273919

ABF Limited

Report and Financial Statements

30 January 2010

Registered No 273919

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

Secretary
P McKoen

Auditors
Deloitte LLP
Chartered Accountants and Statutory Auditors
Manchester
United Kingdom

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

Registered Office
P O Box 100
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Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 30 January 2010

Results and dividends

The results for the financial period are given in the profit and loss account on page 8 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 (2009 - £nil)

The directors do not recommend the payment of a final dividend (2009 - £nil)

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

Principal activities and review of the business

The company's principal activity during the period 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 its market leading bed brands, with the company's portfolio making it the clear market leader in the UK

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 business through the restructuring programme and continues to provide banking facilities to the company Despite the very challenging economic conditions, the company has remained profitable and cash generative throughout

The company's key financial and other performance indicators during the period were as follows

	2010	*2009*	*Change*
	£000	*£000*	*%*
Turnover	107,101	96,626	+11%
Operating profit	4,112	4,671	-12%
Profit after tax	2,586	2,770	-7%
Shareholders' funds	14,323	11,805	+21%
Current assets as percentage of current liabilities	119%	115%	+4pts
Average number of employees	1,194	1,077	+11%

Turnover on an ongoing basis increased by 11% This was primarily due to the transfer on 1 February 2009 of the trade and assets of Rest Assured Limited (a fellow group company) to ABF Limited Excluding the effect of the transfer of Rest Assured, turnover decreased by 4%

This was primarily due to the fact that the prior period included turnover of approximately £7,000,000 to MFI, which failed in late 2008 All of the available evidence points to a contraction in the overall bed market indicating that the company continues to be successful in growing its market share

Operating profit decreased by 12% This has been primarily caused by the loss incurred at Rest Assured following the transfer of the trade and assets of that company to ABF Limited on 1 February 2009

Profit after tax decreased by 7% This was primarily as a result of the loss incurred at Rest Assured together with a reduction in interest payable Excluding Rest Assured, operating profit increased by 5%

Shareholders' funds increased by 21%, due to the profit for the period

The company's "quick ratio" (current assets as a percentage of current liabilities) has increased by 4 pts, primarily as a result of the reduction in the bank overdraft

Directors' report

Principal activities and review of the business (continued)

The average number of employees increased by 11% in the period, primarily as a result of the transfer of 225 employees from Rest Assured Limited (a fellow group company) Excluding the effect of the transfer from Rest Assured, the average number of employees decreased by 10%, reflecting the ongoing cost reduction actions across the business

The company incurred research and development expenditure of £303,000 in the period (2009 £185,000) researching and developing new products and processes

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

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 The company aims to mitigate competitive risks by constant innovation through research and development, rolling out new products and by raising brand awareness

- Legislative Framework

The company may be exposed to changes in the legislative framework

In addition, compliance imposes costs and failure to comply with such legislation could result in increased costs and/or reduced sales for the company The directors regularly monitor compliance and ensure that they are made aware of legislative changes

- 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 which is partly mitigated through the use of forward foreign exchange contracts

- 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 creditworthiness 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

Directors' report

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 period They consider that although the bed market will remain challenging during 2010, similar sales and operating profits will derive from continuing operations

Directors

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

N Merrick	
J Harrower	(resigned 15 May 2009)
R Logan	
P McKoen	
S Brown	
C Roberts	
P Clarke	
J Conway	
S Freeman	(appointed 19 June 2009)

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

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 30 January 2010 represents 59 days (2009 - 57 days) of average purchases during the period

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 is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

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

27 April 2010

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) 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 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, 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

Independent auditors' report

to the members of ABF Limited

We have audited the financial statements of ABF Limited for the 52 weeks ended 30 January 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 25 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 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

As explained more fully in the Directors' Responsibilities Statement, 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 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 (APB'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 the directors, and the overall presentation of the financial statements

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 January 2010 and of its profit for the 52 weeks 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 matter 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

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

Timothy Edge (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Manchester, United Kingdom

27 April 2010

Profit and loss account

for the 52 weeks ended 30 January 2010 and 31 January 2009

	Notes	2010 £'000	2009 £'000
Turnover			
Existing operations		92,752	96,626
Acquisitions	5	14,349	-
	2	107,101	96,626
Operating costs	3	(102,989)	(91,955)
Operating profit			
Existing operations		4,921	4,671
Acquisitions	5	(809)	-
Total operating profit	4	4,112	4,671
Net interest payable	8	(304)	(590)
Profit on ordinary activities before taxation		3,808	4,081
Tax on profit on ordinary activities	9	(1,222)	(1,311)
Profit on ordinary activities for the financial period		2,586	2,770

All activity arose from continuing operations

Balance sheet

at 30 January 2010

	Notes	*30 January 2010 £'000*	*31 January 2009 £'000*
Fixed assets			
Intangible assets	10	7,361	8,091
Tangible assets	11	12,717	10,898
Investments	12	-	-
		20,078	18,989
Current assets			
Stocks	13	4,827	3,656
Debtors	14	20,325	17,982
Cash at bank and in hand		98	5
		25,250	21,643
Creditors amounts falling due within one year	15	(21,130)	(18,827)
Net current assets		4,120	2,816
Total assets less current liabilities		24,198	21,805
Creditors amounts falling due after more than one year	16	(9,875)	(10,000)
Net assets		14,323	11,805
Capital and reserves			
Called up share capital	18	62	62
Profit and loss account	19	14,261	11,743
Shareholders' funds		14,323	11,805

The financial statements of ABF Limited, registered number 273919, were approved by the Board of Directors and authorised for issue on 27 April 2010 and signed on its behalf by

N Mernock
Director

Statement of total recognised gains and losses

for the 52 weeks ended 30 January 2010 and 31 January 2009

	2010 £'000	2009 £'000
Profit for the financial period	2,586	2,770
Currency translation differences on foreign currency net investments	(68)	51
Total recognised gains and losses recognised since the last annual report	2,518	2,821

Reconciliation of movements in shareholders' funds

for the 52 weeks ended 30 January 2010 and 31 January 2009

	2010 £'000	2009 £'000
Profit for the financial period	2,586	2,770
Currency translation differences on foreign currency net investments	(68)	51
Net movement in shareholders' funds	2,518	2,821
Opening shareholders' funds	11,805	8,984
Closing shareholders' funds	14,323	11,805

Notes to the financial statements

for the 52 weeks ended 30 January 2010

1. Accounting policies

Basis of preparation

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

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 company These facilities have recently been renewed for the year to 31 January 2011 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 company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company 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

Consolidation

No consolidated financial statements have been prepared as the company itself is a wholly owned subsidiary of Silentnight Holdings Limited, a company incorporated in Great Britain and registered in England and Wales Silentnight Holdings Limited produces consolidated financial statements including the results of ABF Limited

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

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 period Gains and losses arising on these translations are taken to reserves

Notes to the financial statements

for the 52 weeks ended 30 January 2010

1. Accounting policies (continued)

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
Long and short leasehold property	-	over the period of the lease
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

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 period

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the period Differences between contributions payable in the period 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

Notes to the financial statements

for the 52 weeks ended 30 January 2010

1. Accounting policies (continued)

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

2. Turnover

Turnover, which is stated net of trade discounts, allowances and value added tax, is attributable to the manufacture of beds and bedroom related products

	2010	*2009*
	£'000	*£'000*
United Kingdom and Eire	106,830	96,551
Mainland Europe	271	69
Rest of World	-	6
	107,101	96,626

3. Operating costs

	2010	*2009*
	£'000	*£'000*
Cost of sales	71,527	64,460
Distribution expenses	21,894	18,779
Administrative expenses	9,568	8,716
	102,989	91,955

4. Profit on ordinary activities before interest and taxation

		2010	*2009*
		£'000	*£'000*
Profit on ordinary activities before interest and taxation is stated after charging/(crediting)			
Depreciation		2,678	2,003
Amortisation of intangible assets		730	730
Loss/(profit) on disposal of fixed assets		1	(71)
Leasing and hire charges	land and buildings	1,654	1,199
	plant and machinery	906	597
Government grants		(7)	-
Research and development costs		303	185

Notes to the financial statements

for the 52 weeks ended 30 January 2010

4. Profit on ordinary activities before interest and taxation (continued)

	2010	*2009*
	£'000	*£'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	65	58
Total audit fees	65	58

No non-audit fees were payable to the auditors in either period The audit fees of subsidiary entities were borne by the company in the period

5. Acquisitions

On 1 February 2009, the company acquired the trade and assets of Rest Assured Limited (a fellow group company) Assets and liabilities totalling £3,917,000 were transferred at their net book value No fair value adjustments arose

The assets and liabilities acquired comprised

	£'000
Tangible fixed assets	2,018
Stocks	592
Debtors	3,860
Cash at bank and in hand	53
Creditors due within one year	(2,666)
	3,917

The loss after tax incurred by Rest Assured Limited in the 52 weeks to 31 January 2009 was £954,000

6. 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 The emoluments of the remaining directors are as follows

	2010	*2009*
	£'000	*£'000*
Aggregate emoluments	193	218
Compensation for loss of office	147	-
	340	218

The remuneration of the highest paid director including benefits in kind was £83,000 (2009 - £136,000) The accrued pension entitlement of the highest paid director was £11,000 (2009 - £21,000) Retirement benefits are accruing to 2 (2009 - 2) directors under the group's defined benefit scheme, and no (2009 - no) directors under money purchase schemes

Notes to the financial statements

for the 52 weeks ended 30 January 2010

7. Employee information

	2010	2009
	£'000	£'000
Employee costs		
Wages and salaries	27,628	23,872
Social security costs	2,428	2,199
Pension costs	931	805
	30,987	26,876

	Number	Number
Average number of persons employed		
Production	824	742
Sales and distribution	283	258
Administration	87	77
	1,194	1,077

8. Net interest payable

	2010	2009
	£'000	£'000
Interest payable on		
Bank loans and overdrafts		
Repayable within five years	(305)	(590)
Interest receivable	1	-
	(304)	(590)

Notes to the financial statements

for the 52 weeks ended 30 January 2010

9. Taxation on profit on ordinary activities

i) Analysis of tax charge in the period

	2010	*2009*
	£'000	*£'000*
Current tax		
Overseas withholding tax	1	-
Total current tax (note 9(ii))	1	-
Deferred tax (note 17)		
Origination and reversal of timing differences	1,227	1,409
Adjustment in respect of prior period	(6)	(98)
	1,222	1,311

ii) Factors affecting tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK 28% (2009 - 28 33%)

The differences are explained below

	2010	*2009*
	£'000	*£'000*
Profit on ordinary activities before tax	3,808	4,081
Profit on ordinary activities before tax at 28% (2009 - 28 33%)	1,066	1,156
Effects of		
Expenses not deductible for tax purposes	211	229
Depreciation lower than capital allowances	(336)	(353)
Prior year losses utilised	(966)	(1,192)
Other timing differences	75	121
Other	(1)	39
Transfer pricing adjustment	(48)	-
Total current tax	1	-

iii) Factors that may affect future tax charges

A deferred tax asset has been recognised in respect of tax losses totalling £15,954,000 (2009 - £14,011,000), 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

Notes to the financial statements

for the 52 weeks ended 30 January 2010

10. Intangible fixed assets

Trademarks

	£'000
Cost	
At 31 January 2009 and 30 January 2010	18,200
Amortisation	
At 31 January 2009	10,109
Charge for the financial period	730
At 30 January 2010	10,839
Net book value	
At 30 January 2010	7,361
At 31 January 2009	8,091

11. Tangible fixed assets

	Freehold property £'000	*Long leasehold property £'000*	*Short leasehold property £'000*	*Equipment, plant and vehicles £'000*	*Total £'000*
Cost or valuation					
At 31 January 2009	200	-	-	32,845	33,045
Foreign exchange movements	-	(2)	-	(12)	(14)
Additions	-	-	-	1,059	1,059
Group transfers	-	-	72	9,034	9,106
Disposals	-	(37)	-	(683)	(720)
Reclassification	-	61	-	(61)	-
At 30 January 2010	200	22	72	42,182	42,476
Depreciation					
At 31 January 2009	-	-	-	22,147	22,147
Foreign exchange movements	-	(3)	-	(9)	(12)
Charge for the financial period	-	2	3	2,673	2,678
Group transfers	-	-	38	5,600	5,638
Disposals	-	(25)	-	(667)	(692)
Reclassification	-	48	-	(48)	-
At 30 January 2010	-	22	41	29,696	29,759
Net book value					
At 30 January 2010	200	-	31	12,486	12,717
At 31 January 2009	200	-	-	10,698	10,898

Notes to the financial statements

for the 52 weeks ended 30 January 2010

11. Tangible fixed assets (continued)

A professional revaluation of company 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 The valuation was prepared in accordance with the Statement of Asset Valuation Practice and Guidance Notes, published by the Royal Institution of Chartered Surveyors The directors are not aware of any material change in value since this valuation

Freehold property also includes £200,000 (2009 - £200,000) in respect of land which is not depreciated

Future capital expenditure

	2010	2009
	£'000	£'000
No provision has been made for		
Expenditure for which contracts have been placed	90	537

12. Investments

	Shares in subsidiaries	Loans due to subsidiaries	Total
	£'000	£'000	£'000
Cost			
At 30 January 2010 and 31 January 2009	524	(14)	510
Amounts provided			
At 30 January 2010 and 31 January 2009	510	-	510
Net book value			
At 30 January 2010 and 31 January 2009	14	(14)	-

Details of subsidiary undertakings are given in note 24

13. Stocks

	2010	2009
	£'000	£'000
Raw material and consumables	2,454	1,833
Work in progress	575	428
Finished goods	1,798	1,395
	4,827	3,656

Notes to the financial statements

for the 52 weeks ended 30 January 2010

14. Debtors

	2010	*2009*
	£'000	*£'000*
Deferred tax (see note 17)	5,413	4,608
Trade debtors	13,672	11,962
Other debtors	3	1
Prepayments and accrued income	1,143	1,342
Amounts due from group undertakings	94	69
	20,325	17,982

15. Creditors: amounts falling due within one year

	2010	*2009*
	£'000	*£'000*
Bank overdraft	844	3,155
Trade creditors	11,159	9,813
Amounts owed to group undertakings	802	477
Other taxation and social security	3,010	2,212
Accruals and deferred income	5,315	3,170
	21,130	18,827

The bank overdraft is secured against certain of the group's assets (2009 – secured)

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

	2010	*2009*
	£'000	*£'000*
Accruals and deferred income	5	-
Amount due to holding company	9,870	10,000
	9,875	10,000

17 Deferred tax

	Total
	£'000
At 31 January 2009	4,608
Arising in the financial period	(1,221)
Group transfers (i)	2,026
At 30 January 2010	5,413

(i) The Group transfers relate to the assets and liabilities transferred to ABF Limited from Rest Assured Limited (a fellow group company) on 1 February 2009, which included a deferred tax asset of £2,026,000

Notes to the financial statements

for the 52 weeks ended 30 January 2010

17. Deferred tax (continued)

		2010		2009
	Amount provided £'000	Amount unprovided £'000	Amount provided £'000	Amount unprovided £'000
Depreciation in excess of capital allowances	589	-	424	-
Tax losses carried forward	4,467	-	3,923	-
Other timing differences	357	-	261	-
	5,413	-	4,608	-

The deferred tax asset of £5,413,000 (2009 - £4,608,000) is included within debtors (note 14)

18. Called up share capital

	2010 £'000	2009 £'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

	Share capital £'000	Profit and loss account £'000	Total £'000
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
Retained profit for the financial period	-	2,586	2,586
Foreign exchange adjustments	-	(68)	(68)
Balance at 30 January 2010	62	14,261	14,323

Notes to the financial statements

for the 52 weeks ended 30 January 2010

20. Lease commitments

At 30 January 2010 the company had annual commitments under operating leases expiring as follows

	2010	*2009*
	£'000	*£'000*
(a) Land and buildings		
Expiring within one year	13	50
Expiring in over 5 years	2,264	1,736
	2,277	1,786

	2010	*2009*
	£'000	*£'000*
(b) Plant and machinery		
Expiring within one year	96	56
Expiring within 1 to 2 years	255	111
Expiring within 2 to 5 years	389	350
Expiring in over 5 years	87	50
	827	567

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 £18,288,000 (2009 - £12,339,000)

The total pension cost for the company was £931,000 (2009 - £805,000) made up as follows

	2010	*2009*
	£'000	*£'000*
Silentnight Group Defined Benefit Scheme (DBS)	480	395
UK defined contribution scheme	429	390
Overseas schemes	22	20
	931	805

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

Notes to the financial statements

for the 52 weeks ended 30 January 2010

21. Pensions (continued)

A contribution by Silentnight Group Limited of approximately £500,000 in addition to the employer's regular contribution of 17 0% of pensionable earnings, is being made for the year commencing 1 February 2010 to reduce the deficit in the defined benefit scheme Additional amounts of a similar sum and/or a variable amount dependent on pre-tax profits are to be paid in subsequent years commencing 1 February 2011 A further review of contributions payable will be undertaken by 28 February 2013

The unpaid contributions outstanding at the period end in respect of the UK defined contribution schemes, included in creditors (note 15) are £38,000 (2009 - £30,000)

The charge of £22,000 (2009 - £20,000) 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 company has derivatives which are not included at fair value in the accounts

		Principal		*Fair value*
	2010	*2009*	*2010*	*2009*
	£'000	*£'000*	*£'000*	*£'000*
Forward foreign exchange contracts	5,368	1,746	5,235	1,980

The company 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

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 30 January 2010, 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