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Company Registration No. 06238369 (England and Wales)

COLLINS AND HAYES FURNITURE LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 APRIL 2009

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COLLINS AND HAYES FURNITURE LIMITED

COMPANY INFORMATION

Directors	M. Miller M. Huggins D.T. Backler
Secretary	D.T. Backler
Company number	06238369
Registered office	Menzies Road Ponswood St Leonard on sea East Sussex TN38 9XF
Auditors	H W Fisher & Company Acre House 11/15 William Road London NW1 3ER
Solicitors	Orrick Herrington & Sutcliffe Tower 42 Level 35 25 Old Broad Street London EC2N 1HQ
Bankers	Clydesdale Bank plc 5th Floor Telecom House 125-135 Preston Road Brighton East Sussex BN1 6AF

COLLINS AND HAYES FURNITURE LIMITED

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COLLINS AND HAYES FURNITURE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2009

The directors present their report and accounts for the year ended 30 April 2009.

Principal activities

The principal activity of the company is that of the manufacture of upholstered furniture.

Review of business

The company made a pre-tax loss of £603,159 (2008: Profit of £314,024) for the year on a turnover of £8,819,751 (2008: £10,103,136).

At 30 April 2009 the company had net liabilities of £299,346. (2008: net assets £201,823).

During the year, one of the major customers of the company went into administration which had a major negative impact on the performance for the year under the review as well as resulting in a costly organisational restructuring within the company.

There are not believed to be any principal risks or uncertainties facing the company other than the exposure to customer bad debts and the general economic climate.

In the opinion of the directors there are no Key Performance Indicators whose disclosure is necessary for an understanding of the development, performance or position of the business.

Directors

The directors who served during the year were:

M. Miller
M. Huggins
D.T. Backler

During the year the company made charitable donations of £60 (2008: £717).

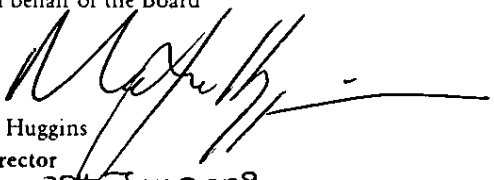
Disclosure of information to auditors

Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditors are unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

A resolution proposing the reappointment of H W Fisher & Company as auditors will be put to the members.

On behalf of the Board


M. Huggins
Director

Dated: 29th June 2009

COLLINS AND HAYES FURNITURE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these accounts, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 2006. 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.

COLLINS AND HAYES FURNITURE LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF COLLINS AND HAYES FURNITURE LIMITED

We have audited the accounts of Collins and Hayes Furniture Limited for the year ended 30 April 2009 set out on pages 4 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. 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 explained more fully on page 2, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the accounts.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the company's affairs as at 30 April 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

H. W. Fisher & Company

R Nathan

(Senior Statutory Auditor)

for and on behalf of H W Fisher & Company

Chartered Accountants

Statutory Auditor

Acre House

11/15 William Road

London

NW1 3ER

Great Britain

Dated: 29/6/2009

COLLINS AND HAYES FURNITURE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2009

	Notes	2009 £	2008 £
Turnover	2	8,819,751	10,103,136
Change in stock of finished goods and work in progress		8,821	364,949
		<hr/>	<hr/>
Other operating income		8,828,572	10,468,085
		54,839	58,414
		<hr/>	<hr/>
		8,883,411	10,526,499
Raw materials		(3,393,189)	(3,849,185)
Staff costs	5	(3,408,772)	(3,809,881)
Depreciation		(100,419)	(67,299)
Other operating charges		(2,499,203)	(2,404,210)
		<hr/>	<hr/>
Operating (loss)/profit	3	(518,172)	395,924
Other income	6	2,030	1,968
Interest payable and similar charges	7	(87,017)	(83,868)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(603,159)	314,024
Tax on (loss)/profit on ordinary activities	8	101,990	(122,201)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities after taxation		(501,169)	191,823
Retained profit brought forward		191,823	-
		<hr/>	<hr/>
(Accumulated loss)/retained profit carried forward		(309,346)	191,823
		<hr/>	<hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

Co. No. 06238369

COLLINS AND HAYES FURNITURE LIMITED

BALANCE SHEET

AS AT 30 APRIL 2009

	Notes	£	2009 £	£	2008 £
Fixed assets					
Tangible assets	9		315,031		361,570
Current assets					
Stocks	10	808,112		873,447	
Debtors	11	1,105,719		1,430,858	
Cash at bank and in hand		4,092		38,759	
			1,917,923	2,343,064	
Creditors: amounts falling due within one year	12	(2,106,022)		(2,014,852)	
Net current (liabilities)/assets			(188,099)		328,212
Total assets less current liabilities			126,932		689,782
Creditors: amounts falling due after more than one year	13		(406,067)		(467,748)
Provisions for liabilities and charges	14		(20,211)		(20,211)
			(299,346)		201,823
Capital and reserves					
Called up share capital	16		10,000		10,000
Profit and loss account			(309,346)		191,823
Shareholders' funds - all equity interests	17		(299,346)		201,823

The accounts were approved by the Board on 29th June 2009


D.T. Backler
Director

COLLINS AND HAYES FURNITURE LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 APRIL 2009

	Notes	2009 £	2008 £
Net cash (outflow)/inflow from operating activities	18	(171,359)	479,206
Returns on investments and servicing of finance			
Interest received	362	1,968	
Interest paid	(90,205)	(51,764)	
Interest element of hire purchase and finance lease rentals	(4,658)	(5,434)	
Net cash outflow from returns on investments and servicing of finance		(94,501)	(55,230)
Capital expenditure			
Payments to acquire tangible fixed assets	(64,462)	(146,518)	
Receipts from sales of tangible fixed assets	12,250	-	
Net cash outflow from capital expenditure		(52,212)	(146,518)
Net cash outflow before financing		(318,072)	277,458
Financing			
Issue of ordinary share capital	-	10,000	
Issue of preference share capital	-	390,000	
Shareholder loan	175,000	-	
Payment made to administrator	(88,430)	(1,360,000)	
Capital element of hire purchase and finance lease rentals	(21,573)	68,674	
Net cash inflow/(outflow) from financing		153,427	(891,326)
(Decrease)/increase in cash	19	(164,645)	38,759

COLLINS AND HAYES FURNITURE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 APRIL 2009

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

The directors consider it appropriate to prepare the accounts on the going concern basis with the on going support of the shareholders.

1.2 Turnover

Turnover represents the invoiced value of goods sold and services provided net of VAT.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	10 years Straight line
Plant and machinery	3 - 10 years Straight line
Fixtures, fittings & equipment	3 - 10 years Straight line
Motor vehicles	25% Straight line

1.4 Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are treated as if they had been purchased outright at the present value of the rentals payable, less finance charges, over the primary period of the agreements. The corresponding obligations under these agreements are included in creditors. The finance element of the rentals payable is charged to the profit and loss account so as to produce a constant rate of charge on the outstanding balance in each period.

Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

1.5 Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition.

1.6 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.7 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to profit and loss account.

COLLINS AND HAYES FURNITURE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 APRIL 2009

2 Turnover

Geographical market

	Turnover	
	2009	2008
	£	£
United Kingdom	8,142,149	9,389,012
Europe	677,602	714,124
	<u>8,819,751</u>	<u>10,103,136</u>

3 Operating (loss)/profit

	2009	2008
	£	£
Operating (loss)/profit is stated after charging:		
Depreciation of owned tangible fixed assets	69,182	42,965
Depreciation of tangible fixed assets held under finance leases and hire purchase contracts	31,237	24,334
Research and development expenditure	31,565	33,966
Operating lease rentals		
- Plant and machinery	17,061	22,281
- Other assets	318,673	338,409
Auditors' remuneration	13,000	13,000
	<u>480,658</u>	<u>472,655</u>

4 Directors' emoluments

	2009	2008
	£	£
Aggregate emoluments	226,516	310,296
Company contributions to defined contribution pension schemes	15,252	19,043
	<u>241,768</u>	<u>329,339</u>

Retirement benefits are accruing to 2 directors under defined benefit schemes.

Emoluments disclosed above include the following amounts paid to the highest paid director:

Aggregate emoluments	126,193	175,776
Company contributions to defined contribution pension schemes	8,226	9,672
	<u>134,419</u>	<u>185,448</u>

COLLINS AND HAYES FURNITURE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2009

5 Employees

Number of employees

The average monthly number of employees during the year was:

	2009 Number	2008 Number
Manufacture	113	114
Selling and distribution	30	25
Administration	11	11
	<u>154</u>	<u>150</u>

Employment costs

	£	£
Wages and salaries	3,036,309	3,389,865
Social security costs	282,137	323,510
Other pension costs	90,326	96,506
	<u>3,408,772</u>	<u>3,809,881</u>

6 Other income

	2009 £	2008 £
Profit on disposal of tangible fixed assets	1,668	-
Interest receivable and similar income	362	1,968
	<u>2,030</u>	<u>1,968</u>

7 Interest payable and similar charges

	2009 £	2008 £
Interest payable on:		
Bank loans and overdrafts	48,338	51,764
Interest on preference shares	34,021	26,670
Finance lease and hire purchase contracts	4,658	5,434
	<u>87,017</u>	<u>83,868</u>

COLLINS AND HAYES FURNITURE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 APRIL 2009

8	Tax on (loss)/profit on ordinary activities	2009	2009	2008	2008
		£	£	£	£
	Current tax on income for the period	(101,990)		101,990	
	Deferred tax				
	Origination and reversal of timing differences	-		20,211	
			-		20,211
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008: 29.83%)		(168,885)		93,673
	Effects of:				
	Expenses not deductible for tax purposes		66,841		33,340
	Capital allowances for period in excess of depreciation		54		(23,734)
	Other tax adjustments		-		(1,289)
	Current tax charge		(101,990)		101,990

The company has estimated losses of £167,000 (2008- £-) available for carry forward against future trading profits.

COLLINS AND HAYES FURNITURE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 APRIL 2009

9 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 May 2008	19,791	318,382	21,481	69,215	428,869
Additions	2,222	30,760	9,015	22,465	64,462
Disposals	-	(14,030)	-	-	(14,030)
At 30 April 2009	22,013	335,112	30,496	91,680	479,301
Depreciation					
At 1 May 2008	1,979	56,835	621	7,864	67,299
On disposals	-	(3,448)	-	-	(3,448)
Charge for the year	1,979	68,321	7,667	22,452	100,419
At 30 April 2009	3,958	121,708	8,288	30,316	164,270
Net book value					
At 30 April 2009	18,055	213,404	22,208	61,364	315,031
At 30 April 2008	17,812	261,547	20,860	61,351	361,570

Finance leases and hire purchase contracts

The net book value of tangible fixed assets includes an amount of £75,406 (2008:£95,462) in respect of assets held under finance leases or hire purchase contracts.

10 Stocks and work in progress

	2009 £	2008 £
Raw materials and consumables	434,342	508,498
Work in progress	98,144	82,794
Finished goods and goods for resale	275,626	282,155
	808,112	873,447

11 Debtors

	2009 £	2008 £
Trade debtors	964,621	1,149,748
Other debtors	84,648	115,999
Prepayments and accrued income	56,450	165,111
	1,105,719	1,430,858

COLLINS AND HAYES FURNITURE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 APRIL 2009

12 Creditors: amounts falling due within one year	2009 £	2008 £
Invoice discounting facility	564,197	652,627
Bank overdrafts	218,408	-
Net obligations under finance lease and hire purchase contracts	31,034	37,630
Trade creditors	309,102	374,943
Shareholder's loan	175,000	-
Corporation tax	-	101,990
Other taxes and social security costs	322,741	315,575
Other creditors	26,027	40,545
Accruals and deferred income	459,513	491,542
	2,106,022	2,014,852

The bank overdraft is secured by a debenture over all assets of the company.

The hire purchase creditor is secured on the asset it relates.

13 Creditors: amounts falling due after more than one year	2009 £	2008 £
Preference shares	390,000	390,000
Net obligations under finance leases and hire purchase contracts	16,067	31,044
Trade creditors	-	46,704
	406,067	467,748

Net obligations under finance leases and hire purchase contracts

Repayable within one year	31,034	37,630
Repayable between one and five years	16,067	23,565
Repayable after five years	-	7,479
	47,101	68,674
Included in liabilities falling due within one year	(31,034)	(37,630)
	16,067	31,044

COLLINS AND HAYES FURNITURE LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2009

14 Provisions for liabilities and charges

Deferred tax is provided at 28% (2008: 30%) analysed over the following timing differences:

	2009 £	2008 £
Accelerated capital allowances	20,211	20,211

Deferred tax assets of £47,039 have not been recognised in the accounts because there is insufficient certainty over their recoverability.

15 Pension costs

The company makes payments to defined contribution pension schemes for certain employees and 2 directors. The assets of these schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to these funds and amounted to £90,326 (2008: £96,506).

Included in other creditors are contributions of £6,044 (2008: £15,209) payable to the funds at the year end.

16 Share capital

	2009 £	2008 £
Authorised		
25,000 Ordinary shares of £1 each	25,000	25,000
975,000 Preference shares of £1 each	975,000	975,000
	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

The preference shares have been included as debt within creditors due after more than one year since in some circumstances the preference shareholders have the right to demand their redemption.

17 Reconciliation of movements in shareholders' funds

	£	£
(Loss)/profit for the financial year	(501,169)	191,823
New share capital subscribed	-	10,000
	<u>(501,169)</u>	<u>201,823</u>
Net (depletion in)/addition to shareholders' funds	201,823	-
Opening shareholders' funds	<u>(299,346)</u>	<u>201,823</u>
Closing shareholders' funds		

COLLINS AND HAYES FURNITURE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 APRIL 2009

18	Net cash (outflow)/inflow from operating activities	2009	2008		
		£	£		
	Reconciliation to operating (loss)/profit:				
	Operating (loss)/profit	(518,172)	395,924		
	Depreciation of tangible fixed assets	100,419	67,299		
	Decrease/(increase) in stocks	65,335	(390,115)		
	Decrease/(increase) in debtors	325,139	(602,379)		
	Increase in creditors	(144,080)	1,008,477		
		<u>(171,359)</u>	<u>479,206</u>		
19	Reconciliation of net cash flow to movement in net debt	2009	2008		
		£	£		
	(Decrease)/increase in cash	(164,645)	38,759		
	Shareholder loan	(175,000)	-		
	Preference shares issued	-	(390,000)		
	Repayment of long term bank loan	88,430	(652,627)		
	Capital element of hire purchase and finance lease rentals	21,573	(68,674)		
		<u>(318,072)</u>	<u>(1,072,542)</u>		
	Movement in net debt	(318,072)	(1,072,542)		
	Net debt at 1 May 2008	<u>(1,072,542)</u>	<u>-</u>		
	Net debt at 30 April 2009	<u><u>(1,390,614)</u></u>	<u><u>(1,072,542)</u></u>		
20	Analysis of net debt				
		At 1 May 2008	Cash flow	Non-cash changes	At 30 April 2009
		£	£	£	£
	Cash at bank and in hand	38,759	(34,667)	-	4,092
	Bank overdrafts	-	(218,408)	-	(218,408)
			<u>(253,075)</u>		
	Debt due within one year	(652,627)	88,430	-	(564,197)
	Debt due after one year	(390,000)	-	-	(390,000)
	Shareholder's loan		(175,000)		(175,000)
	Hire purchase and finance leases	(68,674)	21,573	-	(47,101)
			<u>110,003</u>		
		<u>(1,072,542)</u>	<u><u>(318,072)</u></u>	<u>-</u>	<u><u>(1,390,614)</u></u>

COLLINS AND HAYES FURNITURE LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 APRIL 2009

21 Commitments under operating leases

At 30 April 2009 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2009	2008	2009	2008
	£	£	£	£
Expiry date:				
Within one year	-	27,004	6,376	7,070
Between two and five years	-	-	3,096	3,735
In over five years	225,191	251,500	-	-
	<u>225,191</u>	<u>278,504</u>	<u>9,472</u>	<u>10,805</u>

22 Related party transactions

During the year, director and shareholder Matthew Miller and shareholder Nicholas Gold lent the company £175,000. Subject to the Letter of Postponement dated 6 May 2009 with Clydesdale Bank, they will not obtain any repayment of this loan until the company's liabilities with the Bank are fully settled.