

Consolidated profit and loss account

for the year ended 31 March 2001

	<i>Note</i>	2000/01 £000	1999/00 £000
Turnover			
Continuing operations		69,043	73,489
Discontinued operations		2,319	6,681
		<u>71,362</u>	<u>80,170</u>
Cost of sales			
Continuing operations		50,091	51,073
Discontinued operations		2,075	5,473
		<u>52,166</u>	<u>56,546</u>
Gross profit		19,196	23,624
Net operating expenses	1	16,819	17,779
Operating profit/(loss)			
Continuing operations		2,665	6,882
Discontinued operations		(288)	(1,037)
Total operating profit	2	2,377	5,845
Loss on sale of discontinued operations	16	(2,443)	–
(Loss)/profit on ordinary activities before interest		(66)	5,845
Net interest (payable)/receivable	4	(141)	7
(Loss)/profit on ordinary activities before taxation		(207)	5,852
Tax on ordinary activities	5	(689)	(1,721)
(Loss)/profit for the financial year (including the company £3,413,000; 2000 £6,358,000)		(896)	4,131
Equity dividends	6	1,911	1,911
Non-equity dividends	6	66	129
Premium on redemption of non-equity shares	6	–	511
(Loss)/retained profit for the financial year		<u>(2,873)</u>	<u>1,580</u>
(Loss)/earnings per ordinary share	23	<u>(4.0p)</u>	<u>14.6p</u>
Earnings per ordinary share on continuing activities	23	<u>7.8p</u>	<u>19.5p</u>

The Group has no recognised gains and losses, other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

Reconciliation of movements in shareholders' funds

for the year ended 31 March 2001

	2000/01 £000	1999/00 £000
(Loss)/profit for the financial year	(896)	4,131
Dividends and appropriations	(1,977)	(2,551)
	(2,873)	1,580
Nominal value of preference shares redeemed	–	(2,345)
Goodwill reinstated on sale of business	296	–
Net movement in shareholders' funds	(2,577)	(765)
Opening shareholders' funds	26,051	26,816
Closing shareholders' funds	23,474	26,051

Note of historical cost profits and losses

for the year ended 31 March 2001

	2000/01 £000	1999/00 £000
(Loss)/profit on ordinary activities before taxation	(207)	5,852
Impairment of revalued tangible fixed assets	249	–
Historical cost profit on ordinary activities before taxation	42	5,852
Historical cost (loss)/retained profit after taxation and dividends	(2,624)	1,580

Balance sheets at 31 March 2001

	Note	Group		Company	
		2001 £000	2000 £000	2001 £000	2000 £000
Assets employed					
Fixed assets					
Intangible assets	8	317	342	-	-
Tangible assets	7	17,509	20,331	807	515
Investments	20	-	-	7,622	8,727
		17,826	20,673	8,429	9,242
Current assets					
Stocks	9	5,522	6,989	-	-
Debtors	10	10,167	12,167	9,764	4,941
Investments	11	2,400	-	-	-
Bank and cash balances		357	1,836	41	52
		18,446	20,992	9,805	4,993
Creditors: amounts falling due within one year	12	12,352	15,132	5,156	2,593
Net current assets		6,094	5,860	4,649	2,400
Total assets less current liabilities		23,920	26,533	13,078	11,642
Financed by					
Creditors: amounts falling due after more than one year	13	-	36	-	-
Provisions for liabilities and charges	22	446	446	-	-
		446	482	-	-
Capital and reserves					
Called up share capital	14	3,044	3,044	3,044	3,044
Share premium account	15	2,348	2,348	2,348	2,348
Capital redemption reserve	15	2,345	2,345	2,345	2,345
Revaluation reserve	15	1,617	1,866	-	-
Profit and loss account	15	14,120	16,448	5,341	3,905
		23,474	26,051	13,078	11,642
Equity shareholders' funds		22,819	25,396	12,423	10,987
Non-equity shareholders' funds		655	655	655	655
Total shareholders' funds		23,474	26,051	13,078	11,642
		23,920	26,533	13,078	11,642

Approved by the board on 25 May 2001 and signed on its behalf by:

P G Bradshaw }
P R Ziemniak } Directors

The accounting policies on pages 20-21 and the notes on pages 22-30 form part of these accounts.
The report of the auditors on the financial statements is on page 15.

Consolidated cash flow statement

for the year ended 31 March 2001

	Note	2000/01		1999/00	
		£000	£000	£000	£000
Net cash inflow from operating activities	17		4,224		4,837
Returns on investments and servicing of finance					
Interest received		4		66	
Interest paid		(135)		(45)	
Interest paid on finance leases and similar hire purchase contracts		(10)		(14)	
Non-equity dividends and appropriations paid		(66)		(694)	
Net cash outflow from returns on investments and servicing of finance			(207)		(687)
Taxation					
UK corporation tax and advance corporation tax paid			(1,487)		(1,524)
Capital expenditure and financial investment					
Receipts from sales of assets		44		1,082	
Tangible fixed assets purchased		(2,052)		(3,271)	
			(2,008)		(2,189)
Acquisitions and disposals					
Purchase of business assets and goodwill		(8)		(471)	
Disposal of subsidiary business	16	283		-	
			275		(471)
Equity dividends paid			(1,911)		(1,793)
Net cash outflow before financing			(1,114)		(1,827)
Financing					
Redemption of preference shares		-		(2,345)	
Repayment of loan stock		(300)		(300)	
Capital element of finance lease rental payments		(65)		(63)	
Net cash outflow from financing			(365)		(2,708)
Decrease in cash			(1,479)		(4,535)
			2001	2000	Change in year
			£000	£000	£000
Analysis of cash balances	19		357	1,836	(1,479)
Cash at bank and in hand					

Principal accounting policies

Accounting convention

The accounts have been prepared in accordance with accounting standards applicable in the United Kingdom under the historical cost convention as modified by the revaluation of land and buildings. The principal accounting policies, which have been consistently applied are set out below.

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. Intra-group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only. The results of newly acquired companies are consolidated from date of acquisition. The holding company is exempt from publishing its own profit and loss account by virtue of Section 230 Companies Act 1985.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on the acquisition of subsidiaries is capitalised and amortised over the shorter of the directors' assessment of its estimated useful life and 20 years. Goodwill which arose prior to 1 April 1998 has been eliminated against reserves, and is charged in the profit and loss account on disposal of the business to which it relates.

Turnover

Turnover represents the invoiced value of sales within the United Kingdom 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.

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 Group 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 by equal instalments over the estimated useful lives of the assets at the following principal annual rates:

Freehold land	Nil
Freehold buildings	2½%
Plant and equipment	10 - 20%
Computer equipment	33⅓%

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 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 are charged to the profit and loss account.

Principal accounting policies continued

Foreign currency

Normal trading activities denominated in foreign currencies are recorded in sterling at the exchange rates ruling at the date of 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 period in which they arise.

Deferred tax

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.

Pensions

The Group operates a number of pension schemes. Contributions to these schemes are charged to the profit and loss account by spreading the cost of the benefits over the expected remaining working lives of the members.



Bymacks – Claudette sofa

Notes to the accounts

31 March 2001

Note	2000/01 £000	1999/00 £000
1 Net operating expenses		
Net operating expenses are made up as follows:		
Distribution expenses	9,587	9,846
Administration expenses	7,392	7,666
Restructuring costs	–	303
Other income	(160)	(36)
	<u>16,819</u>	<u>17,779</u>
<p>The total figures for the year include the following amounts relating to discontinued operations; distribution expenses £308,000 (2000 £1,346,000) and administration expenses £224,000 (2000 £899,000). Restructuring costs in the prior year are expenses relating to redundancies.</p>		
2 Operating profit/(loss)		
Operating profit/(loss) is stated after charging:		
Auditors' remuneration for:		
Audit (company £22,800; 2000 £20,000)	89	84
Other services to the company and its subsidiaries	34	50
Depreciation of owned assets	1,440	1,003
Depreciation of leased assets	32	24
(Loss)/profit on disposal of fixed assets	(41)	30
Directors' emoluments excluding pension contributions	557	656
Operating lease rentals:		
Land and buildings	86	53
Vehicles	1,242	1,360
	<u>1,449</u>	<u>1,659</u>
3 Employee information	Number	Number
a) The average number of employees, including executive directors, was:		
Production	1,115	1,290
Distribution	191	207
Administration	143	162
	<u>1,449</u>	<u>1,659</u>
	£000	£000
b) Employment costs, including executive directors:		
Gross wages and salaries	24,250	25,992
Social security costs	1,791	1,942
Other pension costs	933	857
	<u>26,974</u>	<u>28,791</u>
c) The emoluments of directors disclosed in accordance with Schedule 6 of the Companies Act 1985 are shown in the report of the remuneration committee on pages 11 to 14.		
4 Net interest		
Payable:		
Bank overdrafts and loans	(135)	(45)
Finance charges on leases	(10)	(14)
Receivable:		
Short-term deposits	4	66
Net interest (payable)/receivable	<u>(141)</u>	<u>7</u>
In the year discontinued operations paid interest of £103,000 (2000 £130,000).		
5 Tax		
The charge is made up as follows:		
On the taxable profit for the year:		
UK corporation tax at 30% (2000 30%)	726	1,722
Deferred tax	–	116
Prior year adjustments	(37)	(117)
	<u>689</u>	<u>1,721</u>

Notes to the accounts

31 March 2001 continued

Note		2000/01 £000	1999/00 £000
6	Dividends and appropriations		
	Preference: dividend	66	129
	premium paid on the redemption of preference shares	-	511
	Ordinary: interim paid 2.1p per share (2000 2.1p)	502	501
	final proposed 5.9p per share (2000 5.9p)	1,409	1,410
		1,977	2,551

	Group			Company			
	Freehold land and buildings £000	Plant and equipment £000	Total £000	Buildings £000	Plant and equipment £000	Total £000	
7	Tangible fixed assets						
	Cost or valuation (note (a))						
	at 1 April 2000	13,060	17,997	31,057	481	85	566
	additions	661	1,391	2,052	235	153	388
	transfer to current assets (note (b))	(2,836)	-	(2,836)	-	-	-
	disposals	-	(3,443)	(3,443)	-	(84)	(84)
	reclassification (note (c))	357	(357)	-	-	-	-
	at 31 March 2001	11,242	15,588	26,830	716	154	870
	Depreciation						
	at 1 April 2000	792	9,934	10,726	-	51	51
	provision for year	483	989	1,472	15	35	50
	transfer to current assets (note (b))	(436)	-	(436)	-	-	-
	relating to disposals	-	(2,441)	(2,441)	-	(38)	(38)
	reclassification (note (c))	27	(27)	-	-	-	-
	at 31 March 2001	866	8,455	9,321	15	48	63
	Net book value						
	at 31 March 2001	10,376	7,133	17,509	701	106	807
	at 31 March 2000	12,268	8,063	20,331	481	34	515

Note (a)

At 31 March 2001 the net book value of plant and equipment includes £180,000 (2000 £212,000) in respect of assets held under finance leases and similar hire purchase contracts. Cost or valuation of freehold land and buildings includes £6,016,000 in respect of properties which were professionally valued on an open market existing use basis as at 1 April 1997. The valuation was undertaken in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors by Alder King. Had freehold property not been revalued, historic cost would have been £10,959,000 (2000 £12,945,000) and aggregate depreciation based on historic cost would have been £2,200,000 (2000 £2,543,000). Additions since 1 April 1997 are included at cost. Freehold land at a valuation of £1,895,000 is not depreciated.

	2001 £000	2000 £000
Analysis of land and buildings at cost and valuation		
at cost	5,226	4,244
at valuation	6,016	8,816
	11,242	13,060

The Group has adopted the transitional provisions of FRS15; accordingly the results of the 1 April 1997 valuation have not been updated.

- (b) Following the sale of a subsidiary company, the property which has been retained by the Group has been placed on the market. As the property is no longer used for the purpose of the Group's trading operations and the sale of the property is expected in the foreseeable future, the property has been reclassified as "fixed assets for resale" and is included in current asset investments (see note 11).
- (c) Certain items within plant and equipment intrinsic to buildings were reclassified during the year, following a review of fixed assets.

Notes to the accounts

31 March 2001 continued

Note	Goodwill £000
8 Intangible fixed assets	
Cost	
at 1 April 2000	350
adjustment to goodwill	(8)
at 31 March 2001	342
Aggregate amortisation	
at 1 April 2000	8
charge for the year	17
at 31 March 2001	25
Net book value	
at 31 March 2001	317
at 31 March 2000	342

	2001 £000	2000 £000
9 Stocks		
Raw materials	3,527	3,949
Work-in-progress	948	1,414
Finished goods	1,047	1,626
	5,522	6,989

	Group		Company	
	2001 £000	2000 £000	2001 £000	2000 £000
10 Debtors				
Trade debtors	9,218	11,187	16	5
Amounts due from Group companies Corporation and advance corporation taxes recoverable	-	-	9,658	4,922
	2	16	-	-
Other debtors	19	48	-	-
Prepayments and accrued income	928	916	90	14
	10,167	12,167	9,764	4,941
11 Investments	2,400	-	-	-

Current asset investments are fixed assets purchased from the discontinued operation prior to disposal which are being held for resale (see note 16).

12 Creditors: amounts falling due within one year				
Bank loans and overdraft	-	-	3,216	-
Amounts due to Group companies	-	-	-	392
Unsecured loan stock	-	300	-	300
Obligations under finance leases	36	65	-	-
Trade creditors	6,777	7,800	-	-
Value added tax and social security	1,644	2,014	63	138
Corporation and advance corporation taxes	408	1,220	19	2
Accruals and deferred income	2,062	2,308	433	336
Dividends	1,425	1,425	1,425	1,425
	12,352	15,132	5,156	2,593

Notes to the accounts

31 March 2001 continued

Note	Group		Company	
	2001 £000	2000 £000	2001 £000	2000 £000

13 Creditors: amounts falling due after more than one year

Obligations under finance leases:
due: between 1 and 2 years

-	36	-	-
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	Authorised	Allotted and fully paid		
	Number	£000	Number	£000
14 Called up share capital				
Ordinary shares of 10p each at 1 April 2000 and 31 March 2001	30,000,000	3,000	23,888,698	2,389
10% preference shares of £1 each (redeemable at par in 2008) at 1 April 2000 and 31 March 2001	654,599	655	654,599	655
	Share premium account £000	Capital redemption reserve £000	Revaluation reserve £000	Profit & loss account £000

15 Share premium account and reserves

Group

at 1 April 2000	2,348	2,345	1,866	16,448
goodwill reinstated on sale of business (see note 16)	-	-	-	296
transfer from revaluation reserve to profit and loss account	-	-	(249)	249
loss for the year	-	-	-	(2,873)
at 31 March 2001	2,348	2,345	1,617	14,120

Company

at 1 April 2000	2,348	2,345	-	3,905
profit for the year	-	-	-	1,436
at 31 March 2001	2,348	2,345	-	5,341

The cumulative amount of goodwill written off to the profit and loss account is £5,137,000 (2000 £5,433,000).

16 Discontinued operation

On 29 September 2000 the Group sold Duckers Furniture Limited, a wholly owned subsidiary for £1 in cash.

Prior to and as a result of the disposal, the freehold property was transferred to the Group for resale (see note 11).

	£000
Tangible fixed assets	736
Stocks	1,127
Debtors	690
Creditors	(416)
Goodwill previously written off to reserves	296
	<u>2,433</u>
Overdraft transferred from the Group with the disposal	(283)
	<u>2,150</u>
Loss on disposal of subsidiary company	250
Impairment of the property transferred to Group	43
Total loss on disposal	<u>2,443</u>

Notes to the accounts

31 March 2001 continued

Note	2000/01 £000	1999/00 £000
17 Reconciliation of operating profit to net cash inflow from operating activities		
Continuing activities		
Operating profit	2,665	6,882
Depreciation of tangible fixed assets	1,402	809
Loss/(profit) on sales of tangible fixed assets	41	(30)
Decrease/(increase) in stocks	223	(425)
Decrease/(increase) in debtors	958	(1,158)
Decrease in creditors	(1,023)	(186)
Goodwill amortisation	17	8
Net cash inflow from continuing activities	4,283	5,900
Discontinued activities		
Operating loss	(288)	(1,037)
Depreciation of tangible fixed assets	31	218
Decrease in stock	117	178
Decrease in debtors	338	7
Decrease in creditors	(257)	(429)
Net cash outflow from discontinued activities	(59)	(1,063)
Net cash inflow from operating activities	4,224	4,837

18 Reconciliation of net cash flow to movement in net funds

Decrease in cash in the year	(1,479)	(4,535)
Cash outflow from decrease in debt	365	363
Change in net funds resulting from cash flows	(1,114)	(4,172)
Net funds at 1 April	1,435	5,607
Net funds at 31 March	321	1,435

	At 1 April 2000 £000	Cash flow £000	At 31 March 2001 £000
19 Analysis of net funds			
Cash	1,836	(1,479)	357
Debt due within one year	(300)	300	-
Finance leases	(101)	65	(36)
	1,435	(1,114)	321

Notes to the accounts

31 March 2001 continued

<i>Note</i>	2001 £000	2000 £000
20 Investments		
Shares in Group companies at 1 April	9,424	9,424
Discontinued operations	(1,105)	–
Shares in Group companies at 31 March	8,319	9,424
Provision	(724)	(724)
Loans to Group companies	27	27
	7,622	8,727

The company had the following principal trading subsidiaries:

Name	Percentage of issued ordinary shares held
1 Airsprung Beds Ltd	100
2 Airsprung Scotland Ltd	100
3 Gainsborough Ltd	100
4 Sprung Slumber Ltd	100
5 Bymacks Ltd	100
6 Cavendish Upholstery Ltd	100
7 Airsprung Ltd	100

All of the above companies are incorporated in Great Britain. Companies numbered 1 to 6 are engaged in the manufacture and sale of furniture. Airsprung Ltd manufactures fillings for use mainly by the other Group companies.

	Group		Company	
	2001 £000	2000 £000	2001 £000	2000 £000
21 Commitments under operating leases				
The Group had annual commitments under operating leases as follows:				
property:				
expiring within 1 year	11	42	–	–
expiring in years 2 to 5	11	13	–	–
	22	55	–	–
vehicles:				
expiring within 1 year	127	176	1	24
expiring in years 2 to 5	633	789	12	8
expiring after 5 years	178	130	–	–
	938	1,095	13	32

Notes to the accounts

31 March 2001 continued

Note	Group		Group	
	2001 Amount unprovided £000	2001 Amount provided £000	2000 Amount unprovided £000	2000 Amount provided £000
22 Provisions for liabilities and charges – deferred tax				
Fixed asset timing differences	1,229	446	1,250	446
Other	(72)	–	(65)	–
	<u>1,157</u>	<u>446</u>	<u>1,185</u>	<u>446</u>
		2000/01 £000		1999/00 £000
at 1 April		446		330
transfer to profit and loss account		–		116
		<u>446</u>		<u>446</u>
at 31 March				
		2000/01 £000		1999/00 £000

The company has no potential deferred tax liability (2000 nil).

23 Earnings per share

(Loss)/earnings per ordinary share have been calculated on the following basis:

(Loss)/profit for the financial year	(896)	4,131
Preference dividends	(66)	(129)
Premium paid on redemption of preference shares	–	(511)
	<u>(962)</u>	<u>3,491</u>

Earnings per ordinary share on continuing activities have been calculated on the following basis:

(Loss)/profit for the financial year	(896)	4,131
Operating loss on discontinued operations	288	1,037
Exceptional items on disposal of discontinued operations	2,443	–
Interest payable on discontinued operations	103	130
Preference dividends	(66)	(129)
Premium paid on redemption of preference shares	–	(511)
	<u>1,872</u>	<u>4,658</u>
	Number 000's	Number 000's
Weighted average of ordinary shares in issue during the year	<u>23,889</u>	<u>23,889</u>

Dilution of earnings per share to take account of the outstanding exercisable share options has not been calculated as none of the options over the shares of the company had a dilutive effect on earnings per share for either of the years above.

	2001 £000	2000 £000
24 Capital commitments		
Expenditure contracted but not provided for	<u>319</u>	<u>419</u>

Notes to the accounts

31 March 2001 continued

Note

25 Financial instruments

The Group's financial instruments comprise borrowings, cash and various items such as trade debtors and trade creditors that arise directly from its operations. The Group's operations are funded by cash generated from operating activities. There is no gearing at the year end.

The potential risks arising from the Group's financial instruments are interest rate risk and foreign currency risk.

The interest rate on all borrowings is fixed. As the Group predominantly trades in sterling, exposure to foreign currency risk is minimal. Foreign currency transactions are settled at the daily spot rate.

Short-term debtors and creditors have been excluded from the following disclosures.

	2001	2000
a) Cash at bank and in hand	£000	£000
Cash at bank	<u>357</u>	<u>1,836</u>

Cash at bank and in hand is held in sterling and earns interest at 0.5% below the bank base rate.

b) Maturity of financial liabilities

The maturity profile of the carrying amount of the Group's financial liabilities, other than short-term creditors such as trade creditors and accruals at 31 March was as follows:

	Debt £000	Finance leases £000	2001 Total £000	Debt £000	Finance leases £000	2000 Total £000
Within one year, or on demand	–	36	36	300	65	365
Between 1 and 2 years	–	–	–	–	36	36
Over 5 years	655	–	655	655	–	655
	<u>655</u>	<u>36</u>	<u>691</u>	<u>955</u>	<u>101</u>	<u>1,056</u>

Debt due after five years represents £655,000 (2000 £655,000) in respect of the company's preference shares. The Group has an undrawn uncommitted overdraft facility available at 31 March 2001 of £5.0 million which is reviewed annually.

Notes to the accounts

31 March 2001 continued

Note

25 Financial instruments continued

b) Maturity of financial liabilities continued

The interest profile is given below:

	Weighted average interest rate %	Weighted average period for which rate is fixed Years	Total £000
Fixed rate liabilities			
Financial liabilities	11.6	0.5	36
Preference shares	10	7.4	655
At 31 March 2001		<u>7.0</u>	<u>691</u>
Financial liabilities	9.1	0.6	401
Preference shares	10	8.4	655
At 31 March 2000		<u>5.4</u>	<u>1,056</u>

c) Fair values

The fair values of cash at bank and in hand and borrowings at 31 March 2001 were equal to the book value at that date. The fair value of the preference shares at 31 March 2001 is £779,000 (2000 £783,000). The book value of the preference shares is £655,000. The preference shares fair value has been calculated by discounting expected cash flows at the prevailing interest rate.

26 Pensions

The Group operates a pension scheme providing benefits based on final pensionable salary. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the Group benefits from the employees' services. The assets of the scheme are held separately from those of the Group in an independent trustee administered fund. Contributions are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1 April 1999. 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 6.7% per annum, that salary increases would average 3.6% per annum and allowance was made for future pensions commencing after 5 April 1988 to increase in course of payment at the rate of 3.0% 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 5 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 £11.0 million and that the actuarial value of those assets represented 119% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The pension charge for the year to 31 March 2001 was £911,000 (2000 £830,000).

The Group also operated a defined contribution pension scheme during the year. The assets of this scheme are held separately from those of the Group in an independently managed fund. The pension charge represents contributions payable by the Group to the fund for the year, amounting to £22,000 (2000 £27,000).

27 Related party transactions

From 29 September 2000 up until the year end Duckers Furniture Limited leased a property from Airsprung Beds Limited. Total net income received during this period was £150,000.

Five year summary

	2001 £000	2000 £000	1999 £000	1998 £000	1997 £000
Consolidated profit and loss account					
Turnover	71,362	80,170	82,938	92,077	88,642
Profit before exceptionals and taxation	2,236	5,852	6,289	6,918	7,274
Exceptional items	(2,443)	–	(8,086)	–	(414)
(Loss)/profit before taxation	(207)	5,852	(1,797)	6,918	6,860
Taxation	689	1,721	1,491	2,039	2,411
Dividends	1,977	2,040	2,058	2,058	1,829
Premium paid on redemption of preference shares	–	511	–	–	–
	(2,873)	1,580	(5,346)	2,821	2,620
Earnings before interest, depreciation, exceptional items and taxation (EBITDA before exceptional items)	3,849	6,872	7,765	8,669	8,559
(Loss)/earnings per ordinary share	(4.0p)	14.6p	(15.0p)	19.2p	17.4p
Earnings per ordinary share on continuing activities	7.8p	19.5p	18.9p	20.5p	14.9p
Dividend per ordinary share	8.0p	8.0p	7.36p	7.36p	6.4p
	2001 £000	2000 £000	1999 £000	1998 £000	1997 £000
Group balance sheets					
Fixed assets	17,826	20,673	17,713	20,382	17,708
Net current assets	6,094	5,860	9,826	8,032	8,698
Long term liabilities	–	(36)	(393)	(766)	(1,082)
Deferred tax provision	(446)	(446)	(330)	(150)	–
Capital and reserves	23,474	26,051	26,816	27,498	25,324
Net assets per ordinary share	96p	106p	100p	103p	93p