is, or was, materially interested and which are, or were, significant in relation to the company's business.

Insurance of directors

Airsprung Furniture Group PLC maintains insurance for directors of the group in respect of their duties as directors.

Substantial interests

At 5 June 1992 the following interests in excess of 3% of the company's issued share capital had been notified to the company:-

Number of ordinary shares	%	
2,613,037	22.2	J G W Yates
396,838	3.4	S G W Yates
407,696	3.5	J P Yates
1,500,000	12.7	Trust for S G W Yates and J P Yates in equal shares
900,000	7.6	3i Group plc
549,256	4.7	Imperial Group Pension Trust Limited and Imperial Group Pension Investments Limited
600,884	5.1	The Equitable Life Assurance Society Limited
462,500	3.9	TSB Group plc
947,250	8.0	Funds managed by M & G Investment Management Limited

Stock Market

The company's shares are quoted on the London Stock Exchange, having been admitted to the Official List on 19 July 1991.

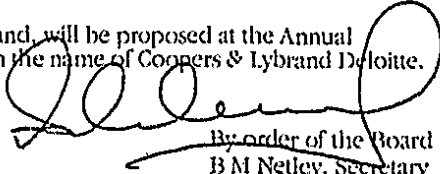
Close company provisions

The company is not a close company within the definition of the Income and Corporation Taxes Act 1988 as amended.

Auditor

A resolution to re-appoint the auditor, Coopers & Lybrand, will be proposed at the Annual General Meeting. Until 1 June 1992 the firm practised in the name of Coopers & Lybrand Deloitte.

Trowbridge
19 June 1992


By order of the Board
B M Netley, Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1992

1990/91 £000	1991/92 £000	Note
55,973	58,117	Turnover
40,883	41,412	Cost of sales
15,090	16,705	Gross profit
10,657	11,647	1 Net operating expenses
4,433	5,058	2 Operating profit
907	130	5 Interest payable
3,526	4,928	Profit before appropriation to employees' profit sharing scheme
23	55	6 Employees' profit sharing scheme
3,503	4,873	Profit before tax
1,152	873	7 Tax
2,351	4,000	Profit after tax
5	21	Minority interest
2,346	3,979	Profit for the financial year
883	1,184	8 Dividends
1,463	2,795	Retained profit for year (including the company £244,000 (1991 - £249,000))
21.6p	33.1p	9 Earnings per share
£000	£000	Statement of retained profits
3,349	4,812	Retained profit at 1 April
1,463	2,795	Retained profit for year — as above
4,812	7,607	Retained profits at 31 March (including the company £1,400,000)

The accounting policies on page 13 and the notes on pages 14-20 form part of these accounts.

The auditor's report is on page 20.

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 1992

1991		1992		Note
£000	£000	£000	£000	

	10,657		10,764	10	Assets employed
					Tangible fixed assets
					Current assets
5,653		5,546		11	Stocks
8,502		9,569		12	Debtors
1,727		5,486			Bank and cash balances
<u>15,882</u>		<u>20,601</u>			
10,196		11,669		13	Creditors, amounts falling due within one year
	5,686		8,932		Net current assets
<u>16,343</u>		<u>19,696</u>			Total assets less current liabilities
					Financed by
3,035		879		14	Creditors: amounts falling due after more than one year
717		—		21	Provisions for liabilities and charges - deferred tax
<u>2,000</u>		<u>2,000</u>		15	Unsecured loan stock
5,752		2,879			
					Capital and reserves
3,922		4,179		17	Called up share capital
90		3,298		18	Share premium account
1,695		1,643		19	Revaluation reserve
<u>4,812</u>		<u>7,607</u>			Profit and loss account
10,519		16,727			
72		90			Minority interests
<u>10,591</u>		<u>16,817</u>			
<u>16,343</u>		<u>19,696</u>			

The accounts were approved by the directors on 10 June 1992.

J G W Yates }
M L Coppel } Directors

The accounting policies on page 13 and the notes on pages 14-20 form part of these accounts.

The auditor's report is on page 20.

BALANCE SHEET

AT 31 MARCH 1992

1991		1992		Note
£000	£000	£000	£000	
	8,525	8,850	20	Assets employed
				Tangible fixed assets
				Investments
1,649		1,580	12	Current assets
212		1,779		Debtors
				Bank balances
1,861		3,359		
1,118		1,332	13	Creditors: amounts falling due within one year
	743	2,027		Net current assets
	9,268	10,877		Total assets less current liabilities
				Financed by
	2,100	—	14	Creditors: amounts falling due after more than one year
	2,000	2,000	15	Unsecured loan stock
	4,100	2,000		
3,922		4,179	17	Capital and reserves
90		3,298	18	Called up share capital
1,156		1,400		Share premium account
				Profit and loss account
	5,168	8,877		
	9,268	10,877		

The accounts were approved by the directors on 10 June 1992

J G W Yates }
M L Coppel } Directors

The accounting policies on page 13 and the notes on pages 14-20 form part of these accounts.

The auditor's report is on page 20.

FOR THE YEAR ENDED 31 MARCH 1992

The auditor's report is on page 20.

PRINCIPAL ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared in accordance with applicable accounting standards using the historical cost convention as modified by the revaluation of land and buildings.

Basis of consolidation

The consolidated accounts include the accounts of Airsprung Furniture Group PLC and all its subsidiaries made up to the end of the financial year and to the extent that there are minority interests in subsidiaries a proportion of the results and reserves have been attributed to them. Intra-group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only. Goodwill is written off through reserves in the year in which it arises. The holding company is exempt from preparing a profit and loss account by virtue of S.230 Companies Act 1985.

Turnover

Turnover represents the invoiced value of sales of goods, after deducting trade discounts, allowances and value added tax.

Stocks and work-in-progress

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost on a first-in first-out basis includes all direct expenditure and, where appropriate, related production overheads. Net realisable value allows for the costs of realisation.

Depreciation

Depreciation is calculated to write off the cost or amount of the valuation of fixed assets by equal instalments over the estimated useful lives of the assets at the following principal annual rates:-

Nil	Freehold land
2½%	Freehold buildings
12½%	Equipment and vehicles

Leases

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over the shorter of its estimated useful life and the lease term. Future instalments under such leases, net of finance charges, are included with creditors. Instalments paid are apportioned between finance charges, charged to the profit and loss account as interest, and capital, deducted from obligations.

All other leases are treated as operating leases and rental charges are taken to the profit and loss account.

Foreign currency

Normal trading activities denominated in foreign currencies are recorded in sterling at the exchange rates as of the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year-end. Any foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Deferred tax

Provision for deferred tax is made, except in respect of any tax reduction which is expected to continue for the foreseeable future. The provision is calculated at the rate of tax expected to apply when the liability arises.

Pensions

The group operates a defined benefits pension scheme for its staff, including directors. The scheme is administered by trustees and is separate from the group. An independent actuary values the scheme every three years and, in accordance with his recommendations, annual contributions are paid to the scheme so as to secure the benefits set out in the rules. The cost of these is charged against profits on a systematic basis over the service lives of the members.

The group also operates a money purchase scheme for employees not eligible to join the staff scheme; the funds are independently managed.

NOTES TO THE ACCOUNTS

31 MARCH 1992

1990/91
£000

1991/92
£000

Note

		1 Net operating expenses
		Net operating expenses are made up as follows:-
6,616	7,122	Distribution expenses
4,139	4,661	Administration expenses
25	22	Other expenses
(123)	(158)	Other income
<u>10,657</u>	<u>11,647</u>	
		2 Operating profit
		Operating profit is stated after charging/(crediting):-
56	63	Auditor's remuneration (company £5,900 (1991 - £5,400))
915	772	Depreciation of owned assets
106	63	Depreciation of leased assets
605	827	Directors' emoluments (see note 3) including pension contributions
49	49	Operating lease rentals:-
262	642	land and buildings
		vehicles
—	(146)	Profit on sale of freehold property
		(including amount released from revaluation reserve)
		3 Directors' emoluments
		Directors' emoluments, disclosed in accordance with Part V of
		Schedule 5 of the Companies Act 1985, and excluding pension
		contributions, are as follows:-
		Emoluments of the Chairman
85	124	Emoluments of the highest paid director
<u>119</u>	<u>154</u>	Number of directors (excluding those above) whose emoluments
		were within the ranges:-
Number	Number	Nil to £5,000
1	—	£5,001 to £10,000
—	1	£10,001 to £15,000
1	—	£15,001 to £20,000
—	2	£20,001 to £25,000
1	—	£25,001 to £30,000
1	—	£30,001 to £35,000
1	—	£35,001 to £40,000
—	1	£40,001 to £45,000
1	—	£45,001 to £50,000
—	1	£50,001 to £55,000
1	—	£55,001 to £60,000
—	1	£60,001 to £65,000
—	1	£65,001 to £70,000
—	1	£70,001 to £75,000
1	—	£75,001 to £80,000
—	1	£80,001 to £85,000
—	1	£85,001 to £90,000
—	1	£90,001 to £95,000
—	1	£95,001 to £100,000
—	1	£100,001 to £115,000
—	—	£115,001 to £120,000
		4 Employee information
		(a) The average number of persons employed by the group during
		the year, including executive directors, is analysed below:-
1,100	1,039	Production
203	214	Distribution
123	125	Administration
<u>1,426</u>	<u>1,378</u>	
		(b) Employment costs, including executive directors:-
£000	£000	Aggregate gross wages and salaries
15,551	16,116	Employers' national insurance contributions
1,396	1,439	Employers' pension contributions under the
301	353	group pension schemes
<u>17,248</u>	<u>17,908</u>	

NOTES TO THE ACCOUNTS *continued*

31 MARCH 1992

1990/91 £000	1991/92 £000	Note
		5 Interest
		Payable:-
647	124	Bank overdrafts and loans wholly repayable within 5 years
236	300	Loans not wholly repayable within 5 years
31	19	Finance charges on leases
17	7	Other
		Receivable:-
(24)	(320)	Short-term deposits
<u>907</u>	<u>130</u>	
		6 Employees' profit sharing scheme
23	55	This operates within the terms of the Finance Act 1978
		Amount appropriated in respect of the year
		7 Tax
		The charge is made up as follows:-
1,159	1,714	On the taxable profit for the year
1	(831)	UK corporation tax at 33% (1991 34%)
		Deferred tax
<u>1,160</u>	<u>883</u>	
(8)	(10)	Prior year adjustments
<u>1,152</u>	<u>873</u>	
		Of the release of deferred tax above, £727,500 relates to fixed assets
		timing differences which are no longer expected to reverse, in the
		light of revised capital expenditure plans.
		8 Dividends
300	300	Preference
242	310	Ordinary - interim paid (2.63p per share (1991 2.63p))
341	574	- final proposed (4.87p per share (1991 3.70p))
<u>883</u>	<u>1,184</u>	
		9 Earnings per share
2,346	3,979	Earnings per share have been calculated on the following bases:-
300	300	Profit for the financial year
		Preference dividends
<u>2,046</u>	<u>3,679</u>	
Number	Number	Weighted average of ordinary shares in issue during the year
<u>9,471</u>	<u>11,110</u>	including adjusting for the rights issue in the year
		Earnings in the year to 31 March 1992 have been increased by the
		release of deferred tax previously provided to the extent of
		approximately 6.5p per share.
		Dilution of earnings per share to take account of the outstanding
		share options would not be material.

NOTES TO THE ACCOUNTS *continued*

31 MARCH 1992

Freehold land and buildings £000	Equipment and vehicles Owned £000	Leased £000	Total £000	Note
8,419	6,902	697	16,018	10 Tangible fixed assets Cost or valuation (see below) at 1 April 1991 additions disposals at 31 March 1992 Depreciation at 1 April 1991 provision for year relating to disposals at 31 March 1992 Net book value at 31 March 1992 at 31 March 1991 Cost or valuation of freehold land and buildings includes £4,171,500 in respect of properties which were professionally valued on an open market existing use basis as at 1 April 1987, the historical cost of which was £3,010,000. Additions since 1 April 1987 are included at cost. The value included in the balance sheet in respect of revalued properties is £3,761,000 (1991 - £3,843,000).
568	557	—	1,125	
(155)	(287)	(36)	(478)	
8,832	7,172	661	16,665	
480	4,397	484	5,361	
178	594	63	835	
(6)	(260)	(29)	(295)	
652	4,731	518	5,901	
8,180	2,441	143	10,764	
7,939	2,505	213	10,657	
1991 £000	1992 £000			
3,205	3,296			11 Stocks Raw materials Work in progress Finished goods
1,022	905			
1,426	1,345			
5,653	5,546			
1991 Group £000	1992 Company £000	1992 Group £000	1992 Company £000	
7,275	—	8,015	—	12 Debtors Trade debtors Amounts due from group companies Prepayments and accrued income Bills receivable Other debtors Corporation and advance corporation taxes recoverable
—	1,513	—	1,357	
501	12	547	22	
—	—	653	—	
676	10	72	10	
50	114	282	191	
8,502	1,649	9,569	1,580	

NOTES TO THE ACCOUNTS *continued*

31 MARCH 1992

Group £000	1991 Company £000	Group £000	1992 Company £000	Note
419	200	—	—	13 Creditors: amounts falling due within one year Bank loans and overdrafts Obligations under finance leases Trade creditors Amounts due to group companies Accruals and deferred income Value added tax and social security Corporation and advance corporation taxes Other creditors Dividends
68	—	57	—	
4,840	2	5,071	3	
—	14	—	—	
1,647	323	2,425	385	
1,452	41	1,582	38	
1,219	115	1,696	195	
141	13	195	68	
410	410	643	643	
<u>10,196</u>	<u>1,118</u>	<u>11,669</u>	<u>1,332</u>	
1,700	1,700	—	—	14 Creditors: amounts falling due after more than one year Bank loans:- repayable in year to March 1994 repayable between April 1994 and March 1997* repayable after March 1997* Obligations under finance leases:- payable in year to March 1994 *£830,000 of these loans is secured on freehold property at Rotherham
980	400	705	—	
250	—	125	—	
105	—	49	—	
<u>3,035</u>	<u>2,100</u>	<u>879</u>	<u>—</u>	
2,000	2,000	2,000	2,000	15 Unsecured loan stock 3½ p/c The stock is repayable by seven annual instalments, commencing on 30 September 1994. Interest is linked to the London Interbank Offered Rate.
18	—	16	—	16 Commitments under operating leases The group had annual commitments under operating leases as follows:- Property expiring within 1 year expiring in years 2 to 5 expiring in more than 5 years Vehicles expiring within 1 year expiring in years 2 to 5
21	—	81	—	
23	—	—	—	
<u>62</u>	<u>—</u>	<u>97</u>	<u>—</u>	
69	—	111	14	
558	24	600	10	
<u>627</u>	<u>24</u>	<u>711</u>	<u>24</u>	

NOTES TO THE ACCOUNTS *continued*

31 MARCH 1992

Group £000	1991 Company £000	Group £000	1992 Company £000	Note
				13 Creditors: amounts falling due within one year
419	200	—	—	Bank loans and overdrafts
68	—	57	—	Obligations under finance leases
4,840	2	5,071	3	Trade creditors
—	14	—	—	Amounts due to group companies
1,647	323	2,425	385	Accruals and deferred income
1,452	43	1,582	38	Value added tax and social security
1,219	115	1,696	195	Corporation and ad valance corporation taxes
141	13	195	68	Other creditors
410	410	643	643	Dividends
<u>10,196</u>	<u>1,118</u>	<u>11,669</u>	<u>1,332</u>	
				14 Creditors: amounts falling due after more than one year
1,700	1,700	—	—	Bank loans:-
980	400	705	—	repayable in year to March 1994
250	—	125	—	repayable between April 1994 and March 1997*
				repayable after March 1997*
105	—	49	—	Obligations under finance leases:-
				payable in year to March 1994
<u>3,035</u>	<u>2,100</u>	<u>879</u>	<u>—</u>	*£830,000 of these loans is secured on freehold property at Rotherham
<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	15 Unsecured loan stock
				3i plc
				The stock is repayable by seven annual instalments, commencing on 30 September 1994. Interest is linked to the London Interbank Offered Rate.
				16 Commitments under operating leases
				The group had annual commitments under operating leases as follows:-
				Property
18	—	16	—	expiring within 1 year
21	—	81	—	expiring in years 2 to 5
23	—	—	—	expiring in more than 5 years
<u>62</u>	<u>—</u>	<u>97</u>	<u>—</u>	
				Vehicles
69	—	111	14	expiring within 1 year
558	24	600	10	expiring in years 2 to 5
<u>627</u>	<u>24</u>	<u>711</u>	<u>24</u>	

NOTES TO THE ACCOUNTS continued

31 MARCH 1992

Ordinary shares of 10p each £000	1991 Preference shares of £1 each £000	Ordinary shares of 10p each £000	1992 Preference shares of £1 each £000	Note
1,009	3,000	1,500	3,000	17 Share capital
918	3,000	922	3,000	Authorised
1	—	1	—	Issued and fully paid:-
3	—	20	—	at 1 April
—	—	236	—	issued in year:-
922	3,000	1,179	3,000	employees' profit sharing scheme
				share option scheme
				rights issue
				at 31 March
				The preference shares are redeemable at par in 2008
1991 £000		1992 £000		18 Share premium account
50		90		at 1 April
40		3,402		In respect of shares issued
—		(194)		Less expenses of rights issue
90		3,298		at 31 March
1,695		1,695		19 Revaluation reserve
—		52		at 1 April
1,695		1,643		Released to profit & loss account in respect of property
				sold (net of minority interest)
				at 31 March
7,125		7,137		20 Investments
1,400		1,713		Shares in group companies
8,525		8,850		Loans to group companies

18

NOTES TO THE ACCOUNTS

Percentage
of issued
ordinary
shares held100
100
100
95
100
100
100
100
100
100
100
100

Name

1. Airsprung Beds Ltd
2. Airsprung Scotland Ltd
3. Gainsborough Ltd
4.* Duckers Furniture Ltd
5. Bymacks Ltd
6. Cavendish Upholstery Ltd
7. Gimson & Slater Ltd
8. Fitex Products Ltd
9. Flametex Fillings Ltd
10. Airofreem Ltd
11. Arena Design Associates Ltd
12. Confortluxe Furniture LtdCountry of
registrationEngland
Scotland
England
England
England
England
England
England
England
England
England
England

*The company also holds 100% of the issued preference shares of this company.

Companies numbered 1 to 7 are engaged in the manufacture and sale of furniture. Companies numbered 8 to 10 manufacture fillings for use mainly by companies numbered 1 to 7.

Arena Design Associates Ltd provides design services to the group's furniture companies.

Confortluxe Furniture imports furniture from Belgium for sale in the UK and Ireland.

NOTES TO THE ACCOUNTS continued

31 MARCH 1992

1991		1992		Note
Group £000	Company £000	Group £000	Company £000	
Full potential	Provision made	Full potential	Provision made	
831 (114)	831 (114)	665 (191)	—	21 Provisions for liabilities and charges - deferred tax Fixed asset timing differences Advance corporation tax recoverable The company has no deferred tax
717	717	474	—	
1991 £000		1992 £000		
125		318		22 Capital commitments Expenditure contracted for Approved by the directors but not yet contracted for Approved expenditure outstanding
562		1,836		
687		2,154		
Fully paid ordinary shares				
At 31 March 1991		At 31 March 1992		
2,543,931		2,613,037		23 Directors' interests in the company's shares The beneficial interests of the directors and their families in the ordinary shares of the company are set out below:- J G W Yates M L Coppel B M Netley K G Hillier P G Bradshaw S G W Yates J E Pierce *Including 1,500,000 shares held in trust for the benefit of S G W Yates and J P Yates in equal shares. Since 31 March 1992, the Trustees of the Employees' Profit Sharing Scheme have transferred 70, 66, 90 and 62 shares to, respectively, Messrs Coppel, Netley, Hillier and S G W Yates. Messrs. Sharphouse, Mack and Carter did not at any relevant date have any interest in the company's shares. The following options to subscribe for ordinary shares were outstanding at 31 March 1992 under the executive share option scheme:- Executive M L Coppel B M Netley K G Hillier J E Pierce J R Mack An option was granted to S G W Yates (who is not eligible to participate in the executive share option scheme) in December 1987. At 31 March 1992 the outstanding option was to subscribe for 309,090 shares at a price of 105p per share. All options are exercisable in the periods between three and ten years from the respective dates of grant.
20,100		19,322		
3,000		3,931		
6,162		2,962		
10,000		20,000		
*1,896,645		*1,896,776		
1,000		1,250		

NOTES TO THE ACCOUNTS *continued*

31 MARCH 1992

Note

24 Pensions

The group operates a pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the group in an independent trustee administered fund. Contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The most recent valuation was as at 1 January 1990. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 8.5% per annum, that salary increases would average 7% per annum and allowance was made for future pensions commencing after 6 April 1988 to increase in course of payment at the rate of 3% per annum (or in line with the Retail Price Index if less) in respect of that part of the pension which represents Guaranteed Minimum Pension accruing from 6 April 1988 as a result of being contracted out of the State Scheme.

The most recent actuarial valuation showed that the market value of the scheme's assets was £2,242,000 and that the actuarial value of those assets represented 95% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The contributions of the company and employees, as recommended by the scheme's actuary are, respectively, 10.5% and 4% of pensionable earnings. The pension charge for the year to 31 March 1992 was £302,869.

The group also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently managed fund. The pension charge for the year to 31 March 1992, representing contributions payable by the company to the fund, was £50,260.

AUDITOR'S REPORT

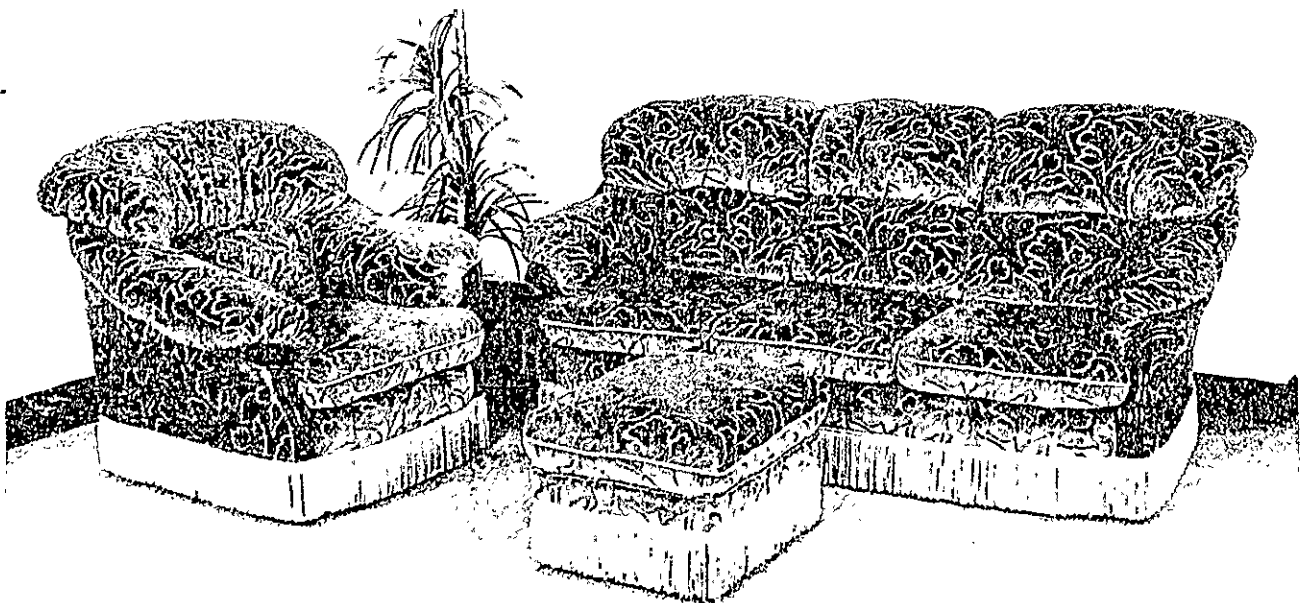
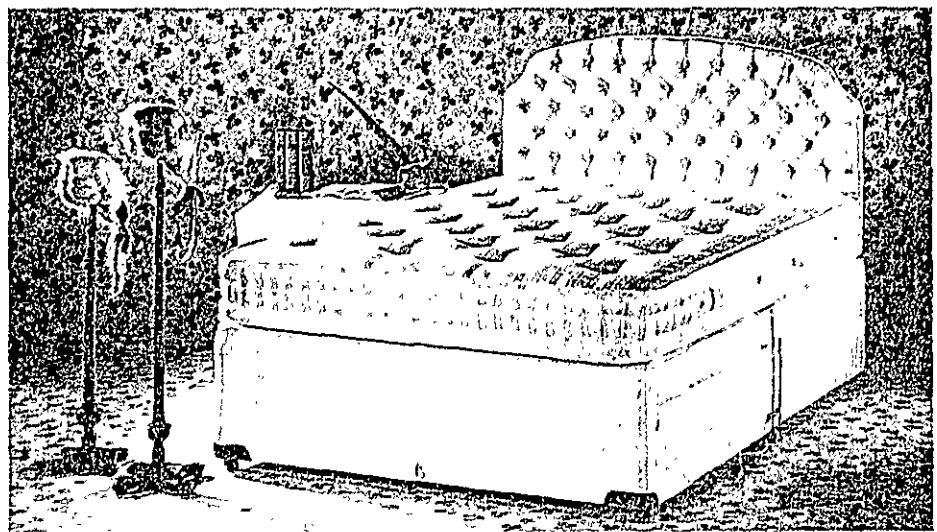
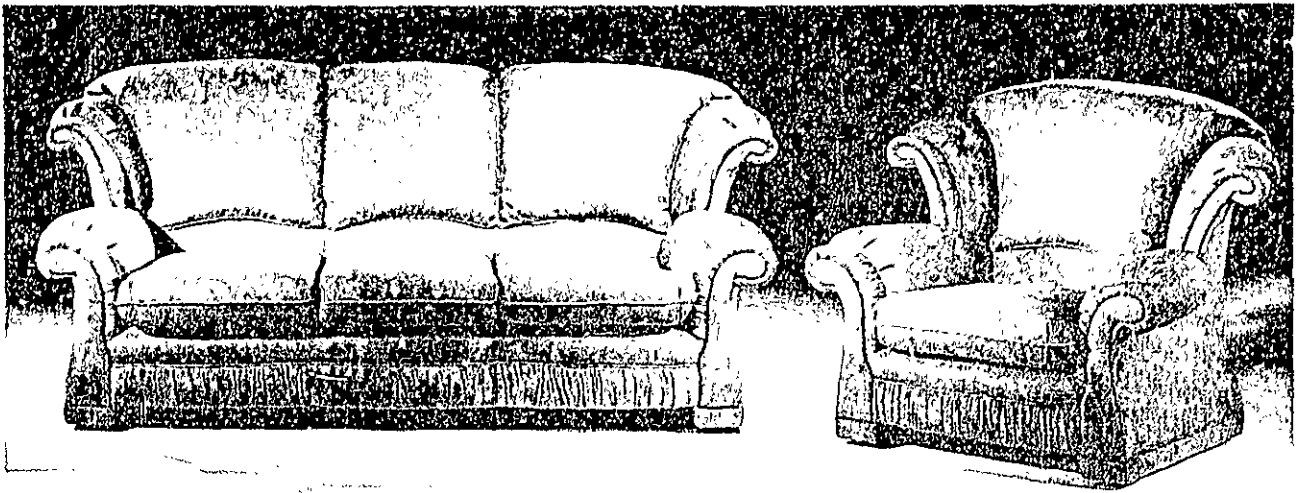
Report of the Auditor to the members of Airsprung Furniture Group PLC.

We have audited the accounts on pages 9 to 20 in accordance with auditing standards.

In our opinion the accounts on pages 9 to 20 give a true and fair view of the state of affairs of the company and the group at 31 March 1992 and of the profit and cashflows of the group for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.

Bristol
19 June 1992


Coopers & Lyland
Chartered Accountants and Registered Auditor





AIRSPRUNG FURNITURE GROUP PLC

Canal Road Trowbridge
Wiltshire BA14 8RQ
England

Telephone 0225 754411
Telex 449285 Fax 0225 777423

Designed by / Gens Design Associates