

BYMACKS LIMITED

Registration number 860721



DIRECTORS' REPORT

The directors submit their report, together with the audited accounts, for the year ended 31 March 2000.

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that 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.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 2000. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

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

Profits and dividends

The profit for the year and the appropriation thereof are set out in the profit and loss account on page 4.

The directors declared an interim dividend of £145,000 in respect of the year ended 31 March 2000.

Activities

The principal activity of the company is the manufacture of upholstered furniture. The directors do not foresee any major changes in the level or nature of the company's business.

Directors

The directors of the company at 31 March 2000, all of whom served throughout the year, or from the date of their appointment, were:-

A J R Alsop
S Harrington
P R Ziemniak
R E Panes
D Johnston
D Winterbottom

There have been no changes in directors since 31 March 2000.

Directors' interests

None of the directors who served during the year had any interest in the shares of the company.

Messrs Panes, Johnston and Winterbottom did not at any relevant date have any interest in the shares of the ultimate holding company.

The interests of the other directors, who are directors of the ultimate holding company, in shares and options to purchase shares, are shown in the accounts of that company.

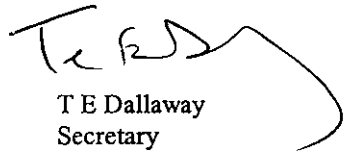
Year 2000 and the Euro

The company's Year 2000 compliance programme was completed successfully and no problems were experienced over the Millennium transition period or subsequently. Whilst continuing to exercise vigilance, we are confident of being able to overcome any Year 2000 related problems that may occur during the year. The costs of the Year 2000 compliance programme, which were immaterial, were charged as incurred in line with our normal accounting policies.

Work for Euro compliance is continuing.

By order of the Board

Trowbridge
25 May 2000


T E Dallaway
Secretary

AUDITORS' REPORT**Auditors' report to the members of Bymacks Limited**

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 1, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

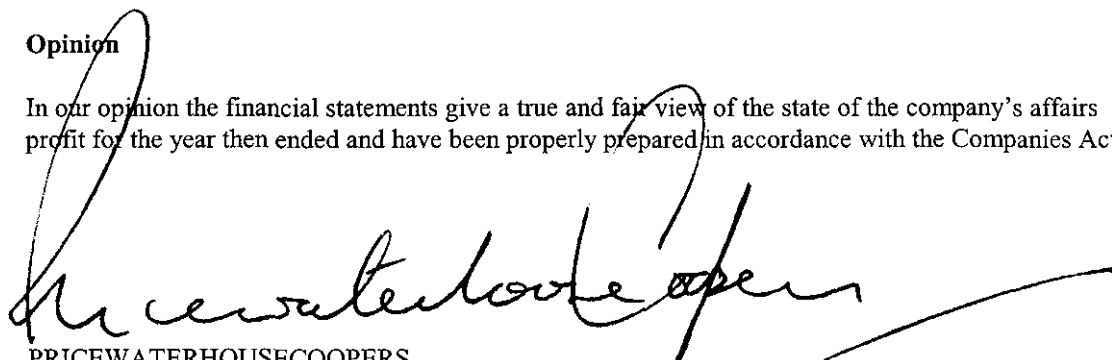
Basis of audit opinion

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 company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICEWATERHOUSECOOPERS
Chartered Accountants and Registered Auditors
Bristol
25 May 2000

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2000**Continuing operations**

	Notes	Year to 31.3.00 £	Year to 31.3.99 £
Turnover	1	8,885,224	8,494,139
Cost of sales		6,562,399	6,664,199
Gross profit		2,322,825	1,829,940
Net operating expenses	2	2,090,302	1,893,773
Operating profit/(loss)	3	232,523	(63,833)
Interest payable	6	42,077	62,304
Profit/(loss) before taxation		190,446	(126,137)
Tax charge/(credit)	7	5,454	(4,715)
Profit/(loss) after taxation		184,992	(121,422)
Equity dividend proposed		145,000	-
Retained profit/(loss) for the period		39,992	(121,422)
Retained profit at 1 April		1,566,191	1,687,613
Retained profit at 31 March		1,606,183	1,566,191

The company has no recognised gains and losses, or movements in shareholders' funds, other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses or reconciliation of movements in shareholders' funds has been presented.

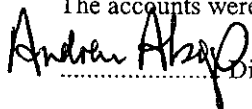
There is no material difference between the profit before tax and the retained profit and their historical cost equivalents for the period stated above.

The principal accounting policies and the notes, which form part of these accounts, are on pages 6 to 10.

BALANCE SHEET AT 31 MARCH 2000

	Notes	31 March 2000		31 March 1999	
		£	£	£	£
Tangible fixed assets	8		1,351,699		1,318,430
Current assets					
Stocks	9	746,865		587,222	
Debtors	10	1,414,029		1,230,100	
Cash balances	16	37,744		300	
		<u>2,198,638</u>		<u>1,817,622</u>	
Creditors: amounts falling due within one year	11	1,906,643		1,496,291	
Net current assets			<u>291,995</u>		<u>321,331</u>
Total assets less current liabilities			1,643,694		1,639,761
Creditors: amounts falling due after more than one year	12		35,511		71,570
			<u>1,608,183</u>		<u>1,568,191</u>
Capital and reserves					
Called up share capital	14		2,000		2,000
Profit and loss account			1,606,183		1,566,191
Equity shareholders' funds			<u>1,608,183</u>		<u>1,568,191</u>

The accounts were approved by the directors on 25 May 2000.

 Director

The principal accounting policies and the notes, which form part of these accounts, are on pages 6 to 10.

PRINCIPAL ACCOUNTING POLICIES**1. Accounting convention**

The accounts have been prepared in accordance with accounting standards applicable in the UK under the historical cost convention. The principal accounting policies set out below have been consistently applied.

2. Depreciation

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

Freehold buildings	2%	-	12.5%
Plant and equipment	7.5%	-	12.5%
Motor vehicles	10%	-	20%

3. Leases

Where the company 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 fixed tangible 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 within 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.

4. Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis; in the case of manufactured products cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made, where necessary, for obsolescent, slow moving and defective stocks.

5. 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 period-end are reported at the rates of exchange prevailing at the period-end. Any foreign exchange differences are taken to the profit and loss account in the period in which they arise.

6. Deferred taxation

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

7. Pensions

The company contributes to a group pension scheme operated by ultimate holding company. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employee's services. The effects of variations from regular costs are spread over the expected remaining working lifetime of members of the scheme.

NOTES TO ACCOUNTS**1. Turnover**

Turnover, which excludes value added tax, represents the invoiced value of sales less trade discounts and allowances.

	Year to 31.3.00 £	Year to 31.3.99 £
2. Net operating expenses		
Net operating expenses are made up as follows:-		
Distribution expenses	1,053,074	1,150,490
Administration expenses	1,037,228	743,283
	2,090,302	1,893,773

3. Operating profit

Operating profit is stated after charging:-

Auditors' remuneration for:

Audit	13,071	7,800
Other services	3,260	3,300
Depreciation of owned assets	66,849	85,996
Depreciation of leased assets	16,515	16,515
Operating lease rentals:-		
plant and equipment	84,602	76,347
Directors' emoluments (see below)		
excluding pension contributions	248,440	208,231

The emoluments of Messrs Alsop and Ziemniak are paid by the parent company. Their services to this company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the company paying their emoluments. Accordingly the above details include no emoluments in respect of the aforementioned directors.

Retirement benefits are accruing to six directors under a group defined benefits scheme in which the company participates.

4. Highest paid director

The highest paid directors' emoluments, disclosed in accordance with Schedule 6 of the Companies Act 1985 are as follows:-

Aggregate emoluments	83,602	86,296
Accrued pension at end of year under a defined benefits pension scheme	15,824	13,360

5. Employee information

a) The average number of persons employed by the company, including executive directors, during the year is analysed below:-

	Year to 31.3.00	Year to 31.3.99
Production	123	135
Distribution	14	9
Administration	15	15
	<u>152</u>	<u>159</u>

b) Employment costs, including executive directors:-

	£	£
Aggregate gross wages and salaries	2,527,507	2,776,305
Employers' national insurance contributions	212,224	247,634
Employers' pension contributions under the group pension scheme	67,975	35,317
	<u>2,807,706</u>	<u>3,059,256</u>

6. Interest

Interest payable is made up of:-

Intra-group loans	34,883	52,634
Finance charges	6,793	9,670
Other	401	-
	<u>42,077</u>	<u>62,304</u>

7. Tax

The charge/(credit) is made up as follows:-

On the taxable profit for the year

UK corporation tax at 30% (1999 31%)	5,454	-
Prior year adjustments	-	(4,715)
	<u>5,454</u>	<u>(4,715)</u>

The effective rate of tax for the year is lower than 30% as a result of group relief received from elsewhere within the group.

8. Tangible fixed assets

	Freehold land and buildings £	Equipment & Vehicles Owned £	Leased £	Total £
Cost				
At 1 April 1999	1,309,143	533,121	222,694	2,064,958
Additions	-	118,230	-	118,230
Disposals	-	(49,021)	(24,772)	(73,793)
Inter Company transfer	-	(10,000)	-	(10,000)
At 31 March 2000	<u>1,309,143</u>	<u>592,330</u>	<u>197,922</u>	<u>2,099,395</u>
Depreciation				
At 1 April 1999	248,466	406,112	91,950	746,528
Provision for year	36,464	30,385	16,515	83,364
Relating to disposals	-	(47,424)	(24,772)	(72,196)
Inter Company transfer	-	(10,000)	-	(10,000)
At 31 March 2000	<u>284,930</u>	<u>379,073</u>	<u>83,693</u>	<u>747,696</u>
Net book value				
At 31 March 2000	<u>1,024,213</u>	<u>213,257</u>	<u>114,229</u>	<u>1,351,699</u>
At 31 March 1999	<u>1,060,677</u>	<u>127,009</u>	<u>130,744</u>	<u>-1,318,430</u>

	At 31.3.00 £	At 31.3.99 £
9. Stocks		
Raw materials	447,757	347,878
Work in progress	120,626	103,331
Finished goods	178,482	136,013
	<u>746,865</u>	<u>587,222</u>
10. Debtors		
Trade debtors	1,229,286	1,113,607
Amounts due from fellow subsidiaries	87,500	75,700
Other debtors	950	714
Prepayments and accrued income	96,293	40,079
Tax recoverable	-	-
	<u>1,414,029</u>	<u>1,230,100</u>
11. Creditors: amounts falling due within one year		
Bank overdraft	-	146,515
Lease obligations	36,059	33,263
Trade creditors	996,897	716,494
Amounts due to fellow subsidiaries	177,190	109,778
Amount due to parent company	245,449	11,259
Corporation tax and ACT	1,454	-
Value added tax and social security	217,841	217,539
Other creditors	559	888
Accruals	231,194	260,555
	<u>1,906,643</u>	<u>1,496,291</u>
12. Creditors : amounts falling due after more than one year		
Obligations under finance leases - due between 1 and 2 years	35,511	36,059
- due between 2 and 5 years	-	35,511
	<u>35,511</u>	<u>71,570</u>
13. Commitments under operating leases		
The company had annual commitments under non-cancellable operating leases for:-		
Equipment and vehicles		
Expiring in one year	7,919	2,096
Expiring in years 2 to 5	57,669	71,909
	<u>65,588</u>	<u>74,005</u>

	At 31.3.00 £	At 31.3.99 £		
14. Called up share capital				
Shares of £1 each				
Authorised, allotted and fully paid	2,000	2,000		
15. Provisions for liabilities and charges	At 31.3.00	At 31.3.99		
Deferred tax				
	Not provided £	Provision £	Not provided £	Provision £
Fixed asset timing differences	64,714	-	58,847	-

The company has given an unlimited guarantee in respect of the bank overdraft of its parent company.

16. Contingent liabilities

The company has indemnified Fortis Bank sa-nv in respect of indemnities and guarantees given by the bank on its behalf. The contingent liability in respect of these indemnities at 31 March 2000 was £100,000 (1999 £200,000). The company has given an unlimited guarantee in respect of the bank overdraft of its parent and fellow subsidiary companies.

17. Pensions

Pensions are provided for staff, including directors, through a defined benefits group scheme, the Airsprung Retirement and Death Benefits Plan. The plan's assets are held in a separate trustee administered fund and the fund is valued every three years by a professional qualified independent actuary. Additional information on this scheme is included in the Report and Accounts of the ultimate holding company.

18. Ultimate holding company

Airsprung Furniture Group PLC, which owns 100% of the issued share capital of the company and is registered in England and Wales, is the company's ultimate holding company and also its ultimate controlling party. Copies of the ultimate holding company's financial statements may be obtained from its registered office at Canal Road, Trowbridge, Wiltshire, BA14 8RQ.

19. Transactions with related parties

The company has taken advantage of the exemption permitted by Financial Reporting Standard No 8, available to subsidiary undertakings where 90% or more of the voting rights are controlled within the group and where the consolidated financial statements of that group are publicly available, not to disclose transactions with other group companies within these accounts.