BYMACKS LIMITED

Registration number 860721



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DIRECTORS' REPORT

The directors submit their report, together with the audited accounts, for the year ended 31 March 2003.

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 2003. The directors also confirm that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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.

Profits and dividends

The profit for the year and the appropriation thereof are set out in the profit and loss account on page 2.
The directors declared and paid an interim dividend of Nil (2002: £Nil) and the directors propose a final dividend of £Nil (2002: £1,953,371) in respect of the year ended 31 March 2003.

Activities

The company was dormant throughout the year.

Directors

The directors of the company at 31 March 2003, all of whom served throughout the year, or from the date of their appointment, were:-

A J R Alsop
D Johnston
D Wills
A Lisanti – appointed 29 April 2002

M Booth and S G W Yates who were directors as at 31 March 2002 resigned on 19 April 2002 and 17 July 2002 respectively.
There have been no other changes in directors since 31 March 2003.

Directors' interests

None of the directors who served during the year had any interest in the shares of the company.
Messrs Johnston, Wills, Winterbottom and Booth 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.

By order of the Board

T E Dallaway
Secretary

Trowbridge
30 May 2003

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

	Notes	Year to 31.3.03 £	Year to 31.3.02 £
Discontinued Operations			
Turnover	1	-	10,103,391
Cost of sales		-	8,085,522
Gross profit		-	2,017,869
Net operating expenses	2	-	2,029,300
Operating loss	3	-	(11,431)
Interest payable	5	-	(24,481)
Loss on ordinary activities before taxation		-	(35,912)
Tax	6	-	(700)
Loss on ordinary activities after taxation		-	(36,612)
Equity dividend - paid		-	-
- proposed		-	(1,953,371)
Loss for the period		-	(1,989,983)

There is no material difference between the loss before tax and the losses 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 5 to 9.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES 31 MARCH 2003

	Year to 31.3.03 £	Year to 31.3.02 £
Loss for the year	-	(36,612)
Realised surplus on revaluation of property	-	442,961
Total recognised gains for the year	-	406,349
Prior year adjustment - deferred tax	-	(65,300)
Total gains recognised since last annual report	-	341,049

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year to 31.3.03 £	Year to 31.3.02 £
Loss for the year	-	(36,612)
Dividends	-	(1,953,371)
Net movement in shareholders' funds	-	(1,989,983)
Realised surplus on revaluation of property	-	442,961
Net change in shareholders' funds	-	(1,547,022)
Opening shareholders' funds	2,000	1,549,022
Closing shareholders' funds	2,000	2,000

BALANCE SHEET AS AT 31 MARCH 2003

	Notes	31 March 2003		31 March 2002	
		£	£	£	£
Current assets					
Debtors	7	1,955,371		1,955,371	
Creditors: amounts falling due within one year	8	1,953,371		1,953,371	
Net current assets			2,000		2,000
Total assets less current liabilities			2,000		2,000
			2,000		2,000
Capital and reserves					
Called up share capital	9		2,000		2,000
Profit and loss account			-		-
Equity shareholders' funds			2,000		2,000

(a) For the year ended 31 March 2003 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

(b) Members have not required the company to obtain an audit in accordance with Section 249B(2) of the Companies Act 1985.

(c) The directors acknowledge their responsibility for:

- ensuring the company keeps accounting records which comply with section 221; and
- preparing accounts 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 its profit or loss for the financial year, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

The accounts were approved by the directors on 30 May 2003.

..... Director

The principal accounting policies and the notes, which form part of these accounts, are on pages 5 to 9.

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. **Tangible fixed assets and depreciation**
Tangible fixed assets are carried at cost, with the exception of some land and buildings, which are carried at valuation. Following the introduction of FRS15 "Tangible fixed assets", the company has opted not to update the valuation of land and buildings going forward. Depreciation is calculated to write off the cost or amount of the valuation of fixed assets less the estimated residual value by equal instalments over the estimated useful lives of the assets at the following principal annual rates:

Freehold land	Nil
Freehold buildings	2.5%
Plant and equipment	10 – 20%
Computer equipment	33 1/3%

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**
FRS 19 'Deferred tax' has been adopted with effect from 1 April 2001. Provision is made for deferred tax on all material timing differences. Deferred tax assets are recognised where their recovery is considered more likely than not. Deferred tax assets and liabilities have not been discounted.

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

Total turnover includes turnover generated in the United Kingdom of £Nil (2002: £9,870,309) and export sales of £Nil (2002: £233,082).

	Year to 31.3.03 £	Year to 31.3.02 £
2. Net operating expenses		
Net operating expenses are made up as follows:-		
Distribution expenses	-	1,154,600
Administration expenses	-	874,700
	-	2,029,300

3. Operating profit	£	£
Operating profit is stated after charging:-		
Auditors' remuneration for:		
Audit	-	10,652
Other services	-	3,465
Depreciation of owned assets	-	99,524
Depreciation of leased assets	-	16,515
Operating lease rentals:-		
Plant and equipment	-	86,417
Directors' emoluments (see below)		
Excluding pension contributions	-	172,566

The emoluments of Messrs Alsop, Yates and Lisanti 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 five directors under a group defined benefits scheme in which the company participates.

4. Employee information	Year to 31.3.03	Year to 31.3.02
a)The average number of persons employed by the company, including executive directors, during the year is analysed below:-		
Production	-	120
Distribution	-	20
Administration	-	14
	-	154

b)Employment costs, including executive directors:-	£	£
Aggregate gross wages and salaries	-	2,978,334
Employers' national insurance contributions	-	236,342
Employers' pension contributions under the group pension scheme	-	79,428
	-	3,294,104

	Year to 31.03.03	Year to 31.03.02
5. Interest		
Interest payable is made up of:-		
Intra-group loans	-	22,313
Finance charges	-	1,135
Other	-	1,033
	-	24,481

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

6. Tax	**Year to 31.3.03**	**Year to 31.3.02**
a) Analysis of charge in the year	**£**	**£**
Current tax		
UK corporation tax on profits for the period at 30% (2002: 30%)	-	-
Adjustments in respect of previous period	-	-
Total current tax	-	-
Total deferred tax		
Current year	-	700
Adjustments in respect of previous periods	-	-
Total deferred tax	-	700
Tax on profit on ordinary activities	-	700

b) Factors affecting tax charge for the year

The rate of current tax charge on profit on ordinary activities varied from the standard rate of corporation tax in the UK due to the following factors:

	2003	2002
	%	%
UK corporation tax rate	30	30
	£	£
Loss before taxation	-	(35,912)
Tax at 30%	-	(10,774)
Adjustment to tax charge in respect of previous periods	-	(573)
Expenses not deductible for tax purposes	-	8,296
Capital allowances for period in excess of depreciation	-	(123)
Underpayment for group relief	-	3,174
Current tax (credit)/charge	-	-

c) Factors that may affect future tax charges

On 31 March 2002 the trading assets and liabilities of Bymacks Limited were transferred to Airsprung Furniture Ltd, and property owned by Bymacks Limited was transferred to Airsprung Property Ltd. Both companies are wholly owned by Airsprung Furniture Group PLC. Property was transferred at market value on 31 March 2002 and trading assets and liabilities were transferred at net book value. As a result of these transactions Bymacks Limited is not expected to have tax charges in the future.

	At 31.03.03 £	At 31.03.02 £
7. Debtors		
Amounts due from fellow subsidiaries	1,955,371	1,955,371

	At 31.03.03 £	At 31.03.02 £
8. Creditors: amounts falling due within one year		
Amount due to parent company	1,953,371	-
Proposed dividend	-	1,953,371
	1,953,371	1,953,371

	At 31.03.03 £	At 31.03.02 £
9.Called up share capital		
Shares of £1 each		
Authorised, allotted and fully paid	2,000	2,000

10.Provisions for liabilities and charges – deferred tax	2003 £	2002 £
Fixed asset timing differences	-	-
Other	-	-
	-	-

	2003 £	2002 £
At 1 April	-	65,300
	-	-
Transfer to profit and loss account	-	700
Inter-company transfer	-	(66,000)
At 31 March	-	-

11. 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 the scheme is included in the Report and Accounts of the ultimate holding company.

12. 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.

13. 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.