

Grant Thornton 

**MILLBROOK BEDDING  
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2000



Company no 1728009

# **MILLBROOK BEDDING LIMITED**

## **FINANCIAL STATEMENTS**

For the year ended 30 June 2000

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Company registration number: 1728009

Registered office: Calmore Industrial Park  
Totton  
Southampton  
Hampshire  
SO40 3RY

Directors: R Burke  
C Croll  
S D Toft  
P Biggs  
V F Giannandrea  
B F Rowland  
N B White  
H R Balmer

Secretary: S D Toft

Bankers: Lloyds TSB Bank plc

Auditors: Grant Thornton  
Registered auditors  
Chartered accountants

# **MILLBROOK BEDDING LIMITED**

## **FINANCIAL STATEMENTS**

For the year ended 30 June 2000

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# MILLBROOK BEDDING LIMITED

## REPORT OF THE DIRECTORS

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The directors present their report together with financial statements for the year ended 30 June 2000.

### Principal activities

The company's principal activity is the manufacture of beds and upholstered furniture.

### Business review

The fall in turnover was mainly attributable to declining sales of old bed ranges. The profit for the year is above that of last year excluding the exceptional gain. This was due to significant improvements in efficiency.

Many new ranges were launched during the year and sales since the year end are up on the same period last year.

The directors expect that, with the advantage of rising sales and increased efficiency, profits will improve in the coming year.

There was a profit for the year after taxation amounting to £401,000 (1999: profit £791,000 including a £388,000 exceptional gain). The directors recommend payment of dividends of £179,000 (1999: £203,000).

### Directors

The present membership of the Board is set out below. All directors served throughout the year apart from H R Balmer who was appointed to the Board on 1 August 1999

B W Partington was appointed to the Board on 16 December 1999 and resigned from the Board on 31 May 2000.

The interests of the directors in the shares of the parent company Millbrook Industries Limited as at 30 June 2000 and 1 July 1999 were as follows:

	<i>Ordinary shares</i>	
	30 June 2000	1 July 1999
R Burke	-	-
C Croll	4,981,704	4,981,704
S D Toft	764,640	764,640
P Biggs	-	-
V F Giannandrea	-	-
B F Rowland	-	-
N B White	-	-
H R Balmer	-	-

### Employee involvement

The company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company.

# MILLBROOK BEDDING LIMITED

## REPORT OF THE DIRECTORS

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### **Disabled employees**

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities.

In the event of employees becoming disabled, every effort is given to retrain them in order that their employment with the company may continue.

It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

### **Directors' responsibilities for the financial statements**

Company law requires the directors to prepare financial statements for each financial year which 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 those 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
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



S D Toft  
Director  
30 October 2000

**REPORT OF THE AUDITORS TO THE MEMBERS OF**

**MILLBROOK BEDDING LIMITED**

We have audited the financial statements on pages 4 to 16 which have been prepared under the accounting policies set out on pages 4 to 5.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

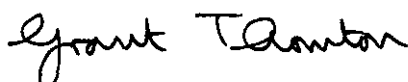
**Basis of opinion**

We conducted our audit in accordance with United Kingdom 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 as at 30 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

**SOUTHAMPTON**  
30 October 2000

# **MILLBROOK BEDDING LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The company is exempt from preparing consolidated financial statements on the grounds that it is a wholly owned subsidiary. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

### **TURNOVER**

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

### **INCOME FROM INVESTMENTS**

Investment income comprises dividends declared during the accounting period and interest receivable on listed and unlisted investments.

### **TANGIBLE FIXED ASSETS AND DEPRECIATION**

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:

Freehold buildings	2%
Plant and machinery	10%
Fixtures and fittings	10% to 20%
Computer equipment	33%
Motor vehicles	10%

### **INVESTMENTS**

Investments are included at cost. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

### **STOCKS**

Stocks are stated at the lower of cost and net realisable value.

### **DEFERRED TAXATION**

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

### **FOREIGN CURRENCIES**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

## **MILLBROOK BEDDING LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

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#### **CONTRIBUTIONS TO PENSION FUNDS**

##### **Defined contribution scheme**

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

#### **LEASED ASSETS**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.



**MILLBROOK BEDDING LIMITED****PROFIT AND LOSS ACCOUNT**

For the year ended 30 June 2000

	Note	2000 £'000	1999 £'000
<b>Turnover</b>	1	18,657	21,848
Cost of sales		(12,872)	(15,101)
Gross profit		5,785	6,747
Distribution costs		(1,340)	(1,787)
Administrative expenses		(3,570)	(3,832)
<b>Operating profit</b>		875	1,128
<b>Exceptional items</b>			
Profit on sale of fixed assets		-	388
Interest payable and similar charges	3	(269)	(502)
<b>Profit on ordinary activities before taxation</b>	1	606	1,014
Tax on profit on ordinary activities	4	(205)	(223)
<b>Profit for the financial year</b>	16	401	791
Dividends	5	(179)	(203)
<b>Profit transferred to reserves</b>	15	222	588

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

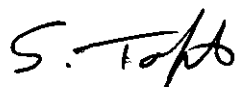
# MILLBROOK BEDDING LIMITED

## BALANCE SHEET AT 30 JUNE 2000

	Note	2000 £'000	2000 £'000	1999 £'000	1999 £'000
<b>Fixed assets</b>					
Tangible assets	6		7,441		7,159
Investments	7		2		-
			<u>7,443</u>		<u>7,159</u>
<b>Current assets</b>					
Stocks	8	994		1,013	
Debtors	9	2,365		2,468	
Cash at bank and in hand		4		109	
		<u>3,363</u>		<u>3,590</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(3,876)</u>		<u>(4,177)</u>	
<b>Net current liabilities</b>			<u>(513)</u>		<u>(587)</u>
<b>Total assets less current liabilities</b>			<u>6,930</u>		<u>6,572</u>
<b>Creditors: amounts falling due after more than one year</b>	11		<u>(2,087)</u>		<u>(1,930)</u>
<b>Provisions for liabilities and charges</b>	12		<u>(266)</u>		<u>(287)</u>
			<u>4,577</u>		<u>4,355</u>
<b>Capital and reserves</b>					
Called up share capital	14		1,059		1,059
Revaluation reserve	15		1,083		1,083
Profit and loss account	15		2,435		2,213
<b>Shareholders' funds</b>	16		<u>4,577</u>		<u>4,355</u>

The financial statements were approved by the Board of Directors on 30 October 2000.

S D Toft



Director

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

**MILLBROOK BEDDING LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

For the year ended 30 June 2000

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
<b>Profit for the financial year</b>	<b>401</b>	<b>791</b>
Unrealised surplus on revaluation of land and buildings	-	1,083
<b>Total recognised gains and losses for the year</b>	<b>401</b>	<b>1,874</b>

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

# MILLBROOK BEDDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2000

### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after:	<b>2000</b> <b>£'000</b>	<b>1999</b> <b>£'000</b>
Auditors' remuneration:		
Audit services	10	10
Non-audit services	2	2
Depreciation:		
Tangible fixed assets, owned	532	509
Tangible fixed assets, held under finance leases and hire purchase contracts	40	99
Operating lease rentals	441	490

### 2 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:	<b>2000</b> <b>£'000</b>	<b>1999</b> <b>£'000</b>
Wages and salaries	5,962	6,827
Social security costs	563	644
Other pension costs	41	36
	<b>6,566</b>	<b>7,507</b>

	<b>2000</b> <b>Number</b>	<b>1999</b> <b>Number</b>
Average number of employees	360	439

Remuneration in respect of directors was as follows:	<b>2000</b> <b>£'000</b>	<b>1999</b> <b>£'000</b>
Emoluments	349	271
Pension contributions to money purchase pension schemes	19	12
Compensation for loss of office	-	75
	<b>368</b>	<b>358</b>

During the year 6 directors (1999: 5) participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	<b>2000</b> <b>£'000</b>	<b>1999</b> <b>£'000</b>
Emoluments and long-term incentive schemes	85	180

**MILLBROOK BEDDING LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2000

**3 INTEREST PAYABLE AND SIMILAR CHARGES**

	2000 £'000	1999 £'000
Finance charges in respect of finance leases	28	39
Other interest payable and similar charges	241	463
	<u>269</u>	<u>502</u>

**4 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2000 £'000	1999 £'000
Corporation tax at 30% (1999: 30.75%)	214	92
Group relief	-	201
Deferred taxation	(21)	(2)
	<u>193</u>	<u>291</u>
Adjustments in respect of prior periods:		
Corporation tax	12	(107)
Deferred tax	-	39
	<u>205</u>	<u>223</u>

**5 DIVIDENDS**

	2000 £'000	1999 £'000
Ordinary shares - final dividend of 16.9p per share	<u>179</u>	<u>203</u>

# MILLBROOK BEDDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2000

### 6 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation				
At 1 July 1999	4,701	3,084	1,612	9,397
Additions	642	150	91	883
Disposals	-	-	(182)	(182)
Transfers to group undertakings	-	-	(25)	(25)
At 30 June 2000	5,343	3,234	1,496	10,073
Depreciation				
At 1 July 1999	3	1,424	811	2,238
Provided in the year	38	266	268	572
Eliminated on disposals	-	-	(170)	(170)
Transfers to group undertakings	-	-	(8)	(8)
At 30 June 2000	41	1,690	901	2,632
Net book amount at 30 June 2000	<b>5,302</b>	<b>1,544</b>	<b>595</b>	<b>7,441</b>
Net book amount at 30 June 1999	4,698	1,660	801	7,159

The figures stated above include assets held under finance leases and similar hire purchase contracts, as follows:

	Plant and machinery £'000
Net book amount at 30 June 2000	<b>313</b>
Net book amount at 30 June 1999	813
Depreciation provided during year	40

Freehold property and land was revalued during 1999 by Cliffe-Roberts Bird. The basis of the valuation used was open market value.

If the land and buildings had not been revalued they would have been included on the historical cost basis at the following amount:

	£'000
Cost	4,341
Accumulated depreciation	126
Net book amount at 30 June 2000	<b>4,215</b>

# MILLBROOK BEDDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2000

### 7 FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
Cost	
Additions and Net book amount at 30 June 2000	<u>2</u>

At 30 June 2000 the company held the whole of the allotted share capital of the following dormant subsidiary undertakings:

The Backcare Bed Company Limited  
The Handmade Bed Company Limited

### 8 STOCKS

	2000 £'000	1999 £'000
Raw materials and consumables	800	731
Work in progress	13	94
Finished goods and goods for resale	181	188
	<u>994</u>	<u>1,013</u>

### 9 DEBTORS

	2000 £'000	1999 £'000
Trade debtors	2,164	2,156
Amounts owed by group undertakings	11	-
Other debtors	62	80
Taxation recoverable	-	75
Prepayments and accrued income	128	157
	<u>2,365</u>	<u>2,468</u>

# MILLBROOK BEDDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2000

### 10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £'000	1999 £'000
Bank loans and overdrafts	1,124	278
Trade creditors	1,341	1,322
Amounts owed to group undertakings	110	440
Corporation tax	125	92
Social security and other taxes	402	692
Other creditors	469	639
Accruals and deferred income	197	532
Amounts due under finance leases	108	182
	<u>3,876</u>	<u>4,177</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 given by the company's parent and fellow subsidiary undertakings.

### 11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £'000	1999 £'000
Bank loans	2,041	1,813
Amounts due under finance leases	46	117
	<u>2,087</u>	<u>1,930</u>

The bank loans 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 given by the company's parent and fellow subsidiary undertakings. They are repayable by monthly instalments of £29,376. Interest on these loans is chargeable at a rate which varies with base rates.

Borrowings are repayable as follows:

	2000 £'000	1999 £'000
Within one year		
Bank borrowings	1,124	278
Finance leases	108	182
After one and within two years		
Bank and other borrowings	352	278
Finance leases	39	92
After two and within five years		
Bank and other borrowings	1,055	832
Finance leases	7	25
After five years		
Bank and other borrowings	634	703
	<u>3,319</u>	<u>2,390</u>



**MILLBROOK BEDDING LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2000

**12 PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred taxation £'000
At 1 July 1999	287
Released during the year	(21)
At 30 June 2000	<u>266</u>

**13 DEFERRED TAXATION**

Deferred taxation provided for in the financial statements is set out below. There is no unprovided deferred taxation.

	2000 £'000	1999 £'000
Accelerated capital allowances	267	299
Other timing differences	(1)	(12)
	<u>266</u>	<u>287</u>

**14 SHARE CAPITAL**

	2000 £'000	1999 £'000
Authorised 1,250,000 ordinary shares of £1 each	<u>1,250</u>	<u>1,250</u>
Allotted, called up and fully paid 1,059,379 ordinary shares of £1 each	<u>1,059</u>	<u>1,059</u>

**15 RESERVES**

	Revaluation reserve £'000	Profit and loss account £'000
At 1 July 1999	1,083	2,213
Retained profit for the year	-	222
At 30 June 2000	<u>1,083</u>	<u>2,435</u>

# MILLBROOK BEDDING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2000

### 16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £'000	1999 £'000
Profit for the financial year	401	791
Dividends	(179)	(203)
Other recognised gains and losses	-	1,083
Net increase in shareholders' funds	222	1,671
Shareholders' funds at 1 July 1999	4,355	2,684
Shareholders' funds at 30 June 2000	4,577	4,355

### 17 CAPITAL COMMITMENTS

	2000 £'000	1999 £'000
Contracted for but not provided in these financial statements	45	45

### 18 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 2000 amounted to £6,548,000 (1999: £5,483,000).

### 19 PENSIONS

#### Defined Contribution Scheme

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.

### 20 LEASING COMMITMENTS

Operating lease payments relating to plant and machinery amounting to £342,000 (1999: £406,000) are due within one year. The leases to which these amounts relate expire as follows:

	2000 £'000	1999 £'000
In one year or less	82	27
Between one and five years	260	379
	342	406

# **MILLBROOK BEDDING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 June 2000

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### **21 TRANSACTIONS WITH RELATED PARTIES**

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 Millbrook Industries Limited.

### **22 ULTIMATE PARENT UNDERTAKING/CONTROLLING RELATED PARTY**

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.