

MILLBROOK BEDS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Company Registration Number 01728009

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MILLBROOK BEDS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

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MILLBROOK BEDS LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 30 JUNE 2011

The directors present their report and the financial statements of the company for the year ended 30 June 2011

Principal activities and business review

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

Trading conditions remained difficult throughout the year and are expected to remain so

Unfortunately the new management team employed last year did not have the effect on the Company that had been hoped for and have subsequently left. The Company recorded a loss during the year of £1,065,000

Although the Company recorded a large loss during the year many of the charges were either of an intercompany or non-cash nature, such as depreciation. The actual contribution made to the Group was a loss of £225,000

A new Managing Director started on 1 June 2011 and is having a much more positive effect on both sales and cost control

As the Company no longer needs all the space it occupies, the factory was sold to its parent company for £5.5m. This price was established by an independent valuation performed in January 2011

Results and dividends

The loss for the year amounted to £1,065,000. The directors have not recommended a dividend

Financial risk management objectives and policies

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

The Company does not hedge foreign exchange due to a natural hedge elsewhere within the Group

Interest rates are not hedged as the Company holds very little external debt and interest rates are expected to remain low

Bad debts are not insured. Debt insurance is very difficult to obtain within the furniture trade and the Board has taken the view that the benefits do not warrant 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
P Baker

P Baker was appointed as a director on 18 March 2011
M McCarthy was appointed as a director on 16 August 2011.
B F Rowland resigned as a director on 15 July 2011

MILLBROOK BEDS LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 30 JUNE 2011

Directors' responsibilities

The directors are responsible for preparing the Directors' 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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, and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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, individually, aware

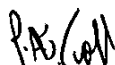
- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

RSM Tenon Audit Limited were appointed as auditors on 28 February 2011.

RSM Tenon Audit Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Signed on behalf of the directors



P A J Croll

Director

Approved by the directors on 21 December 2011

MILLBROOK BEDS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MILLBROOK BEDS LIMITED
YEAR ENDED 30 JUNE 2011

We have audited the financial statements of Millbrook Beds Limited for the year ended 30 June 2011 on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MILLBROOK BEDS LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MILLBROOK BEDS LIMITED *(continued)*

YEAR ENDED 30 JUNE 2011

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

RSM Tenon Audit Limited

David Brookes, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited
Statutory Auditor
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

Date - *21 December 2011*

MILLBROOK BEDS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2011

	Note	2011 £000	2010 £000
Turnover	2	10,209	10,376
Cost of sales		(8,397)	(7,882)
Gross profit		<u>1,812</u>	<u>2,494</u>
Distribution costs		(802)	(696)
Administrative expenses		(2,107)	(2,102)
Other operating income	3	32	64
Operating loss	4	<u>(1,065)</u>	<u>(240)</u>
Interest payable and similar charges	7	–	(1)
Loss on ordinary activities before taxation		<u>(1,065)</u>	<u>(241)</u>
Tax on loss on ordinary activities	8	–	–
Loss for the financial year		<u>(1,065)</u>	<u>(241)</u>

All of the activities of the company are classed as continuing

The notes on pages 8 to 15 form part of these financial statements

MILLBROOK BEDS LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 30 JUNE 2011

	2011 £000	<i>2010</i> <i>£000</i>
Loss for the financial year Attributable to the shareholders	(1,065)	(241)
Devaluation of previously re-valued land and freehold buildings	<u>(2,699)</u>	<u>—</u>
Total gains and losses recognised since the last annual report	<u>(3,764)</u>	<u>(241)</u>

The notes on pages 8 to 15 form part of these financial statements

MILLBROOK BEDS LIMITED
Registered Number 01728009

BALANCE SHEET

30 JUNE 2011

	Note	£000	2011 £000	£000	2010 £000
Fixed assets					
Tangible assets	9		376		8,753
Current assets					
Stocks	10	1,293		1,326	
Debtors	11	2,036		1,185	
Cash at bank and in hand		252		142	
			3,581	2,653	
Creditors. Amounts falling due within one year	12	(1,697)		(5,379)	
Net current assets/(liabilities)			1,884		(2,726)
Total assets less current liabilities			2,260		6,027
Provisions for liabilities					
Other provisions	15		(47)		(50)
			2,213		5,977
Capital and reserves					
Called-up share capital	19		1,059		1,059
Revaluation reserve	20		—		4,123
Profit and loss account	21		1,154		795
Shareholders' funds	22		2,213		5,977

These financial statements were approved by the directors and authorised for issue on 21 December 2011 and are signed on their behalf by



P A J Croll

The notes on pages 8 to 15 form part of these financial statements

MILLBROOK BEDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

1. 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, and in accordance with applicable accounting standards

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

Revenue from the sale of goods is recognised when the company has transferred the significant risks and rewards of ownership of the goods to the buyer, which is generally considered to be when the customer has taken undisputed delivery of the goods. Revenue from the sale of services is recognised when services have been provided and the right to consideration has been earned

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less accumulated depreciation. Cost represents purchase price together with any incidental costs of acquisition

Depreciation

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows

Freehold Property	- 2.5% Straight Line
Plant & Machinery	- 10% Straight Line
Fixtures & Fittings	- 10%-33% Straight Line

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve

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 material and labour costs plus attributable overheads based on a 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

MILLBROOK BEDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

1. Accounting policies *(continued)*

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 and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at an average rate for the period if the rates do not fluctuate significantly. Monetary assets and liabilities are translated at year end exchange rates or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account

Financial instruments

Financial instruments which are assets are stated at cost less any provision for impairment. Financial liabilities are stated at principal capital amounts outstanding at the period end. Issue costs relating to financial liabilities are deducted from the outstanding balance and are amortised over the period to the due date for repayment of the financial liability

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. A financial liability is any contractual arrangement for an entity to deliver cash to the holder of the associated financial instrument

If a financial instrument contains both an equity and a liability element, then the liability element is first established with any residual value being disclosed within equity shareholders' funds. The liability element is the present value of the future payments guaranteed to be made to the holders of the financial instrument

MILLBROOK BEDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

2. Turnover

The turnover and loss before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	2011 £000	2010 £000
United Kingdom	<u>10,209</u>	<u>10,376</u>

3. Other operating income

	2011 £000	2010 £000
Rent receivable	11	33
Commission receivable	<u>21</u>	<u>31</u>
	<u>32</u>	<u>64</u>

4. Operating loss

Operating loss is stated after charging

	2011 £000	2010 £000
Depreciation of owned fixed assets	153	223
Loss on disposal of fixed assets	11	—
Auditors remuneration	13	12
Operating lease costs		
-Other	450	392
Net loss on foreign currency translation	18	103
Exceptional bad debt	<u>—</u>	<u>212</u>

5. Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2011 No	2010 No
Number of staff	<u>162</u>	<u>152</u>

The aggregate payroll costs of the above were

	2011 £000	2010 £000
Wages and salaries	3,555	3,182
Social security costs	320	258
Other pension costs	<u>22</u>	<u>17</u>
	<u>3,897</u>	<u>3,457</u>

MILLBROOK BEDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2011	<i>2010</i>
	£000	<i>£000</i>
Remuneration receivable	241	226
Value of company pension contributions to money purchase schemes	9	9
	<u>250</u>	<u>235</u>

Remuneration of highest paid director:

	2011	<i>2010</i>
	£000	<i>£000</i>
Total remuneration (excluding pension contributions)	61	65
Value of company pension contributions to money purchase schemes	4	3
	<u>65</u>	<u>68</u>

The number of directors on whose behalf the company made pension contributions was as follows

	2011	<i>2010</i>
	No	<i>No</i>
Money purchase schemes	<u>4</u>	<u>4</u>

7. Interest payable and similar charges

	2011	<i>2010</i>
	£000	<i>£000</i>
Finance charges	<u>-</u>	<u>1</u>

8. Taxation on ordinary activities

Based on these accounts there is no corporation tax liability. The company has estimated losses of £319,993 (2010 - £319,993) to carry forward against future trading profits.

MILLBROOK BEDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

8. Taxation on ordinary activities (continued)

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 27.50% (2010 - 28%)

	2011 £000	2010 £000
Loss on ordinary activities before taxation	(1,065)	(241)
Loss on ordinary activities by rate of tax	(252)	(67)
Effects of		
Expenses not deductible for tax purposes	4	2
Capital allowances for period in excess of depreciation	166	-
Unrelieved tax losses	69	66
Timing differences	13	(1)
Total current tax	-	-

9 Tangible fixed assets

	Freehold Property £000	Plant & Machinery £000	Fixtures & Fittings £000	Total £000
Cost or valuation				
At 1 July 2010	8,317	4,054	2,474	14,845
Additions	-	-	8	8
Disposals	(5,500)	(59)	(115)	(5,674)
Revaluation	(2,817)	-	(41)	(2,858)
At 30 June 2011	-	3,995	2,326	6,321
Depreciation				
At 1 July 2010	136	3,756	2,200	6,092
Charge for the year	23	90	64	177
On disposals	-	(54)	(111)	(165)
Revaluation adjustment	(159)	-	-	(159)
At 30 June 2011	-	3,792	2,153	5,945
Net book value				
At 30 June 2011	-	203	173	376
At 30 June 2010	8,181	298	274	8,753

MILLBROOK BEDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

10. Stocks

	2011	2010
	£000	£000
Raw materials	1,104	1,047
Work in progress	138	186
Finished goods	51	93
	<u>1,293</u>	<u>1,326</u>

11. Debtors

	2011	2010
	£000	£000
Trade debtors	644	802
Amounts owed by group undertakings	1,084	–
Other debtors	122	207
Prepayments and accrued income	186	176
	<u>2,036</u>	<u>1,185</u>

12. Creditors: Amounts falling due within one year

	2011	2010
	£000	£000
Overdrafts	122	195
Trade creditors	682	662
Amounts owed to group undertakings	205	3,671
PAYE and social security	–	260
VAT	282	–
Other creditors	208	452
Accruals and deferred income	198	139
	<u>1,697</u>	<u>5,379</u>

The bank overdraft is secured by a floating charge over the company's assets, and by an unlimited guarantee by the company's parent and fellow subsidiary undertakings

13. Pensions

The company operates defined contribution pension schemes for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from the company. The pension costs for the year total £22,000 (2010 - £17,000). As at the year end the company owed £3,756 (2010 - £4,378) to the pension scheme.

MILLBROOK BEDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

14. Unprovided deferred taxation

Deferred tax representing a contingent asset not recognised at the end of the year is as follows

	2011 £000	2010 £000
Excess of deprecation over taxation allowances on fixed assets	13	59
Tax losses available	83	156
Other timing differences	—	2
	<u>96</u>	<u>217</u>

15. Other provisions

	2011 £000
Warranty provision:	
Balance brought forward	50
Movement for year	(3)
	<u>47</u>

16. Commitments under operating leases

At 30 June 2011 the company had annual commitments under non-cancellable operating leases as set out below

	Other 2011 £000	Other 2010 £000
Operating leases which expire		
Within 1 year	—	102
Within 2 to 5 years	107	5
	<u>107</u>	<u>107</u>

17. Contingencies

The company has provided an unlimited guarantee in respect of the bank borrowings of its parent and fellow subsidiary undertakings which at 30 June 2011 amounted to £5,802,000 (2010 - £6,638,000)

18. 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

MILLBROOK BEDS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

19 Share capital

Allotted, called up and fully paid:

	2011 No	£000	2010 No	£000
1,059,000 Ordinary shares of £1 each	<u>1,059,000</u>	<u>1,059</u>	<u>1,059,000</u>	<u>1,059</u>

20. Revaluation reserve

	2011 £000	2010 £000
Balance brought forward	4,123	4,123
Revaluation of fixed assets	(2,699)	—
Transfer to the Profit and Loss Account on realisation	<u>(1,424)</u>	<u>—</u>
Balance carried forward	<u>—</u>	<u>4,123</u>

21. Profit and loss account

	2011 £000	2010 £000
Balance brought forward	795	1,036
Loss for the financial year	(1,065)	(241)
Transfer from revaluation reserve	<u>1,424</u>	<u>—</u>
Balance carried forward	<u>1,154</u>	<u>795</u>

22. Reconciliation of movements in shareholders' funds

	2011 £000	2010 £000
Loss for the financial year	(1,065)	(241)
Other net recognised gains and losses	(2,699)	—
Transfer from revaluation reserve	1,424	—
Transfer to profit and loss account	<u>(1,424)</u>	<u>—</u>
Net reduction to shareholders' funds	(3,764)	(241)
Opening shareholders' funds	<u>5,977</u>	<u>6,218</u>
Closing shareholders' funds	<u>2,213</u>	<u>5,977</u>

23. Ultimate parent company

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

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

24 Ultimate controlling party

C Croll is this company's ultimate controlling related party by virtue of a majority shareholding in Millbrook Industries Limited