
HYPNOS CONTRACT BEDS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 1 JULY 2017

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HYPNOS CONTRACT BEDS LIMITED

COMPANY INFORMATION

Directors

R L Eastoe
J P G Keen
P G Keen
S H Ward
J Woolley

Registered number

08529305

Registered office

C/O Hypnos Limited
Longwick Road
Princes Risborough
Buckinghamshire
HP27 9RS

Independent auditors

Barnes Roffe LLP
Chartered Accountants & Statutory Auditors
3 Brook Business Centre
Cowley Mill Road
Uxbridge
Middlesex
UB8 2FX

HYPNOS CONTRACT BEDS LIMITED

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HYPNOS CONTRACT BEDS LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 1 JULY 2017

Introduction

The directors present the strategic report for the period ended 1 July 2017.

Business review

The company continues to make satisfactory progress. The company performed ahead of expectations and in line with the business plan.

Principal risks and uncertainties

Credit risk

The company continues to use a confidential invoice discounting facility to finance its activities and has its major accounts covered by the facility's integral credit insurance arrangements.

Bad debts remain very low despite growing revenues but the credit control processes are constantly under review as the business develops its international activities.

Cashflow risk

The company operates a detailed cash flow forecast and actively seeks alternative funding sources to keep the business fully funded to meet its ambitions.

The improvement and stability in the economy and the banking sector has given the business an opportunity to review its funding sources in the coming months.

Price risk

The company is not exposed to any particular commodity price and has an extensive network of national and international suppliers that would be used to minimise any effect that may materialise.

The UK's referendum result to leave the EU, and the re-balancing of exchange rates, has led to potential price increases which the business is working hard to minimise, together with any price rises to customers.

Equally, the company has a wide network of customers and is not exposed to pricing effects with any one of them.

Foreign exchange risk

The company uses no derivative financial instruments and only operates a natural hedge between receivables and payables in foreign currencies when possible.

HYPNOS CONTRACT BEDS LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 1 JULY 2017

Financial key performance indicators

The directors use a variety of measures to assess the performance of the company. The major measures are operational profitability, stock-turn ratio and revenue growth.

This report was approved by the board on 19/12/2017 and signed on its behalf.

Director



R. L. EASTOE

HYPNOS CONTRACT BEDS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 1 JULY 2017

The directors present their report and the financial statements for the period ended 1 July 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 period. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 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 to 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.

Results

The profit for the period, after taxation, amounted to £302,753 (2016 - £455,072).

Directors

The directors who served during the period were:

R L Eastoe
J P G Keen
P G Keen
S H Ward
J Woolley

Matters covered in strategic report

The company has chosen, in accordance with section 414C of the Company's Act 2006, to set out the following information which would otherwise be required to be contained in the director's report within strategic report:

- i) Business Review; and
- ii) Likely financial risk management objective and policies; and key performance indicators.

HYPNOS CONTRACT BEDS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 1 JULY 2017

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the company since the period end.

Auditors

The auditors, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19/12/2017 and signed on its behalf.

Director



R L EASTOE

HYPNOS CONTRACT BEDS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HYPNOS CONTRACT BEDS LIMITED

Opinion

We have audited the financial statements of Hypnos Contract Beds Limited for the period ended 1 July 2017, set out on pages 8 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 Auditors' 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 1 July 2017 and of its profit for the period 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

HYPNOS CONTRACT BEDS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HYPNOS CONTRACT BEDS LIMITED (CONTINUED)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

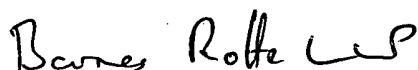
HYPNOS CONTRACT BEDS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HYPNOS CONTRACT BEDS LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditors' report.



Nigel Goodman (Senior statutory auditor)
for and on behalf of
Barnes Roffe LLP
Chartered Accountants & Statutory Auditors
3 Brook Business Centre
Cowley Mill Road
Uxbridge
Middlesex
UB8 2FX

Date: 12th January 2018

HYPNOS CONTRACT BEDS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 1 JULY 2017**

| | Note | 53 week period ended 1 July 2017 £ | 52 week period ended 25 June 2016 (as restated) £ |
|--|------|---|--|
| Turnover | 4 | 22,344,933 | 27,259,716 |
| Cost of sales | | (12,166,809) | (18,098,304) |
| Gross profit | | 10,178,124 | 9,161,412 |
| Distribution costs | | (8,106,440) | (8,272,476) |
| Administrative expenses | | (1,602,704) | (293,629) |
| Operating profit | 5 | 468,980 | 595,307 |
| Interest receivable and similar income | 9 | 449 | - |
| Interest payable and similar charges | 10 | (3,364) | (12,292) |
| Profit before tax | | 466,065 | 583,015 |
| Tax on profit | 11 | (163,312) | (127,943) |
| Profit for the financial period | | 302,753 | 455,072 |

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 11 to 26 form part of these financial statements.

All amounts relate to continuing operations.

HYPNOS CONTRACT BEDS LIMITED
REGISTERED NUMBER: 08529305

STATEMENT OF FINANCIAL POSITION
AS AT 1 JULY 2017

| | Note | 1 July 2017 £ | 25 June 2016 £ |
|---|------|-----------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 13 | 534,630 | 453,171 |
| | | <u>534,630</u> | <u>453,171</u> |
| Current assets | | | |
| Stocks | 14 | 788,224 | 693,112 |
| Debtors: amounts falling due within one year | 15 | 3,870,934 | 5,235,996 |
| Cash at bank and in hand | 16 | 552,997 | 174,464 |
| | | <u>5,212,155</u> | <u>6,103,572</u> |
| Creditors: amounts falling due within one year | 17 | (5,287,608) | (5,046,274) |
| Net current (liabilities)/assets | | <u>(75,453)</u> | <u>1,057,298</u> |
| Creditors: amounts falling due after more than one year | 18 | (69,719) | (105,106) |
| Provisions for liabilities | | | |
| Deferred tax | | (81,342) | - |
| | | <u>(81,342)</u> | <u>-</u> |
| Net assets | | <u><u>308,116</u></u> | <u><u>1,405,363</u></u> |
| Capital and reserves | | | |
| Called up share capital | 21 | 1 | 1 |
| Profit and loss account | 22 | 308,115 | 1,405,362 |
| | | <u><u>308,116</u></u> | <u><u>1,405,363</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

19/12/2017

Director

R L EASTOE

The notes on pages 11 to 26 form part of these financial statements.

HYPNOS CONTRACT BEDS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 1 JULY 2017**

| | Called up share capital | Profit and loss account | Total equity |
|--|----------------------------|----------------------------|----------------|
| | £ | £ | £ |
| At 26 June 2016 | 1 | 1,405,362 | 1,405,363 |
| Comprehensive income for the period | | | |
| Profit for the period | - | 302,753 | 302,753 |
| Total comprehensive income for the period | - | 302,753 | 302,753 |
| Dividends: Equity capital | - | (1,400,000) | (1,400,000) |
| At 1 July 2017 | 1 | 308,115 | 308,116 |

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 25 JUNE 2016**

| | Called up share capital | Profit and loss account | Total equity |
|--|----------------------------|----------------------------|------------------|
| | £ | £ | £ |
| At 28 June 2015 | 1 | 950,290 | 950,291 |
| Comprehensive income for the period | | | |
| Profit for the period | - | 455,072 | 455,072 |
| Total comprehensive income for the period | - | 455,072 | 455,072 |
| At 25 June 2016 | 1 | 1,405,362 | 1,405,363 |

The notes on pages 11 to 26 form part of these financial statements.

HYPNOS CONTRACT BEDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2017

1. General information

Hypnos Contract Beds Limited is a company limited by shares, incorporated in England and Wales. The address of the registered office is C/O Hypnos Limited, Longwick Road, Princes Risborough, Buckinghamshire, HP27 9RS.

The company specialises in manufacture of beds and furniture.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 and on the assumption that the company is a going concern.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company maintains its accounting records on a weekly basis. For this reason the financial statements cover the period from 26 June 2016 to 1 July 2017, being the end of the last full trading week in the year.

The following principal accounting policies have been applied:

2.2 Going concern

Despite the balance sheet showing net current liabilities of £75,453, the business continues to be profitable and the directors believe that these liabilities will be able to be paid as due. As such, the directors believe the business continues to be a going concern.

HYPNOS CONTRACT BEDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2017

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue is recognised when goods are delivered.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

HYPNOS CONTRACT BEDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2017

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is provided on the following basis:

| | |
|---------------------|---------------------|
| Plant & machinery | - 20% straight line |
| Fixtures & fittings | - 20% straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of comprehensive income.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow

HYPNOS CONTRACT BEDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2017

2. Accounting policies (continued)

2.8 Financial instruments (continued)

discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

HYPNOS CONTRACT BEDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2017

2. Accounting policies (continued)

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.11 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Dividends

Equity dividends are recognised when they become legally payable. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.13 Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

HYPNOS CONTRACT BEDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2017

2. Accounting policies (continued)

2.14 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.15 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the period in which they are incurred.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.17 Taxation

Tax is recognised in the Statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2.18 Cash flow statement

The company has taken exemption from providing a cash flow statement as it is included in the ultimate parent's consolidated financial statements.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The directors do not consider any of the estimates of judgements in relation to applying the accounting policies material to these financial statements.

HYPNOS CONTRACT BEDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2017

4. Turnover

The whole of the turnover is attributable to the manufacture of beds and furniture.

Analysis of turnover by country of destination:

| | 53 week period ended 1 July 2017 £ | 52 week period ended 25 June 2016 £ |
|-------------------|---|---|
| United Kingdom | 21,000,146 | 25,590,308 |
| Rest of the world | 1,344,787 | 1,669,408 |
| | <u>22,344,933</u> | <u>27,259,716</u> |

5. Operating profit

The operating profit is stated after charging/(crediting)

| | 53 week period ended 1 July 2017 £ | 52 week period ended 25 June 2016 £ |
|---------------------------------------|---|---|
| Stock recognised as an expense | 7,926,699 | 11,513,983 |
| Depreciation of tangible fixed assets | 141,052 | 103,284 |
| Exchange differences | 10,860 | 3,447 |
| Other operating lease rentals | 162,004 | 335,539 |
| | <u>8,240,615</u> | <u>12,956,253</u> |

6. Auditors' remuneration

| | 53 week period ended 1 July 2017 £ | 52 week period ended 25 June 2016 £ |
|--|---|---|
| Fees payable to the Company's auditor for the audit of the Company's annual accounts | 15,300 | 11,400 |
| Non-audit services | 1,250 | 1,250 |
| | <u>16,550</u> | <u>12,650</u> |

HYPNOS CONTRACT BEDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2017**

7. Employees

Staff costs, including directors' remuneration, were as follows:

| | 53 week period ended 1 July 2017 £ | <i>52 week period ended 25 June 2016 £</i> |
|-------------------------------------|---|--|
| Wages and salaries | 3,538,360 | 4,020,915 |
| Social security costs | 330,118 | 358,333 |
| Cost of defined contribution scheme | 123,023 | 109,068 |
| | <u>3,991,501</u> | <u>4,488,316</u> |

The average monthly number of employees, including the directors, during the period was as follows:

| | 53 week period ended 1 July 2017 No. | <i>52 week period ended 25 June 2016 No.</i> |
|----------------|---|--|
| Production | 123 | 117 |
| Administration | 43 | 40 |
| | <u>166</u> | <u>157</u> |

HYPNOS CONTRACT BEDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2017**

8. Directors' remuneration

| | 53 week period ended 1 July 2017 £ | <i>52 week period ended 25 June 2016 £</i> |
|--|---|--|
| Amounts receivable under long term incentive plans | - | 105,106 |
| | <u>-</u> | <u>105,106</u> |

During the period the directors were remunerated through Hypnos Limited. Only the directors are considered to be key management and therefore the remuneration of key management is as disclosed for directors in Hypnos Limited.

9. Interest receivable

| | 53 week period ended 1 July 2017 £ | <i>52 week period ended 25 June 2016 £</i> |
|---------------------------|---|--|
| Other interest receivable | 449 | - |
| | <u>449</u> | <u>-</u> |

10. Interest payable and similar charges

| | 53 week period ended 1 July 2017 £ | <i>52 week period ended 25 June 2016 £</i> |
|-----------------------------|---|--|
| Bank interest payable | 3,359 | 4,419 |
| Other loan interest payable | 5 | 7,873 |
| | <u>3,364</u> | <u>12,292</u> |

HYPNOS CONTRACT BEDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2017**

11. Taxation

| | 53 week period ended 1 July 2017 £ | 52 week period ended 25 June 2016 £ |
|--|---|--|
| Corporation tax | | |
| Current tax on profits for the period | 81,931 | 127,900 |
| Adjustments in respect of previous periods | 39 | 43 |
| | 81,970 | 127,943 |
| Total current tax | 81,970 | 127,943 |
| Deferred tax | | |
| Origination and reversal of timing differences | 81,342 | - |
| Taxation on profit on ordinary activities | 163,312 | 127,943 |

HYPNOS CONTRACT BEDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2017

11. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2016 - *higher than*) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

| | 53 week period ended 1 July 2017 £ | 52 week period ended 25 June 2016 £ |
|--|---|---|
| Profit on ordinary activities before tax | 466,065 | 583,015 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%) | 93,213 | 116,603 |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 149 | - |
| (Accelerated)/Decelerated capital allowances | (3,865) | 75 |
| (Decrease)/increase in unpaid pension contributions at year end | (6,532) | 1,703 |
| Other timing differences leading to an increase/(decrease) in taxation | 81,342 | 9,488 |
| Adjustment in respect of previous periods | - | 43 |
| Difference in tax rates | (995) | 31 |
| Total tax charge for the period | 163,312 | 127,943 |

Factors that may affect future tax charges

There are no other factors that may affect future tax charge.

12. Dividends

| | 1 July 2017 £ | 25 June 2016 £ |
|-----------|---------------------|----------------------|
| Dividends | 1,400,000 | - |
| | 1,400,000 | - |

HYPNOS CONTRACT BEDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2017

13. Tangible fixed assets

| | Plant & machinery £ | Fixtures & fittings £ | Total £ |
|---------------------------------------|---------------------------|-----------------------------|------------|
| Cost or valuation | | | |
| At 26 June 2016 | 161,204 | 425,622 | 586,826 |
| Additions | 83,433 | 139,078 | 222,511 |
| At 1 July 2017 | 244,637 | 564,700 | 809,337 |
| Depreciation | | | |
| At 26 June 2016 | 45,363 | 88,292 | 133,655 |
| Charge for the period on owned assets | 40,930 | 100,122 | 141,052 |
| At 1 July 2017 | 86,293 | 188,414 | 274,707 |
| Net book value | | | |
| At 1 July 2017 | 158,344 | 376,286 | 534,630 |
| At 25 June 2016 | 115,841 | 337,330 | 453,171 |

14. Stocks

| | 1 July 2017 £ | 25 June 2016 £ |
|-------------------------------------|---------------------|----------------------|
| Raw materials and consumables | 468,087 | 461,497 |
| Finished goods and goods for resale | 320,137 | 231,615 |
| | 788,224 | 693,112 |

HYPNOS CONTRACT BEDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2017**

15. Debtors

| | 1 July 2017 £ | 25 June 2016 £ |
|------------------------------------|---------------------|----------------------|
| Trade debtors | 3,142,861 | 2,391,034 |
| Amounts owed by group undertakings | 431,307 | 2,610,895 |
| Other debtors | 105,149 | 113,412 |
| Prepayments and accrued income | 191,617 | 120,655 |
| | <u>3,870,934</u> | <u>5,235,996</u> |

16. Cash and cash equivalents

| | 1 July 2017 £ | 25 June 2016 £ |
|--------------------------|---------------------|----------------------|
| Cash at bank and in hand | 552,997 | 174,464 |
| Less: bank overdrafts | (80,038) | (146,012) |
| | <u>472,959</u> | <u>28,452</u> |

17. Creditors: Amounts falling due within one year

| | 1 July 2017 £ | 25 June 2016 £ |
|------------------------------------|---------------------|----------------------|
| Bank overdrafts | 80,038 | 146,012 |
| Trade creditors | 3,417,549 | 3,115,786 |
| Amounts owed to group undertakings | 26,823 | - |
| Corporation tax | 81,931 | 127,900 |
| Other taxation and social security | 344,362 | 191,525 |
| Other creditors | 69,835 | 117,978 |
| Accruals and deferred income | 1,267,070 | 1,347,073 |
| | <u>5,287,608</u> | <u>5,046,274</u> |

Bank overdrafts of £Nil (2016 - £126,522) represent the invoice discounting facility secured against the assets of the company. The bank overdraft of £80,038 (2016 - £19,490) is secured by an all assets debenture, fixed charges in relation to certain fixed assets and also subject to a corporate guarantee by the parent company.

HYPNOS CONTRACT BEDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2017**

18. Creditors: Amounts falling due after more than one year

| | 1 July 2017 £ | 25 June 2016 £ |
|-----------------|------------------------------|-------------------------------|
| Other creditors | 69,719 | 105,106 |
| | <u>69,719</u> | <u>105,106</u> |

19. Financial instruments

| | 1 July 2017 £ | 25 June 2016 £ |
|---|------------------------------|-------------------------------|
| Financial assets | | |
| Financial assets that are debt instruments measured at amortised cost | 3,679,317 | 5,115,341 |
| | <u>3,679,317</u> | <u>5,115,341</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | 3,663,964 | 3,484,882 |
| | <u>3,663,964</u> | <u>3,484,882</u> |

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amount owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, bank overdrafts, amount owed to group and other creditors.

20. Deferred taxation

| | 2017 £ |
|---------------------------|----------------------|
| Charged to profit or loss | 81,342 |
| At end of year | <u>81,342</u> |

HYPNOS CONTRACT BEDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2017

20. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

| | 1 July 2017 £ |
|--------------------------------|---------------------|
| Accelerated capital allowances | 81,342 |
| | <u>81,342</u> |

21. Share capital

| | 1 July 2017 £ | 25 June 2016 £ |
|------------------------------------|---------------------|----------------------|
| Allotted, called up and fully paid | | |
| 1 Ordinary share of £1 | <u>1</u> | <u>1</u> |

22. Reserves

Profit & loss account

Profit and loss account includes all current and prior period retained profits and losses.

23. Prior year adjustment

Certain comparatives in the profit and loss account have been restated to conform with current year treatment. This has no effect on the profit and loss or reserves for the prior year.

24. Contingent liabilities

There is an unlimited cross guarantee originally dated 26 August 2008 and updated due to new subsidiaries between the company, Keen & Toms Partnership Limited, Hypnos Limited, Keen & Toms Holdings Limited, The Furniture Recycling Company Limited, The Sheen Bed Company Limited, Keen & Able Limited and Imperial Sleep Limited over any overdraft or invoice discounting borrowings from their bankers of the respective companies. The company entered into a debenture with its bankers on 13 August 2008 providing security over all assets of the company. The total amount of borrowings in the group is £89,969.

HYPNOS CONTRACT BEDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JULY 2017

25. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £123,023 (2016 - £109,068). Contributions of £16,990 (2016 - £14,265) were payable to the fund at the period end.

26. Commitments under operating leases

At 1 July 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 1 July 2017 £ | 25 June 2016 £ |
|--|---------------------|----------------------|
| Not later than 1 year | 214,690 | 183,440 |
| Later than 1 year and not later than 5 years | 751,175 | 808,835 |
| Later than 5 years | 393,750 | 656,250 |
| | <u>1,359,615</u> | <u>1,648,525</u> |

27. Related party transactions

The company has taken advantage allowed by Financial Reporting Standard 102 not to disclose any transactions with other members of the group.

During the period the company made sales to director which are at the same prices as the staff sales scheme. In aggregated these are £Nil (2016: £3,475). The outstanding balances at year end aggregated to £24 (2016: £Nil).

During the company reimbursed expenses to directors. In aggregate these are £1,284 (2016: £Nil).

28. Ultimate parent undertaking and controlling party

The company is controlled by Keen & Toms Partnership Limited, the parent company. The ultimate parent company is Keen & Toms Holdings Limited, a company registered in England and Wales. According to the directors there is no ultimate controlling party.

Consolidated accounts for Keen & Toms Holdings Limited are available at Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. This is the only company in the group which prepares consolidated accounts.