

**ABF LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**2 FEBRUARY 2002**

**Registered Number 273919**



# **ABF LIMITED**

## **REPORT AND FINANCIAL STATEMENTS**

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## **ABF LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the 52 weeks ended 2 February 2002.

#### **1. Activities**

The company manufactures furniture including mattresses, divans, bedsteads, headboards, cabinets and components.

#### **2. Results and Dividends**

The directors are pleased to report a profit of £9,727,000 (2001 restated : £8,525,000) for the financial year, further details of which are given in the profit and loss account on page 6 and in the notes to the financial statements. The satisfactory level of trading is expected to continue.

The directors recommend the payment of a dividend of £9,727,000 (2001: £9,692,000).

#### **3. Directors and their Interests**

The directors of the company at the year end and changes during the year were:

W Simpson  
S P Gill  
S Martin  
D W Adam  
R R Brown  
A Clark  
J Edwards  
K Mullen  
P Marchant

There have been no changes in directors since 2 February 2002.

The directors have no interest in the shares of the company. The directors' interests in the shares of the immediate holding company and ultimate holding company are disclosed in the directors' reports of those companies. Save as disclosed, none of the directors had an interest of a material nature in any contract to which the parent company or its subsidiaries was a party during the financial year.

#### **4. Fixed Assets**

The divisions and subsidiary companies have pursued the normal policy of adding to and replacing fixed assets as and when necessary. Details of the movements are set out in note 11.

## **ABF LIMITED**

### **DIRECTORS' REPORT**

#### **5. Employee Communications**

During the year the group has continued to inform employees about matters which affect their working lives. The Group newspaper is circulated to all employees.

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.

#### **6. 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.

#### **7. Donations**

Charitable donations during the year amounted to £3,700 (2001 : £10,385).

#### **8. 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:

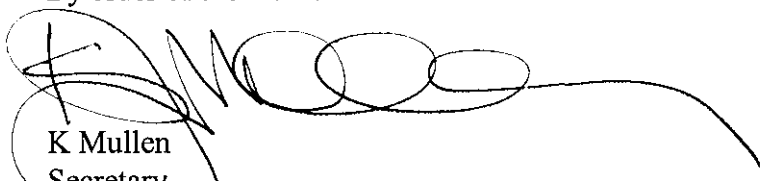
- agree the terms of payment with each supplier;
- pay in accordance with contractual and other legal obligations.

Trade creditors shown in the company's balance sheet at 2 February 2002 represents 48 days (2001 : 52 days) of average purchases during the year.

#### **9. Auditors**

KPMG Audit Plc resigned as auditors during the year and Ernst & Young LLP were appointed as auditors in their place.

By order of the Board



K Mullen  
Secretary  
17 April 2002

## **ABF LIMITED**

### **DIRECTORS' RESPONSIBILITIES in relation to the financial statements**

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss for that year. In preparing those financial statements the directors are required to:

- select appropriate accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for ensuring that the company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The above statement should be read in conjunction with the statement of the auditor's responsibilities set out on page 5.

## **ABF LIMITED**

### **INDEPENDENT AUDITORS' REPORT to the members of ABF Limited**

We have audited the company's financial statements for the 52 weeks ended 2 February 2002 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Reconciliation of Shareholders' Funds and the related notes 1 to 25. These financial statements have been prepared on the basis of the accounting policies set out therein.

#### **Respective responsibilities of the directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the group and the company as at 2 February 2002 and of the group's profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
Leeds  
17 April 2002

# ABF LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT for the 52 weeks ended 2 February 2002

	Note	2002 £'000	2001 (restated note 1(g) ) £'000
TURNOVER		<u>201,334</u>	<u>195,203</u>
OPERATING COSTS	2	188,058	181,566
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST	3	<u>13,276</u>	<u>13,637</u>
Net interest receivable/(payable)	6	67	(19)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>13,343</u>	<u>13,618</u>
Tax on profit on ordinary activities	7	<u>(3,616)</u>	<u>(5,093)</u>
PROFIT FOR THE FINANCIAL YEAR		9,727	8,525
Dividends	9	<u>(9,727)</u>	<u>(9,693)</u>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	19	<u>-</u>	<u>(1,168)</u>

2001 comparatives have been adjusted for the adoption of FRS19 (see note 20).

**ABF LIMITED**

**CONSOLIDATED BALANCE SHEET**

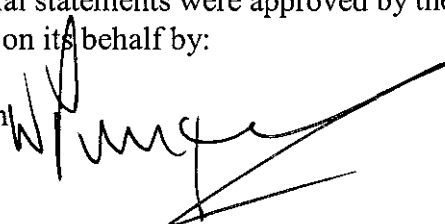
**At 2 February 2002**

	Note	2002	2001 (restated note 1(g) )
		£'000	£'000
<b>FIXED ASSETS</b>			
Intangible Assets	10	16,456	17,366
Tangible assets	11	47,901	45,214
		-----	-----
		64,357	62,580
		-----	-----
<b>CURRENT ASSETS</b>			
Stocks	13	8,959	9,407
Debtors	14	31,302	27,681
Cash at bank and in hand		6,635	12,758
		-----	-----
		46,896	49,846
		-----	-----
<b>CREDITORS : Amounts falling due within one year</b>	15	44,642	44,254
		-----	-----
<b>NET CURRENT ASSETS</b>		2,254	5,592
		-----	-----
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		66,611	68,172
		-----	-----
<b>CREDITORS : Amounts falling due after more than one year</b>	16	44,380	47,330
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	17	2,785	1,385
		-----	-----
		47,165	48,715
		-----	-----
<b>NET ASSETS</b>		19,446	19,457
		-----	-----
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	62	62
Revaluation reserve	19	8,355	8,355
Profit and loss account	19	11,029	11,040
		-----	-----
<b>EQUITY SHAREHOLDERS' FUNDS</b>		19,446	19,457
		-----	-----

2001 comparatives have been adjusted for the adoption of FRS19 (see note 20).

The financial statements were approved by the Board of Directors on 17 April 2002  
and signed on its behalf by:

W Simpson  
Director





**ABF LIMITED**

**COMPANY BALANCE SHEET**

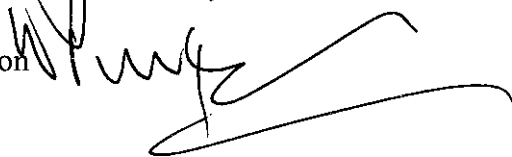
**At 2 February 2002**

	Note	2002	2001 (restated note 1(g) )
		£'000	£'000
<b>FIXED ASSETS</b>			
Intangible Assets	10	16,456	17,366
Tangible assets	11	21,848	20,444
Investments	12	14,855	13,348
		-----	-----
		53,159	51,158
		-----	-----
<b>CURRENT ASSETS</b>			
Stocks	13	8,959	9,407
Debtors	14	31,512	27,661
Cash at bank and in hand		7,559	14,264
		-----	-----
		48,030	51,332
		-----	-----
<b>CREDITORS : Amounts falling due within one year</b>	15	44,665	44,031
		-----	-----
<b>NET CURRENT ASSETS</b>		3,365	7,301
		-----	-----
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		56,524	58,459
		-----	-----
<b>CREDITORS : Amounts falling due after more than one year</b>	16	43,973	46,913
		-----	-----
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	17	1,443	560
		-----	-----
		45,416	47,473
		-----	-----
<b>NET ASSETS</b>		11,108	10,986
		-----	-----
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	62	62
Profit and loss account	19	11,046	10,924
		-----	-----
<b>EQUITY SHAREHOLDERS' FUNDS</b>		11,108	10,986
		-----	-----

2001 comparatives have been adjusted for the adoption of FRS19 (see note 20).

The financial statements were approved by the Board of Directors on 17 April 2002 and signed on its behalf by:

W Simpson  
Director



**ABF LIMITED****CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****for the 52 weeks ended 2 February 2002**

	Note	2002	2001 (restated note 1(g) )
		£'000	£'000
Profit for the financial year		9,727	8,525
Currency translation differences on foreign currency net investments		(11)	20
Surplus on revaluation of properties		-	3,588
Prior year adjustment	1g	(1,572)	-
Total recognised gains and losses for the financial year		<u>8,144</u>	<u>12,133</u>

**CONSOLIDATED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS****for the 52 weeks ended 2 February 2002**

	Note	2000	2001 (restated note 1(g) )
		£'000	£'000
Profit for the financial year		9,727	8,525
Dividends		(9,727)	(9,693)
Retained loss for the year		-	(1,168)
Currency Translation differences on foreign currency net investments		(11)	20
Surplus on revaluation of properties		-	3,588
Net (reduction)/addition to shareholders' funds		<u>(11)</u>	<u>2,440</u>
Opening shareholders' funds – as previously stated 1g		21,029	17,420
Prior year adjustment		(1,572)	(403)
Opening shareholders' funds – restated		<u>19,457</u>	<u>17,017</u>
Closing shareholders' funds		<u>19,446</u>	<u>19,457</u>

**STATEMENT OF HISTORICAL COST PROFIT**

There is no material difference between the results as disclosed in the profit and loss account and the results on an unmodified historic cost basis.

## **ABF LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 2 February 2002**

#### **1. Accounting Policies**

##### **(a) Accounting convention**

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 accounting standards. During the year the Group adopted the disclosures in accordance with the transitional provisions of FRS17 'Retirement Benefits' and the full provisions of FRS19 'Deferred Tax'.

##### **(b) Basis of consolidation**

The consolidated financial statements include the financial statements of the parent company and all its subsidiary undertakings made up to 2 February 2002.

##### **(c) Goodwill**

Goodwill arising on acquisitions of subsidiaries and businesses prior to 31 January 1998 was written off to reserves as incurred. Such goodwill is charged against the profit for the year in which any disposal of subsidiaries takes place. Goodwill arising on the acquisition of subsidiaries and businesses completed after 31 January 1998 will be capitalised as an intangible asset and written off over its economic useful life.

##### **(d) 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.

##### **(e) Tangible fixed assets**

Fixed assets are included in the financial statements either at cost or valuation. Depreciation is provided to write off the cost or valuation 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
Office fixtures and fittings, computers and office equipment	-	10% - 33% per annum

## **ABF LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 2 February 2002**

#### **1. Accounting Policies (continued)**

##### **(e) Tangible fixed assets (continued)**

The Directors have reviewed the useful economic lives of all items of plant and machinery and other assets during the financial year. Following this review, the lives of these assets have been increased from 8 to 10 years. This is felt to be a fairer reflection of the actual lives of these assets. The depreciation charge for the year has been reduced by approximately £818,000 following this change.

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.

##### **(f) 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.

##### **(g) Taxation**

Deferred tax is provided at the appropriate rate on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements except where the tax reduction is expected to continue for the foreseeable future.

The Group has changed its accounting policy on deferred tax to comply with the requirements of FRS19 'Deferred Tax'. The change in accounting policy is reflected by way of a prior year adjustment and the prior year comparisons have been adjusted accordingly. The effect of the prior year adjustment is to increase the tax charge for the 53 weeks ended 3 February 2001 by £1,169,000 and the deferred tax provision at 3 February 2001 by £1,572,000 and at 29 January 2000 by £403,000. The effect on the accounts is disclosed in note 20.

##### **(h) Interest on capital projects**

The interest in respect of loans specifically financing the cost of the construction of new factories is capitalised and included in fixed assets.

##### **(i) Finance leases**

Assets held under finance leases are capitalised and included in tangible fixed assets at fair value. The obligations relating to finance leases, net of finance charges in respect of future periods, are included as appropriate under creditors due within, or creditors due after, one year. Finance charges are amortised over the lease term to reflect a constant rate of interest on the remaining balance of the obligation.

##### **(j) 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.

## **ABF LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 2 February 2002**

#### **1. Accounting Policies (continued)**

##### **(k) Pension costs**

The expected cost of providing pensions under the company's defined benefit scheme, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll. Costs incurred in respect of defined contribution schemes are charged to the profit and loss account in accordance with the period to which the contributions relate.

##### **(l) Investments**

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

##### **(m) 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.

##### **(n) 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 Plc, whose consolidated financial statements include a cash flow statement dealing with the cash flows of the group.

##### **(o) Related party transaction**

As the company is a wholly owned subsidiary of Silentnight Holdings Plc the company has taken advantage of the exemption contained within FRS 8 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.

#### **2. Operating Costs**

	2002 £'000	2001 £'000
Cost of sales	134,449	128,824
Distribution expenses	35,886	35,278
Administrative expenses	17,723	17,464
	<u>188,058</u>	<u>181,566</u>

## ABF LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 2 February 2002

#### 3. Profit before interest

	2002 £'000	2001 £'000
Profit before interest is stated after charging/(crediting):		
Depreciation	5,147	5,694
Amortisation of intangible assets	910	834
Profit on disposal of fixed assets	(59)	(20)
Auditors remuneration: audit	94	110
Leasing and hire charges: land & buildings	220	186
plant & machinery	1,027	971
Exchange loss on foreign currency borrowings/deposits	7	5
Government grants	(128)	(156)

Depreciation charged to operating profit in the year represents the full amount written off fixed assets as adjusted for the amounts included in the valuation of opening and closing stock.

#### 4. Remuneration of Directors

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

	2002 £'000	2001 £'000
Aggregate emoluments	280	317
Compensation for loss of office	-	81
	-----	-----
	280	398
	=====	=====

The remuneration of the highest paid director including benefits in kind was £164,057 (2001:£150,000). The accrued pension entitlement of the highest paid director was £21,056 (2001:£18,318). Retirement benefits are accruing to 7 (2001:6) directors under the group's defined benefit scheme.

**ABF LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the 52 weeks ended 2 February 2002****5. Employee Information**

	2002 £'000	2001 £'000
Employee costs:		
Wages and salaries	53,502	52,011
Social security costs	4,671	4,651
Other pension costs	1,482	948
	<u>59,655</u>	<u>57,610</u>

Average number of persons employed:	Number	Number
Production	2,383	2,353
Sales and distribution	670	662
Administration	199	212
	<u>3,252</u>	<u>3,227</u>

**6. Net Interest Receivable/(Payable)**

	2002 £'000	2001 £'000
Interest payable on:		
Finance leases	(6)	(18)
Bank loans and overdrafts:		
Repayable within five years	(1)	(1)
	<u>(7)</u>	<u>(19)</u>
Interest receivable	74	-
	<u>67</u>	<u>(19)</u>

**ABF LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the 52 weeks ended 2 February 2002****7. Taxation on Profit on Ordinary Activities****i) Analysis of tax charge in year**

	2002	2001 (restated)
	£'000	£'000
Current tax:		
UK Corporation tax at 30% (2001 : 30%)	208	3,038
Group relief payable	2,640	300
Adjustments in respect of prior year	(632)	(1)
	<u>2,216</u>	<u>3,337</u>
Deferred tax:		
Origination and reversal of timing differences	1,400	1,756
	<u>3,616</u>	<u>5,093</u>

**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 (30%).

The differences are explained below:

	2002	2001 (restated)
	£'000	£'000
Group profit on ordinary activities before tax	13,343	13,618
Group profit on ordinary activities before tax at 30%	<u>4,003</u>	<u>4,085</u>
Effects of:		
Expenses/income not deductible/ taxable for tax purposes	(409)	350
Depreciation in excess of capital allowances	268	(15)
Difference between paid and expensed charges on income	(5)	-
Adjustments to tax charge in respect of prior years	(632)	(1)
Group relief not paid for	(1,080)	(607)
Other timing differences	71	(475)
Total current tax	<u>2,216</u>	<u>3,337</u>



## ABF LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 2 February 2002

#### 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 year included within the consolidated profit and loss account is £9,860,000 (2001: £9,694,000).

9. Dividends	2002 £'000	2001 £'000
Equity shares:		
Proposed final: £155.81 per share (2001: £155.26 per share)	9,727	9,693
	<u>          </u>	<u>          </u>

#### 10. Intangible Fixed Assets Group and Company Trademarks

	£'000
Cost or Valuation :	
At 3 February 2001 and 2 February 2002	18,200
Depreciation:	<u>          </u>
At 3 February 2001	834
Charge for the year	910
	<u>          </u>
At 2 February 2002	1,744
	<u>          </u>
Net Book Value :	16,456
At 2 February 2002	<u>          </u>
At 3 February 2001	<u>          </u>
	<u>          </u>

# ABF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 2 February 2002

### 11. Tangible Fixed Assets

	Freehold property £'000	Equipment, plant and vehicles £'000	Group Total £'000	Company Equipment, plant and vehicles £'000
Cost or Valuation:				
At 4 February 2001	24,982	62,631	87,613	62,631
Foreign exchange movements	-	(8)	(8)	(8)
Additions	1,716	6,206	7,922	6,206
Group transfers	-	(17)	(17)	(17)
Reclassification	-	(151)	(151)	(151)
Disposals	-	(2,021)	(2,021)	(2,021)
	-----	-----	-----	-----
At 2 February 2002	26,698	66,640	93,338	66,640
	-----	-----	-----	-----
Depreciation:				
At 4 February 2001	212	42,187	42,399	42,187
Foreign exchange movements	-	(6)	(6)	(6)
Charge for the year	433	4,701	5,134	4,701
Group transfers	-	(24)	(24)	(24)
Reclassification	-	(151)	(151)	(151)
Disposals	-	(1,915)	(1,915)	(1,915)
	-----	-----	-----	-----
At 2 February 2002	645	44,792	45,437	44,792
	-----	-----	-----	-----
Net Book Value:				
At 2 February 2002	26,053	21,848	47,901	21,848
	=====	=====	=====	=====
At 3 February 2001	24,770	20,444	45,214	20,444
	=====	=====	=====	=====

Freehold property also includes £3,368,000 (2001 : £3,316,000) in respect of land that is not depreciated.

The net book value of finance leases, included in tangible fixed assets amounted to £8,000 (2001: £88,000). The depreciation charge for the year in respect of finance leases was £80,000 (2001: £231,000).

## ABF LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 2 February 2002

#### 11. Tangible Fixed Assets continued

A professional revaluation of Group freehold property in the UK was undertaken in July 2000 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 two specialised properties which were valued on a depreciated replacement cost basis and three other properties which were valued at open market value. The valuation was prepared in accordance with the Statement of Asset Valuation Practice and Guidance Notes, published by the Royal Institution of Chartered Surveyors.

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

	2002	2001
	£'000	£'000
Cost	20,750	19,034
Aggregate depreciation	(2,974)	(2,534)
	-----	-----
Net book value	17,776	16,500
	=====	=====

#### Future capital expenditure

	Group 2002 £'000	Company 2002 £'000	Group 2001 £'000	Company 2001 £'000
No provision has been made for: Expenditure for which contracts have been placed	765	616	4,303	2,891
	=====	=====	=====	=====

#### 12. Investments held as Fixed Assets

	Shares in subsidiaries	Loans to subsidiaries	Total
Company			
Cost or valuation:	£'000	£'000	£'000
At 3 February 2001	2,192	12,435	14,627
Net movements on loans	-	1,507	1,507
	-----	-----	-----
At 2 February 2002	2,192	13,942	16,134
	-----	-----	-----
Amounts provided:			
At 3 February 2001 and 2 February 2002	999	280	1,279
	-----	-----	-----
Net Book Value:			
At 2 February 2002	1,193	13,662	14,855
	=====	=====	=====
At 3 February 2001	1,193	12,155	13,348
	=====	=====	=====

# ABF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 2 February 2002

### 13. Stocks

	Group and Company	
	2002	2001
	£'000	£,000
Raw material and consumables	4,443	4,605
Work in progress	1,709	1,709
Finished goods	2,807	3,093
	-----	-----
	8,959	9,407
	=====	=====

### 14. Debtors

	2002		2001	
	Group	Company	Group	Company
	£'000	£'000	(restated) £'000	(restated) £'000
Due within one year:				
Trade debtors	26,406	26,406	25,014	25,014
Corporation Tax	1,535	1,663	-	-
Other debtors	107	106	175	175
Prepayments and accrued income	2,692	2,692	2,062	2,062
Amounts due from group undertakings	562	645	430	410
	-----	-----	-----	-----
	31,302	31,512	27,681	27,661
	=====	=====	=====	=====

### 15. Creditors : Amounts falling due within one year

	2002		2001	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Bank overdraft	35	35	-	-
Trade creditors	15,903	15,903	16,379	16,379
Amounts owed to group undertakings	4,437	4,479	2,712	2,773
Corporation tax	-	-	2,129	1,934
Other taxation and social security	5,796	5,796	6,183	6,206
Accruals and deferred income	7,240	7,221	6,671	6,656
Other creditors	1,504	1,504	487	390
Proposed dividend	9,727	9,727	9,693	9,693
	-----	-----	-----	-----
	44,642	44,665	44,254	44,031
	=====	=====	=====	=====

None of the bank borrowings was secured at 2 February 2002 (2001: none secured).

# ABF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 2 February 2002

### 16. Creditors : Amounts falling due after more than one year

	2002		2001	
	Group £'000	Company £'000	Group £'000	Company £'000
Accruals and deferred income	594	187	3,544	3,127
Amount due to Holding Company (note 23)	43,786	43,786	43,786	43,786
	<u>44,380</u>	<u>43,973</u>	<u>47,330</u>	<u>46,913</u>

### 17. Provision for Liabilities and Charges

	Group £'000	Company £'000
Provided deferred taxation (restated) At 4 February 2001	1,385	560
Arising in the year	1,400	883
At 2 February 2002	<u>2,785</u>	<u>1,443</u>

Deferred taxation is included in the accounts as follows:

	2002		2001	
	Amount provided £'000	Amount unprovided £'000	Amount provided (restated) £'000	Amount unprovided (restated) £'000
Group:				
Accelerated capital allowances	2,942	-	1,992	-
Other timing differences	(157)	1,942	(607)	1,942
	<u>2,785</u>	<u>1,942</u>	<u>1,385</u>	<u>1,942</u>
Company:				
Accelerated capital allowances	1,600	-	1,167	-
Other timing differences	(157)	1,871	(607)	1,871
	<u>1,443</u>	<u>1,871</u>	<u>560</u>	<u>1,871</u>

**ABF LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**for the 52 weeks ended 2 February 2002****18. Called Up Share Capital**

	2002 £'000	2001 £'000
Authorised:		
75,000 ordinary shares of £1 each	75	75
	=====	=====
Allotted and fully paid:		
62,427 ordinary shares of £1 each	62	62
	=====	=====

**19. Retained Profits and Reserves**

	Group Revaluation reserve £'000	Profit and loss £'000	Company Profit and loss £'000
At 4 February 2001 – as previously stated	8,355	12,612	11,671
Prior year adjustment	-	(1,572)	(747)
	-----	-----	-----
At 4 February 2001 – restated	8,355	11,040	10,924
Retained profit for the year	-	-	133
Foreign exchange adjustments	-	(11)	(11)
	-----	-----	-----
At 2 February 2002	8,355	11,029	11,046
	=====	=====	=====

The cumulative amount of goodwill written off against Group profit and loss account reserves in respect of acquisitions prior to 31 January 1998 when FRS10: 'Goodwill and Intangible Assets' was adopted amounts to £1,460,000 (2001 : £1,460,000). No negative goodwill is included within reserves.

**ABF LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**for the 52 weeks ended 2 February 2002****20. Prior Year Adjustment**

The Group has adopted FRS19 'Deferred Tax' in these accounts. The change in accounting policy is reflected by way of a prior year adjustment, the effects of which are shown in the table below:

<b>Group</b>	Debtors £'000	Provisions for liabilities and charges £'000	Profit and loss account £'000	Shareholders funds £'000
As at 4 February 2001 as previously reported	27,868	-	12,612	21,029
Adoption of FRS19 at 29 January 2000	(187)	216	(403)	(403)
During year ended 3 February 2001	-	1,169	(1,169)	(1,169)
Adoption of FRS19 At 3 February 2001	(187)	1,385	(1,572)	(1,572)
As at 4 February 2001 Restated	27,681	1,385	11,040	19,457

<b>Company</b>	Debtors £'000	Provisions for liabilities and charges £'000	Profit and loss account £'000	Shareholders funds £'000
As at 4 February 2001 as previously reported	27,848	-	11,671	11,733
Adoption of FRS19 at 29 January 2000	(187)	(597)	410	410
During year ended 3 February 2001	-	1,157	(1,157)	(1,157)
Adoption of FRS19 At 3 February 2001	(187)	560	(747)	(747)
As at 4 February 2001 Restated	27,661	560	10,924	10,986

## ABF LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 2 February 2002

#### 21. Leases

At 2 February 2002 the group had annual commitments under operating leases expiring as follows:

	2002 £'000	2001 £'000
<b>(a) Land and buildings</b>		
Expiring within one year	16	14
Expiring within 1 to 2 years	-	16
Expiring within 2 to 5 years	128	128
Expiring in over 5 years	26	26
	<hr/> 170	<hr/> 184
	<hr/>	<hr/>
<b>(b) Other assets</b>		
Expiring within one year	248	206
Expiring within 1 to 2 years	273	256
Expiring within 2 to 5 years	223	103
Expiring in over 5 years	-	37
	<hr/> 744	<hr/> 602
	<hr/>	<hr/>

#### 22. Pension commitments

Silentnight Holdings Plc operates a number of pension schemes. Currently the main UK schemes are defined benefit arrangements. These schemes are funded by contributions from group companies and their assets are held in separate, trustee administered funds. The pension benefits for the company's employees are provided within the group schemes with company contributions being based on pension costs across the group as a whole. As such the company is unable to identify its share of the underlying assets and liabilities.

The group also operates a defined contribution scheme and certain of the company's employees are members of this scheme.

The latest formal valuation of the Silentnight Retirement Benefits Scheme took place as at 1 January 1999 and this showed that the value of the scheme assets was sufficient to cover 102% of the value of members' accrued benefits, after allowing for projected future increases in pensionable remuneration in respect of members in service.

The latest formal valuation of the Silentnight Holdings Plc Scheme No 1 took place as at 5 April 2000 and this showed that the value of the scheme assets was sufficient to cover 108% of the value of members' accrued benefits, after allowing for projected future increases in pensionable remuneration in respect of members in service.



## ABF LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 2 February 2002

#### 22. Pension commitments continued

Full details of the schemes including details of the latest actuarial valuations are contained within the financial statements of Silentnight Holdings Plc. The total pension cost for the group was £1,482,000 (2001: £948,000) made up as follows:

	2002 £'000	2001 £'000
UK defined benefit scheme		
- Silentnight Retirement Benefits Scheme	907	846
- Silentnight Holdings Plc Scheme No. 1 (formerly Cornwell Parker plc)	3	-
UK defined contribution scheme	521	56
Overseas schemes	51	46
	<hr/>	<hr/>
	1,482	948
	<hr/>	<hr/>

In accordance with the requirements of FRS 17 the following information is provided relating to the pension arrangements of the Silentnight Group.

The values of the defined benefits schemes' assets have been determined by the actuary, based on the results of the actuarial as at 2 February 2002, and using the following assumptions:

	Silentnight Retirement Benefits Scheme % per annum	Silentnight Holdings Plc Scheme No 1 % per annum
Rate of increase in salaries	4.0	4.0
Rate of increase in pensions in payment		
- all	2.5	-
- pre 6 April 1997	-	3.5
- post 6 April 1997	-	2.5
Rate of revaluation of pensions in deferment	2.5	2.5
Price inflation	2.5	2.5
Discount rate	5.6	5.6

# ABF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 2 February 2002

### 22. Pension commitments continued

At 2 February 2002, the expected long term rates of return and market values of the schemes' assets were:

	Expected Long term return %	Silentnight Retirement Benefits Scheme Market value of assets £'000	Expected long term return %	Silentnight Holdings Plc Scheme No 1 Market value of assets £'000
Equities	7.5	26,094	7.5	41,500
Bonds – Government	4.9	11,317	4.9	3,800
Bonds – Corporate	5.6	2,553	5.6	7,200
Property	-	-	7.5	2,000
Cash	4.5	170	4.5	600
		<u>40,134</u>		<u>55,100</u>

The estimated financial position as at 2 February 2002 was as follows:

	Silentnight Retirement Benefits Scheme £'000	Silentnight Holdings Plc Scheme No 1 £'000
Total market value of assets	40,134	55,100
Present value of scheme liabilities	<u>47,539</u>	<u>54,400</u>
(Deficit)/surplus in the scheme	<u>(7,405)</u>	<u>700</u>
Related deferred tax asset/(liability)	<u>2,222</u>	<u>(210)</u>
Net pension (liability)/asset	<u>(5,183)</u>	<u>490</u>

The agreed future contribution rates are as follows:

	Silentnight Retirement Benefits Scheme % of pensionable salaries	Silentnight Holdings Plc Scheme No 1 % of pensionable salaries
Employers contribution	17.9	Nil
Employees contribution	5/6	5/5.5

## **ABF LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 2 February 2002**

#### **23. Ultimate Holding Company**

The company's immediate holding company is Silentnight Holdings Plc, 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. The consolidated accounts of Famco Holdings Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

#### **24. Subsidiary Companies**

The principal subsidiaries at 2 February 2002, all of which are incorporated in Great Britain and registered in England and Wales, are as follows:

	Percentage of equity held	
	<u>Directly</u>	<u>Indirectly</u>
	%	%
Silentnight Limited	100	
Layezee Limited	100	
Perfecta Bedding Limited	100	
Silentnight Beds Limited	100	
Silentnight Cabinets Limited	100	
Westminster Bedsteads Limited	100	
Sherbury Limited	100	
Sealy Sleep Products (UK) Limited		100
Westminster Pine Limited	100	

All the principal subsidiaries are dormant except Silentnight Limited which manages the group's properties.

#### **25. Contingent Liabilities**

##### **(a) Bank Guarantees**

Group companies have provided cross guarantees in respect of certain bank loans and overdrafts of fellow group companies. The gross cross guarantees at 2 February 2002 totalled £13,096,000 (2001 : £7,227,000).

##### **(b) 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.