



# Financial statements Millbrook Beds Limited

---

**For the Year Ended 30 June 2008**

SATURDAY



A46      \*A20OL94Y\*      57  
18/04/2009  
COMPANIES HOUSE

**Company No. 1728009**

## Company information

<b>Company registration number</b>	1728009
<b>Registered office</b>	Nutsey Lane Calmore Industrial Park Totton Southampton SO40 3XJ
<b>Directors</b>	P Biggs M E Croll P A J Croll V F Giannandrea N Mecklenburgh B F Rowland
<b>Secretary</b>	P A J Croll
<b>Bankers</b>	Lloyds TSB Bank plc High Street Southampton
<b>Solicitors</b>	Paris Smith Number 1 London Road Southampton SO15 2AE
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants Registered Auditors 1 Dorset Street Southampton SO15 2DP

**Millbrook Beds Limited**  
**Financial statements for the year ended 30 June 2008**

## Index

<b>Report of the directors</b>	1 - 2
<b>Report of the independent auditor</b>	3 - 4
<b>Principal accounting policies</b>	5 - 6
<b>Profit and loss account</b>	7
<b>Balance sheet</b>	8
<b>Other primary statements</b>	9
<b>Notes to the financial statements</b>	10 - 17

## Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 June 2008.

### **Principal activities**

The principal activity of the company during the year was the manufacture of hand made pocket sprung beds.

### **Business review**

The restructuring 2005 & 2006 and the stabilisation of the market during 2007 created a good starting position for this financial year which recorded a good first quarter.

However, sales and profitability were less than expected for the full year due to the collapse of Sleep Depot in March with a resulting £193,000 bad debt.

The company made an overall loss before tax of £172,000. Allowing for the bad debt and loss of Sleep Depot sales the company had been on target for a good year, which is disappointing.

Since the year end sales of retail beds have been affected by the economic down turn but this has partly been offset by new contract work which will last for at least the next two years.

The directors expect that trading conditions will remain difficult through out the rest of the next financial year but several initiatives have been put in place to ensure the company returns to profitability as soon as possible.

The loss for the year amounted to £172,000. The directors have not recommended a dividend.

### **Financial risk management objectives and policies**

The company is exposed to various financial risks, namely foreign exchange on purchases, interest rates and bad debts.

The company operates foreign currency bank accounts and has in the past employed forward exchange contracts. The company is not currently buying currency forward due to the stability of the Euro and US\$ revenue within another group company.

Interest rates are not hedged as these are now expected to reduce.

Bad debt is not insured. The Board has taken the view that the benefit is not worth the cost.

### **Directors**

The directors who served the company during the year were as follows:

P Biggs  
M E Croll  
P A J Croll  
V F Giannandrea  
N Mecklenburgh  
B F Rowland

### **Directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

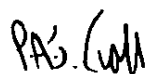
In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### **Auditor**

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD



P A J Croll  
Director  
10 November 2008



## Report of the independent auditor to the member of Millbrook Beds Limited

We have audited the financial statements of Millbrook Beds Limited for the year ended 30 June 2008 which comprise the principal accounting policies, profit and loss account, balance sheet, statement of total recognised gains and losses and notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

## Report of the independent auditor to the member of Millbrook Beds Limited (continued)

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

*Grant Thornton UK LLP*

GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

**Southampton**

14 November 2008

## Principal accounting policies

### Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

The directors have considered the company's accounting policies in the light of Financial Reporting Standard 18 and are of the opinion that the principal accounting policies set out below are the most appropriate to the company's circumstances. The policies have remained unchanged from the previous year.

### Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

### Turnover

Turnover is the revenue arising from the sales of goods and services. It is stated at the fair value of the consideration receivable, net of value added tax, rebates and discounts.

### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	-	2%
Plant & Machinery	-	10%
Fixtures & Fittings	-	10% to 33%

### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

### Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

### Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

### Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.



### **Deferred taxation**

Deferred tax is recognised on all timing differences where the transactions or events that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using the rates of tax that have been enacted or substantively enacted by the balance sheet date.

### **Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

## Profit and loss account

	Note	2008 £000	2007 £000
Turnover	1	12,994	13,169
Cost of sales		(9,262)	(9,271)
Gross profit		3,732	3,898
Other operating charges	2	(4,079)	(3,769)
Other operating income	3	474	209
<b>Operating profit</b>	4	<b>127</b>	<b>338</b>
Interest receivable	7	58	12
Interest payable and similar charges	8	(357)	(299)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(172)</b>	<b>51</b>
Tax on (loss)/profit on ordinary activities	9	–	161
<b>(Loss)/profit for the financial year</b>	24	<b>(172)</b>	<b>212</b>

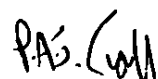
All of the activities of the company are classed as continuing.

The accompanying accounting policies and notes form part of these financial statements.

## Balance sheet

	Note	2008 £000	2007 £000
<b>Fixed assets</b>			
Tangible assets	10	<u>8,817</u>	<u>8,503</u>
<b>Current assets</b>			
Stocks	11	<u>1,160</u>	1,103
Debtors	12	<u>2,463</u>	2,055
Cash at bank and in hand		<u>117</u>	5
		<u>3,740</u>	3,163
<b>Creditors: amounts falling due within one year</b>	13	<u>5,925</u>	<u>5,416</u>
<b>Net current liabilities</b>		<u>(2,185)</u>	<u>(2,253)</u>
<b>Total assets less current liabilities</b>		<u>6,632</u>	<u>6,250</u>
<b>Creditors: amounts falling due after more than one year</b>	14	<u>19</u>	<u>67</u>
		<u>6,613</u>	<u>6,183</u>
<b>Provisions for liabilities</b>			
Other provisions	19	<u>58</u>	<u>59</u>
		<u>6,555</u>	<u>6,124</u>
<b>Capital and reserves</b>			
Called-up equity share capital	23	<u>1,059</u>	1,059
Revaluation reserve	24	<u>4,136</u>	3,533
Profit and loss account	24	<u>1,360</u>	1,532
<b>Shareholder's funds</b>	25	<u>6,555</u>	<u>6,124</u>

These financial statements were approved by the directors and authorised for issue on 10 November 2008, and are signed on their behalf by:



P A J Croll

## Other primary statements

### **Statement of total recognised gains and losses**

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
<b>(Loss)/profit for the financial year</b>	<b>(172)</b>	<b>212</b>
Unrealised profit on revaluation of certain fixed assets	<b>603</b>	<b>—</b>
<b>Total gains and losses recognised for the year</b>	<b><u>431</u></b>	<b><u>212</u></b>

**The accompanying accounting policies and notes form part of these financial statements.**

## Notes to the financial statements

### 1 Turnover

The turnover and loss before tax are attributable to the one principal activity of the company. Turnover outside the United Kingdom is insignificant.

### 2 Other operating charges

	2008 £000	2007 £000
Distribution costs	1,178	1,268
Administrative expenses	2,901	2,501
	<u>4,079</u>	<u>3,769</u>

### 3 Other operating income

	2008 £000	2007 £000
Rent receivable	429	161
Other operating income	45	48
	<u>474</u>	<u>209</u>

### 4 Operating profit

Operating profit is stated after charging/(crediting):

	2008 £000	2007 £000
Exceptional bad debt	193	-
Depreciation of owned fixed assets	306	313
Depreciation of assets held under hire purchase agreements	5	64
Profit/(Loss) on disposal of fixed assets	(1)	2
Auditor's remuneration	20	23
Operating lease rentals	136	157
Net loss on foreign currency translation	24	2
	<u></u>	<u></u>

Fees paid to the company's auditor for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of the parent company Millbrook Industries Limited are required to disclose non-audit fees on a consolidated basis.

**5 Directors and employees**

The average number of persons employed by the company during the financial year, including the directors, amounted to 199 (2007 - 194).

The aggregate payroll costs of the above were:

	2008 £000	2007 £000
Wages and salaries	3,763	3,918
Social security costs	326	350
Other pension costs	18	20
	<u>4,107</u>	<u>4,288</u>

**6 Directors**

Remuneration in respect of directors was as follows:

	2008 £000	2007 £000
Emoluments receivable	271	296
Value of company pension contributions to money purchase schemes	13	17
	<u>284</u>	<u>313</u>

Emoluments of highest paid director:

	2008 £000	2007 £000
Total emoluments (excluding pension contributions)	85	89
Value of company pension contributions to money purchase schemes	4	6
	<u>89</u>	<u>95</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2008 No	2007 No
Money purchase schemes	<u>4</u>	<u>4</u>

**7 Interest receivable**

	2008 £000	2007 £000
Interest from group undertakings	<u>58</u>	<u>12</u>

**8 Interest payable and similar charges**

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Interest payable on bank borrowing	89	95
Finance charges payable under hire purchase agreements	16	34
Interest payable to group undertakings	252	170
	<u>357</u>	<u>299</u>

**9 Taxation on ordinary activities**

(a) Analysis of charge in the year

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Corporation tax	-	-
Prior year adjustment - corporation tax	-	(42)
Total current tax	-	(42)
Deferred tax	-	(119)
Tax on (loss)/profit on ordinary activities	<u>-</u>	<u>(161)</u>

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2007 - 30%).

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
(Loss)/profit on ordinary activities before taxation	<u>(172)</u>	<u>51</u>
(Loss)/profit on ordinary activities by rate of tax	(51)	15
Expenses not deductible for tax purposes	3	3
Depreciation for the period in excess of capital allowances	37	22
Unrelieved tax losses	3	-
Adjustments to tax charge in respect of previous periods	-	(42)
Group relief	8	(40)
Total current tax (note 9(a))	<u>-</u>	<u>(42)</u>

**10 Tangible fixed assets**

	Freehold Property £000	Plant & Machinery £000	Fixtures, Fittings, Tools & Equipment £000	Total £000
Cost or valuation				
At 1 July 2007	7,765	3,967	2,364	14,096
Additions	—	22	—	22
Revaluation	345	—	—	345
Transfers	140	—	(140)	—
At 30 June 2008	<u>8,250</u>	<u>3,989</u>	<u>2,224</u>	<u>14,463</u>
Depreciation				
At 1 July 2007	118	3,424	2,051	5,593
Charge for the year	84	131	96	311
Revaluation adjustment	(258)	—	—	(258)
Transfers	91	—	(91)	—
At 30 June 2008	<u>35</u>	<u>3,555</u>	<u>2,056</u>	<u>5,646</u>
Net book value				
At 30 June 2008	<u>8,215</u>	<u>434</u>	<u>168</u>	<u>8,817</u>
At 30 June 2007	<u>7,647</u>	<u>543</u>	<u>313</u>	<u>8,503</u>

Included within the net book value of £8,817,000 is £12,000 (2007 - £189,000) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £5,000 (2007 - £64,000).

The freehold properties were revalued by Vail Williams LLP, a firm of qualified Chartered Surveyors, in January 2008 at open market value.

If certain fixed assets had not been revalued, they would have been included on the historical cost basis at the following amounts:

	Freehold property £000
Cost	4,341
Accumulated depreciation	522
Net book amount at 30 June 2008	<u>3,819</u>
Net book amount at 30 June 2007	<u>3,896</u>



**11 Stocks**

	2008 £000	2007 £000
Raw materials	886	933
Work in progress	92	102
Finished goods	182	68
	<u>1,160</u>	<u>1,103</u>

**12 Debtors**

	2008 £000	2007 £000
Trade debtors	2,015	1,734
Other debtors	121	46
Prepayments and accrued income	327	275
	<u>2,463</u>	<u>2,055</u>

**13 Creditors: amounts falling due within one year**

	2008 £000	2007 £000
Overdrafts	1,010	947
Trade creditors	701	734
Amounts owed to group undertakings	3,129	2,595
Other taxation and social security	313	533
Amounts due under hire purchase agreements	48	87
Other creditors	361	358
Accruals and deferred income	363	162
	<u>5,925</u>	<u>5,416</u>

The bank loans and overdrafts are secured by a fixed charge over the company's freehold property and a floating charge over the company's other assets, and by an unlimited guarantee by the company's parent and fellow subsidiary undertakings.

Amounts due under finance leases are secured on related assets.

**14 Creditors: amounts falling due after more than one year**

	2008 £000	2007 £000
Amounts due under hire purchase agreements	<u>19</u>	<u>67</u>

Amounts due under finance leases are secured on related assets.

**15 Creditors - capital instruments**

Creditors include finance capital which is due for repayment as follows:

	2008 £000	2007 £000
Amounts repayable:		
In one year or less or on demand	1,058	1,034
In more than one year but not more than two years	19	48
In more than two years but not more than five years	—	19
	<u>1,077</u>	<u>1,101</u>

**16 Commitments under hire purchase agreements**

Future commitments under hire purchase agreements net of future finance lease charges are as follows:

	2008 £000	2007 £000
Amounts payable within 1 year	48	87
Amounts payable between 1 and 2 years	19	48
Amounts payable between 3 and 5 years	—	19
	<u>67</u>	<u>154</u>

**17 Pensions**

The company operates defined contribution pension schemes for the benefit of employees. The assets of the scheme are administered by trustees in a fund independent from the company. The pension costs for the year total £18,000 (2007 - £20,000).

**18 Deferred taxation**

The movement in the deferred taxation provision during the year was:

	2008 £000	2007 £000
Provision brought forward	—	119
Profit and loss account movement arising during the year	—	(119)
Provision carried forward	<u>—</u>	<u>—</u>

Deferred taxation not provided for in the financial statements is set out below. The amount unprovided represents a contingent asset at the balance sheet date and is calculated using a tax rate of 28%.

	2008 £000	2007 £000
Excess of taxation allowances over depreciation on fixed assets	176	(17)
Tax losses available	5	—
Other timing differences	6	6
	<u>187</u>	<u>(11)</u>

**18 Deferred taxation (continued)**

No provision has been made for deferred tax on gains recognised on revaluing the land and buildings to market value. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for is £187,000 (2007: £50,000). At present it is not envisaged that any tax will become payable in the foreseeable future.

**19 Other provisions**

	<b>Warranty provision £000</b>
Balance brought forward	59
Movement in the year	(1)
Balance carried forward	<u>58</u>

**20 Leasing commitments**

At 30 June 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	<b>Assets other than land &amp; buildings</b>	
	<b>2008 £000</b>	<b>2007 £000</b>
Operating leases which expire:		
Within 1 year	73	-
Within 2 to 5 years	33	143
	<u>106</u>	<u>143</u>

**21 Contingent liabilities**

The company has provided an unlimited guarantee in respect of the bank borrowings of its parent and fellow subsidiary undertakings which at 30 June 2008 amounted to £4,891,000 (2007 - £4,845,000).

**22 Related party transactions**

As a wholly owned subsidiary of Millbrook Industries Limited the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by that company whose financial statements are publicly available at Companies House.

**23 Share capital**

Authorised share capital:

	2008 £000	2007 £000
1,250,000 Ordinary shares of £1 each	<u>1,250</u>	<u>1,250</u>

Allotted, called up and fully paid:

	2008 No	£000	2007 No	£000
Ordinary shares of £1 each	<u>1,059,000</u>	<u>1,059</u>	<u>1,059,000</u>	<u>1,059</u>

**24 Reserves**

	Revaluation reserve £000	Profit and loss account £000
At 1 July 2007	3,533	1,532
Loss for the year	—	(172)
Other gains and losses		
- Revaluation of fixed assets	603	—
At 30 June 2008	<u>4,136</u>	<u>1,360</u>

**25 Reconciliation of movements in shareholder's funds**

	2008 £000	2007 £000
(Loss)/Profit for the financial year	(172)	212
Other net recognised gains and losses	603	—
Net addition to shareholder's funds	<u>431</u>	<u>212</u>
Opening shareholder's funds	<u>6,124</u>	<u>5,912</u>
Closing shareholder's funds	<u>6,555</u>	<u>6,124</u>

**26 Ultimate parent company**

The directors consider that the ultimate parent undertaking of this company is its parent company Millbrook Industries Limited.

C Croll is this company's ultimate controlling related party by virtue of a majority shareholding.

The largest and smallest group of undertakings for which group accounts have been drawn up, including the company, is that headed by Millbrook Industries Limited which is registered in England and Wales.