2739119

ABF Limited

Report and Financial Statements

31 January 2009

Registered No: 273919

Directors
S Brown
J Conway
P Clarke
J Harrower
R Logan
P McKoen
N Mernock
C Roberts

Secretary
P McKoen

Auditors
Deloitte LLP
Chartered Accountants and Registered Auditors
Manchester
United Kingdom

Bankers
National Australia Bank Limited
4 Victoria Place
Manor Road
Leeds
LS11 5AE

Registered Office
P O Box 100
Long Ing Lane
Barnoldswick
Lancashire
BB18 6WT

Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 31 January 2009

Results and dividends

The results for the financial period are given in the profit and loss account on page 9 and in the notes to the financial statements.

No dividend was paid during the financial period to the company's immediate holding company Silentnight Group Limited (2008 - £19,400,000 paid).

The directors do not recommend the payment of a final dividend (2008 - £nil).

Principal activities and review of the business

The company's principal activity during the year continued to be the manufacture and distribution of bedroom products including mattresses, divans, bedsteads and headboards.

The company's strategy is to focus on developing our market leading bed brands, with the company's brand portfolio making it the clear market leader in the UK.

The significant restructuring programme completed in 2006/2007 means that the company is now focussed purely on the beds market in the UK and Ireland, activities which remain profitable.

In November 2006, the company (as a subsidiary of Silentnight Holdings Limited) agreed a revised business plan for the period through to January 2011, which supported the restructuring of its banking facilities. The company's bank (National Australia Bank Limited) has supported the company through the restructuring programme and continues to provide banking facilities to the company.

The company's key financial and other performance indicators during the year were as follow:

	2009	*2008*	*Change*
	£000	*£000*	*%*
Turnover	96,626	104,206	-7%
Total operating profit	4,671	8,154	-43%
Profit after tax	2,770	13,521	-80%
Shareholders' funds	11,805	8,984	+31%
Current assets as percentage of current liabilities	115%	131%	-16pts
Average number of employees	1,077	1,231	-13%

Turnover on an ongoing basis decreased by 7%. This was primarily due to a significant weakening of the bed market during the year and a number of the company's customers failing, which included Sleep Depot and MFI. All of the available evidence points to a contraction in the overall bed market which is greater than the fall in company sales, indicating that the company has succeeded in growing its market share.

Operating profit decreased by 43%. This has been primarily caused by significant increases in raw material costs during the year, mainly in the steel and associated wire products, but also from the increases in the oil price and oil derivative products. Margins have reduced accordingly, despite the company securing price increase for its products.

Profit after tax deteriorated by 80%. This was primarily as a result of the non-repeat of the exceptional property profits generated last year.

Shareholders' funds increased by 31% due to the profit for the period.

The company's "quick ratio" (current assets as a percentage of current liabilities) has declined by 16pts, primarily as a result of the reduction in trade debtors.

The average number of employees declined by 13% in the year, primarily as a result of the company's ongoing cost reduction actions across the business.

The products manufactured and sold by the company have minimal environmental impact. However, the board believes that good environmental practices support the board's strategy by enhancing the reputation of the company, the efficiency of production and the quality of products. Consequently, the company continues to put environmental responsibilities high on the agenda.

Directors' report

Principal risks and uncertainties

The directors have established and evaluated the company's approach to risk. The principal risks and uncertainties facing the company are broadly grouped as competitive, legislative, raw materials, financial instrument and technical.

- Competitive Risks

In the UK the company is reliant on certain major customers for contracts which are subject to ongoing review. The company is exposed to threats from competition including imported products, as well as to a reduction in the size of the overall market.

- Legislative Framework

The company may be exposed to changes in the legislative framework.

In addition, compliance imposes costs and failure to comply with the standards could result in increased costs and/or reduced sales for the company.

- Raw Materials

The company purchases raw materials to use in the manufacture of product, including timber, steel and foam. The price of these products may be volatile and the company is exposed to movements in the price of the commodity products. Some products are purchased in euros exposing the company to some currency risk.

- Exposure to credit, liquidity and cash flow risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the company's debtors are shown in Note 14 to the financial statements. The company aims to limit its exposure to customer credit risk through the use of trade insurance although this can never provide complete cover.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets throughout the company. The company also manages liquidity risk via revolving credit facilities and long term debt.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variable rate debt. The company manages this risk, where significant, by use of derivatives.

- Technical Risks

The company relies heavily on its computer systems and associated infrastructure. Failure of such systems would constitute a risk to the company. The company has a series of risk management tools in place, including disaster recovery contracts.

See note 1 for the assessment of the impact of these risks and uncertainties on the going concern assumption.

Future developments

The directors aim to continue the management policies which have resulted in the company maintaining an operating profit during the year. They consider that although the bed market will remain challenging during 2009, similar sales and operating profits will derive from continuing operations.

Events since the balance sheet date

On 1 February 2009, the assets and liabilities of Rest Assured Limited (a fellow group company) were transferred to ABF Limited.

Directors' report

Directors

The directors of the company at the year end and changes during and following the year end are as follows:

C Baxandall	(resigned 19 June 2008)
N Mernock	
J Harrower	
R Logan	
P McKoen	
S Brown	
C Roberts	
P Clarke	
J Conway	(appointed 20 March 2008)

Tangible fixed assets

The directors are of the opinion that any difference between the book value and the market value of the land and buildings of the company is not significant.

Employee communications

The company operates a framework for employee information and consultation which complies with the requirement of the Information and Consultation of Employees Regulations 2004.

During the year the company has continued to inform employees about matters which affect their working lives.

At plant level, because of significant differences in size, business and location, methods of communication and consultation may vary. They range from informal regular contact to formal employee briefing groups, with particular emphasis being placed on providing information of local relevance.

Disabled persons

The company recognises its legal and social obligations for the employment of disabled persons and does what is practical to fulfil them. Disabled persons' applications for employment are carefully considered and their aptitudes and abilities are taken fully into account. If employees become disabled while employed by the company every effort is made to retain them in the same job. General training and promotional opportunities are available to disabled employees according to individual ability in the same way as to other employees.

Donations

As part of the company's commitment to the communities in which it operates, during the year, the company made charitable donations of £1,119 (2008 - £6,190). The company continues its policy of not making contributions for political purposes.

Creditor payment policy

The general policy is to pay suppliers at the end of the month following the month in which delivery occurs. It is always policy to:

- agree the terms of payment with each supplier;
- pay in accordance with contractual and other legal obligations.

Trade creditors shown in the company's balance sheet at 31 January 2009 represents 57 days (2008 - 53 days) of average purchases during the year.

Directors' report

Corporate social responsibility

The company recognises the importance of health and safety management and its obligation to protect the environment. The company therefore gives high priority to all environmental health and safety matters and concerns, and is committed to compliance with applicable environmental, health and safety regulations in all territories where it conducts business.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report of which the auditor is unaware. Having made enquiries to fellow directors and the group's auditor, each director has taken steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

The company has elected to dispense with the holding of annual general meetings, the laying of accounts before the company in general meeting and the annual appointment of auditors. Accordingly, Deloitte LLP will continue to act as auditors to the company.

By order of the Board

P McKoen
Secretary

28 April 2009

Statement of directors' responsibilities in respect of the financial statements

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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 group and of the profit or loss of the group 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of ABF Limited

We have audited the company's financial statements for the 52 weeks ended 31 January 2009 which comprise the Consolidated profit and loss account, Consolidated balance sheet, Company balance sheet, Consolidated statement of total recognised gains and losses, Consolidated reconciliation of movements in shareholders' funds, Note of historical cost profits and losses and the related notes 1 to 26. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, 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 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 Directors' Report 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

Independent auditors' report

to the members of ABF Limited (continued)

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 31 January 2009 and of the company's profit for the 52 weeks then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Manchester
United Kingdom

28/04/09

Consolidated profit and loss account

for the 52 weeks ended 31 January 2009

	Notes	2009 £'000	2008 £'000
Turnover	1	96,626	104,206
Operating costs	2	(91,955)	(96,052)
Operating profit		4,671	8,154
Profit on sale of property		-	5,063
Profit on ordinary activities before interest and taxation	3	4,671	13,217
Net interest payable	6	(590)	(798)
Profit on ordinary activities before taxation		4,081	12,419
Tax on profit on ordinary activities	7	(1,311)	1,102
Profit on ordinary activities for the financial period		2,770	13,521

All activity arose from continuing operations.

Consolidated balance sheet

at 31 January 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Intangible assets	10	8,091	8,821
Tangible assets	11	10,898	8,242
		18,989	17,063
Current assets			
Stocks	13	3,656	3,924
Debtors	14	17,982	22,367
Cash at bank and in hand		5	87
		21,643	26,378
Creditors: amounts falling due within one year	15	18,827	20,207
Net current assets		2,816	6,171
Total assets less current liabilities		21,805	23,234
Creditors: amounts falling due after more than one year	16	10,000	14,250
Net assets		11,805	8,984
Capital and reserves			
Called up share capital	18	62	62
Revaluation reserve	19	198	198
Profit and loss account	19	11,545	8,724
Shareholders' funds		11,805	8,984

The financial statements were approved by the Board of Directors on 28 April 2009 and signed on its behalf by:

N Mernock
Director

Company balance sheet

at 31 January 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Intangible assets	10	8,091	8,821
Tangible assets	11	10,898	8,242
Investments	12	-	-
		18,989	17,063
Current assets			
Stocks	13	3,656	3,924
Debtors	14	17,982	22,367
Cash at bank and in hand		5	87
		21,643	26,378
Creditors: amounts falling due within one year	15	18,827	20,207
Net current assets		2,816	6,171
Total assets less current liabilities		21,805	23,234
Creditors: amounts falling due after more than one year	16	10,000	14,250
Net assets		11,805	8,984
Capital and reserves			
Called up share capital	18	62	62
Profit and loss account	19	11,743	8,922
Shareholders' funds		11,805	8,984

The financial statements were approved by the Board of Directors on 28 April 2009 and signed on its behalf by:

N Mernock
Director

Consolidated statement of total recognised gains and losses

for the 52 weeks ended 31 January 2009

	2009 £'000	2008 £'000
Profit for the financial period	2,770	13,521
Currency translation differences on foreign currency net investments	51	51
Total recognised gains and losses recognised since the last annual report	2,821	13,572

Consolidated reconciliation of movements in shareholders' funds

for the 52 weeks ended 31 January 2009

	2009 £'000	2008 £'000
Profit for the financial period	2,770	13,521
Dividends (note 9)	-	(19,400)
Currency translation differences on foreign currency net investments	51	51
Net movement to shareholders' funds	2,821	(5,828)
Opening shareholders' funds	8,984	14,812
Closing shareholders' funds	11,805	8,984

Note of historical cost profits and losses

for the 52 weeks ended 31 January 2009

	2009 *£'000*	*2008* *£'000*
Reported profit on ordinary activities before taxation	4,081	12,419
Realisation of property revaluation gains on previous years	-	4,488
Difference between an historical cost depreciation charge and the actual depreciation charge calculated on the relevant amount	-	8
Historical cost profit on ordinary activities before taxation	4,081	16,915
Historical cost profit for the financial period after taxation	2,770	18,017

Notes to the financial statements

for the 52 weeks ended 31 January 2009

1. Accounting policies

Basis of preparation

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

The financial statements have been prepared under the historical cost convention as amended by the revaluation of freehold property in the UK and in accordance with applicable United Kingdom law and accounting standards.

The company meets its day to day working capital requirements through a combination of an overdraft, loan and an invoice finance facility which are arranged on a group basis, acting with its parent and fellow subsidiary companies. These facilities have recently been renewed for the year to 31 January 2010. The directors have no reason to believe they will not be renewed again at this date.

The current economic conditions create uncertainty particularly over (a) the level of demand for the company's products in a weakened economy; (b) the cost of the company's raw materials including the impact of further changes in the exchange rate between sterling and Euro/US dollar; (c) the level of trade debt insurance available on our customers and thus the consequence for the amount of borrowings on the invoice finance facility; and (d) the continued availability of bank finance in the foreseeable future.

The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current facilities for the foreseeable future and continue to meet its banking covenants. As a result, the directors believe it is appropriate to prepare the financial statements on a going concern basis.

Turnover

Turnover is attributable to the manufacture of beds and bedroom related products and represents amounts invoiced to customers of the company after deduction of trade discounts, allowances and value added tax. All turnover and profits before taxation are derived from activities based within the United Kingdom. The turnover by destination is not materially different to turnover by origin.

Basis of consolidation

The consolidated financial statements include the financial statements of the parent company and all its subsidiary undertakings made up to 31 January 2009.

Foreign exchange

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction, or at the contracted rate if the contract is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate, and gains or losses on translation are included in the profit and loss account.

The assets and liabilities of overseas operations are translated at the closing exchange rate. Profit and loss accounts of such operations are consolidated at the average rates of exchange during the year. Gains and losses arising on these translations are taken to reserves.

Tangible fixed assets

Freehold property is revalued such that its carrying amount is its current value at the balance sheet date. All other fixed assets are included in the financial statements at cost. Depreciation is provided to write off the cost of revaluation less estimated residual value in equal instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold property	-	2% per annum
Plant	-	10% per annum
Motor cars	-	25% per annum
Commercial vehicles	-	14% per annum
Trailers	-	10% per annum
Other fixtures and fittings, computers and office equipment	-	10% - 33% per annum

Freehold land is not depreciated.

Government grants relating to capital expenditure are included in accruals and deferred income and released to profit and loss over the estimated useful life of the asset.

Notes to the financial statements

for the 52 weeks ended 31 January 2009

1. Accounting policies (continued)

Stocks

All stocks have been valued at the lower of cost and net realisable value. The cost of finished goods and work in progress includes direct labour and appropriate production overheads.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 measured at the average 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 that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Retirement benefits

The group operates a defined benefit pension scheme. The scheme is a defined benefit multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities of the scheme. The actual cost of providing pensions to the company is charged to the profit and loss as incurred during the year.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

Further information on pensions is disclosed in note 21.

Investments

Shares in subsidiary companies are stated at cost less provisions for permanent diminution in value.

Intangible assets

Trademarks are recorded in the financial statements at cost. Amortisation is provided to write off the cost of trademarks over their useful economic life, which has been assessed at 20 years.

Cash flow statement

Under FRS 1 the company is not required to prepare a cash flow statement, being a wholly owned subsidiary of Silentnight Holdings Limited, whose consolidated financial statements include a cash flow statement dealing with the cash flows of the group.

Related party transactions

As the company is a wholly owned subsidiary of Silentnight Holdings Limited the company has taken advantage of the exemption contained within FRS 8 'Related Party Disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements can be obtained from the address given in note 23.

Research and development

Research and development expenditure is written off as incurred.

Notes to the financial statements

for the 52 weeks ended 31 January 2009

2. Operating costs

	2009 £'000	2008 £'000
Cost of sales	64,460	66,930
Distribution expenses	18,779	21,182
Administrative expenses	8,716	7,940
	91,955	96,052

3. Profit on ordinary activities before interest and taxation

	2009 £'000	2008 £'000
Profit on ordinary activities before interest and taxation is stated after charging/(crediting):		
Depreciation	2,003	2,387
Amortisation of intangible assets	730	730
Profit on disposal of fixed assets	(71)	(9)
Profit on sale of property	-	(5,063)
Leasing and hire charges: land and buildings	1,199	832
plant and machinery	597	596
Government grants	-	(50)
Research and development costs	185	114

	2009 £'000	2008 £'000
Fees payable to the company's auditors for the audit of the company's annual accounts		
The audit of the company's accounts pursuant to legislation	58	57
Total audit fees	58	57

No non-audit fees were payable to the auditors in either year. The audit fees of subsidiary entities were borne by the company in the year (2008: subsidiary audit fees of £2,500 were recognised in the subsidiary entities' accounts).

4. Remuneration of directors

Six of the directors of ABF Limited are also directors of the immediate holding company, Silentnight Group Limited. Details of their remuneration and retirement benefits are included in that company's accounts.

The directors do not believe that it is practicable to apportion remuneration between the company and the holding and fellow group companies.

	2009 £'000	2008 £'000
Aggregate emoluments	218	194

The remuneration of the highest paid director including benefits in kind was £136,000 (2008 - £123,000). The accrued pension entitlement of the highest paid director was £21,000 (2008 - £17,000). Retirement benefits are accruing to 2 (2008 - 2) directors under the group's defined benefit scheme, and £nil (2008 - £nil) under money purchase schemes.

Notes to the financial statements

for the 52 weeks ended 31 January 2009

5. Employee information

	2009	2008
	£'000	£'000
Employee costs:		
Wages and salaries	23,872	25,449
Social security costs	2,199	2,390
Other pension costs	805	831
	26,876	28,670

	Number	Number
Average number of persons employed:		
Production	742	868
Sales and distribution	258	279
Administration	77	84
	1,077	1,231

6. Net interest payable

	2009	2008
	£'000	£'000
Interest payable on:		
Bank loans and overdrafts:		
Repayable within five years	(590)	(801)
Interest receivable	-	3
	(590)	(798)

7. Taxation on profit on ordinary activities

i) Analysis of tax charge/(credit) in year

	2009	2008
	£'000	£'000
Total current tax (note 7(ii))	-	-
Deferred tax: (note 17)		
Origination and reversal of timing differences	1,409	(1,102)
Adjustment in respect of prior period	(98)	-
	1,311	(1,102)

Notes to the financial statements

for the 52 weeks ended 31 January 2009

7. Taxation on profit on ordinary activities (continued)

ii) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK 28.33% (2008 - 30%).

The differences are explained below:

	2009 £'000	2008 £'000
Group profit on ordinary activities before tax	4,081	12,419
Group profit on ordinary activities before tax at 28.33% (2008: 30%)	1,156	3,726
Effects of:		
Expenses not deductible for tax purposes	229	163
Depreciation lower than capital allowances	(353)	(110)
Current year losses utilised	(1,192)	(1,257)
Buildings allowances extinguished	-	1,026
Profit on disposal of non-qualifying assets	-	(37)
Other timing differences	121	12
Other	39	(463)
Non-taxable income on property disposals	-	(2,984)
Group relief received at nil cost	-	(76)
Total current tax	-	-

iii) Factors that may affect future tax charges

A deferred tax asset has been recognised in respect of tax losses totalling £14,011,000 (2008: £18,146,000), that are available for offset against future trading profits of the same trade. It is anticipated that they will be utilised within the foreseeable future.

8. Profit of parent company

As permitted by Section 230(4) of the Companies Act 1985, the profit and loss account of the parent company, ABF Limited, is not presented as part of these financial statements. The profit of the company for the financial period included within the consolidated profit and loss account is £2,770,000 (2008 – loss £391,000).

9. Dividends

	2009 £'000	2008 £'000
Equity shares:		
Paid £nil per share (2008: £310.76p per share)	-	19,400

Notes to the financial statements

for the 52 weeks ended 31 January 2009

10. Intangible fixed assets

Group and company trademarks

	£'000
Cost:	
At 2 February 2008 and 31 January 2009	18,200
Amortisation:	
At 2 February 2008	9,379
Charge for the financial period	730
At 31 January 2009	10,109
Net book value:	
At 31 January 2009	8,091
At 2 February 2008	8,821

11. Tangible fixed assets

Group and Company

	Freehold property £'000	*Equipment, plant and vehicles £'000*	*Total £'000*
Cost or valuation:			
At 2 February 2008	200	29,428	29,628
Foreign exchange movements	-	49	49
Additions	-	1,352	1,352
Group transfers	-	3,298	3,298
Disposals	-	(1,282)	(1,282)
At 31 January 2009	200	32,845	33,045
Depreciation:			
At 2February 2008	-	21,386	21,386
Foreign exchange movements	-	41	41
Charge for the financial period	-	2,003	2,003
Group transfers	-	(40)	(40)
Disposals	-	(1,243)	(1,243)
At 31 January 2009	-	22,147	22,147
Net book value:			
At 31 January 2009	200	10,698	10,898
At 2 February 2008	200	8,042	8,242

Notes to the financial statements

for the 52 weeks ended 31 January 2009

11. Tangible fixed assets (continued)

A professional revaluation of group freehold property in the UK was undertaken in July 2006 by ATL Surveys, Chartered Surveyors of Nelson, Lancashire. The valuation was undertaken on the basis of open market value for existing use with the exception of one property which was valued at open market value with a view to disposal. The valuation was prepared in accordance with the Statement of Asset Valuation Practice and Guidance Notes, published by the Royal Institution of Chartered Surveyors.

Freehold property also includes £200,000 (2008 - £200,000) in respect of land which is not depreciated.

On an historical cost basis freehold property would have been included at the following amounts:

	2009	*2008*
	£'000	*£'000*
Cost	2	2
Aggregate depreciation	-	-
Net book value	2	2

Future capital expenditure

	2009	*2008*
Group	*£'000*	*£'000*
No provision has been made for:		
Expenditure for which contracts have been placed	537	143

12. Investments

Company	*Shares in subsidiaries*	*Loans due to subsidiaries*	*Total*
	£'000	*£'000*	*£'000*
Cost:			
At 31 January 2009 and 2 February 2008	524	(14)	510
Amounts provided:			
At 31 January 2009 and 2 February 2008	510	-	510
Net book value:			
At 31 January 2009 and 2 February 2008	14	(14)	-

Details of subsidiary undertakings are given in note 24.

13. Stocks

	2009	*2008*
Group and Company	*£'000*	*£'000*
Raw material and consumables	1,833	1,749
Work in progress	428	426
Finished goods	1,395	1,749
	3,656	3,924

Notes to the financial statements

for the 52 weeks ended 31 January 2009

14. Debtors

Group and Company	*2009* *£'000*	*2008* *£'000*
Deferred tax (see note 17)	4,608	5,919
Trade debtors	11,962	15,267
Other debtors	1	105
Prepayments and accrued income	1,342	1,038
Amounts due from group undertakings	69	38
	17,982	22,367

15. Creditors: amounts falling due within one year

Group and Company	*2009* *£'000*	*2008* *£'000*
Bank overdraft	3,155	3,289
Trade creditors	9,813	9,346
Amounts owed to group undertakings	477	423
Other taxation and social security	2,212	3,329
Accruals and deferred income	3,170	3,820
	18,827	20,207

The bank overdraft is secured against certain of the group's assets (2008 – secured).

16. Creditors: amounts falling due after more than one year

Group and Company	*2009* *£'000*	*2008* *£'000*
Amount due to holding company	10,000	14,250

17. Deferred tax

Group	*Total* *£'000*
At 2 February 2008	5,919
Arising in the financial period	(1,311)
At 31 January 2009	4,608

Notes to the financial statements

for the 52 weeks ended 31 January 2009

17. Deferred tax (continued)

		2009		*2008*
	Amount provided £'000	*Amount unprovided £'000*	*Amount provided £'000*	*Amount unprovided £'000*
Group and Company				
Depreciation in excess of capital allowances	(424)	-	(690)	-
Tax losses carried forward	(3,923)	-	(5,081)	-
Other timing differences	(261)	-	(148)	-
	(4,608)	-	(5,919)	-

The deferred tax asset of £4,608,000 (2008 - £5,919,000) is included within debtors (note 14).

18. Called up share capital

	2009 £'000	*2008 £'000*
Authorised:		
75,000 ordinary shares of £1 each	75	75
Allotted, called up and fully paid:		
62,427 ordinary shares of £1 each	62	62

19. Reconciliation of movements in shareholders' funds and reserves

Group

	Share capital £'000	*Revaluation reserve £'000*	*Profit and loss account £'000*	*Total £'000*
Balance at 3 February 2007	62	4,686	10,064	14,812
Retained profit less dividends paid for the financial period	-	-	(5,879)	(5,879)
Foreign exchange adjustments	-	-	51	51
Revaluation reserve transferred to retained profit (i)	-	(4,488)	4,488	-
Balance at 2 February 2008	62	198	8,724	8,984
Retained profit for the financial period	-	-	2,770	2,770
Foreign exchange adjustments	-	-	51	51
Balance at 31 January 2009	62	198	11,545	11,805

Notes to the financial statements

for the 52 weeks ended 31 January 2009

19. Reconciliation of movements in shareholders' funds and reserves (continued)

Company

	Share capital £'000	*Profit and loss account £'000*	*Total £'000*
Balance at 3 February 2007	62	9,262	9,324
Retained profit less dividends paid for the financial period	-	(391)	(391)
Foreign exchange adjustments	-	51	51
Restated balance at 2 February 2008	62	8,922	8,984
Retained profit for the financial period	-	2,770	2,770
Foreign exchange adjustments	-	51	51
Balance at 31 January 2009	62	11,743	11,805

(i) The transfer between the revaluation reserve and retained profit results from the sale of properties that had previously been revalued.

20. Lease commitments

At 31 January 2009 the group had annual commitments under operating leases expiring as follows:

	2009 £'000	*2008 £'000*
(a) Land and buildings		
Expiring within one year	50	-
Expiring within 1 to 2 years	-	50
Expiring in over 5 years	1,736	1,730
	1,786	1,780

	2009 £'000	*2008 £'000*
(b) Plant and machinery		
Expiring within one year	56	76
Expiring within 1 to 2 years	111	161
Expiring within 2 to 5 years	350	237
Expiring in over 5 years	50	-
	567	474

Notes to the financial statements

for the 52 weeks ended 31 January 2009

21. Pensions

Silentnight Group Limited, the company's immediate parent company, operates a number of pension schemes. These schemes are funded by contributions from group companies and their assets are held in separate, trustee administered funds.

The company belongs to the defined benefit pension scheme for which the pension costs are assessed in accordance with the advice of a professionally qualified actuary, contributions being based on pension costs across the group as a whole. The scheme is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the group. The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme because it is not possible to identify the company's share of the net assets and liabilities in the scheme on a consistent and reasonable basis. The consolidated financial statements of the parent show a net pension liability of £12,339,000 (2008 - £7,335,000).

The total pension cost for the group was £805,000 (2008 - £831,000) made up as follows:

	2009	*2008*
	£'000	*£'000*
Silentnight Group Defined Benefit Scheme	395	418
UK defined contribution scheme	390	397
Overseas schemes	20	16
	805	831

The pension cost relating to the DBS is assessed in accordance with the advice of professionally qualified actuaries using the projected unit method.

A further contribution by Silentnight Group Limited of £240,000 per year in addition to the employer's regular contribution of 17.0% of pensionable earnings, is being made for the year from 1 February 2009 and £1,560,000 a year from 1 February 2010 and £1,752,000 a year from 1 February 2011 until 31 January 2018, to reduce the deficit in the DBS.

The unpaid contributions outstanding at the year end in respect of the UK defined contribution schemes, included in creditors (note 15) are £30,000 (2008 - £39,000).

The charge of £20,000 (2008 - £16,000) relating to overseas schemes has been determined in accordance with the local best practice and regulations in the relevant countries.

22. Derivatives not included at fair value

The group has derivatives which are not included at fair value in the accounts.

		Principal		*Fair value*
	2009	*2008*	*2009*	*2008*
	£'000	*£'000*	*£'000*	*£'000*
Forward foreign exchange contracts	1,746	1,595	1,980	1,722

The group uses the derivatives to hedge its exposure to changes in foreign currency exchange rates arising from foreign currency purchases. The fair values are based on market values of equivalent instruments at the balance sheet date.

Notes to the financial statements

for the 52 weeks ended 31 January 2009

23. Ultimate holding company

The company's immediate holding company is Silentnight Group Limited, which is incorporated in Great Britain and registered in England and Wales. The largest group in which the results of the company are consolidated is Famco Holdings Limited, a company incorporated in Great Britain and registered in England and Wales, and the smallest group in which the results of the company are consolidated is Silentnight Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. The consolidated accounts of Famco Holdings Limited and Silentnight Holdings Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

24. Subsidiary companies

The subsidiaries at 31 January 2009, all of which are incorporated in Great Britain and registered in England and Wales, are as follows:

	Percentage of equity held	
	Directly	*Indirectly*
	%	*%*
Silentnight Limited	100	
Layezee Limited	100	
Silentnight Beds Limited	100	
Sealy Sleep Products (UK) Limited		100

All the subsidiaries are dormant.

25. Contingent liabilities

Value added tax

As a result of group registration for VAT purposes, the company is liable for VAT arising in other companies within the group registration.

26. Post balance sheet events

On 1 February 2009, the assets and liabilities of Rest Assured Limited (a fellow group company) were transferred to ABF Limited.