

**ABF LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**31 JANUARY 1998**

**Registered Number 273919**



# **ABF LIMITED**

## **REPORT AND FINANCIAL STATEMENTS**

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## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the 52 weeks ended 31 January 1998.

### **1. Activities**

The company manufactures furniture including mattresses, divans, bedsteads, headboards, cabinets and components. With effect from 2 February 1997, the company acquired the whole of the trade and assets of Homeworthy Furniture Limited, a fellow group company.

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

The directors are pleased to report a profit of £9,884,096 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 £9,882,194 (1997: £3,524,004).

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

The directors of the company are shown below:

W Simpson  
B McKenzie

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 a beneficial 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 £7,560 (1997 : £5,017).

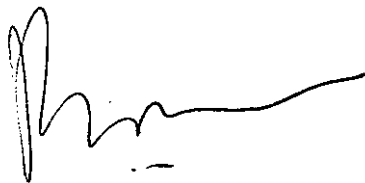
### **8. Creditor Payment Policy**

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 31 January 1998 represents 52 days of average purchases during the year.

By order of the Board



R G Hope  
Secretary  
6 May 1998

## **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 of the group 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 the financial position of the company and the group and which enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and the group and for taking reasonable steps for the prevention of 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**

### **REPORT OF THE AUDITOR to the members of ABF Limited**

We have audited the financial statements as set out on pages 6 to 21.

#### **Respective Responsibilities of the Directors and Auditors**

As described on page 4, the Company's Directors are responsible for the preparation of the financial statements and to report our opinion to you.

#### **Basis of Opinion**

We conducted our audit in accordance with 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 companies 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 Company and the Group as at 31 January 1998 and of the profit of the Group for the 52 weeks then ended, and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Registered Auditor,  
Leeds, 6 May 1998

**ABF LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**For the 52 weeks ended 31 January 1998**

	Notes	Continuing Operations £'000	Acquisitions £'000	1998 £'000 Total	1997 £'000 Total
TURNOVER		144,291	41,600	185,891	134,877
Cost of sales	2	95,551	28,444	123,995	92,102
		-----	-----	-----	-----
GROSS PROFIT		48,740	13,156	61,896	42,775
Operating costs	3	36,831	10,461	47,292	35,485
		-----	-----	-----	-----
OPERATING PROFIT	4	11,909	2,695	14,604	7,290
Net interest payable	7	65	43	108	390
		-----	-----	-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		11,844	2,652	14,496	6,900
Tax on profit on ordinary activities	8	3,768	844	4,612	3,375
		-----	-----	-----	-----
PROFIT FOR THE FINANCIAL YEAR		8,076	1,808	9,884	3,525
Dividends	10	8,074	1,808	9,882	3,524
		-----	-----	-----	-----
RETAINED PROFIT FOR THE FINANCIAL YEAR	19	2	-	2	1
		=====	=====	=====	=====

All operations are continuing.

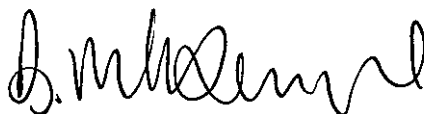
**ABF LIMITED**

**CONSOLIDATED BALANCE SHEET**  
**At 31 January 1998**

	Note	1998 £'000	1997 £'000
<b>FIXED ASSETS</b>			
Tangible assets	11	43,208	36,318
		-----	-----
<b>CURRENT ASSETS</b>			
Stocks	13	11,448	7,920
Debtors	14	25,957	18,105
Cash at bank and in hand		14,419	10,876
		-----	-----
		51,824	36,901
		-----	-----
<b>CREDITORS : Amounts falling due within one year</b>	15	46,726	33,516
		-----	-----
<b>NET CURRENT ASSETS</b>		5,098	3,385
		-----	-----
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		48,306	39,703
		-----	-----
<b>CREDITORS : Amounts falling due after more than one year</b>	16	30,208	21,553
		-----	-----
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	17	-	-
		-----	-----
		30,208	21,553
		-----	-----
<b>NET ASSETS</b>		18,098	18,150
		-----	-----
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	62	62
Revaluation reserve	19	4,911	4,911
Profit and loss account	19	13,125	13,177
		-----	-----
<b>EQUITY SHAREHOLDERS' FUNDS</b>		18,098	18,150
		-----	-----

These financial statements were approved by the Board of Directors on 6 May 1998 and signed on its behalf by:

B McKenzie  
 Director





**ABF LIMITED**

**COMPANY BALANCE SHEET**  
**At 31 January 1998**

	Note	1998 £'000	1997 £'000
<b>FIXED ASSETS</b>			
Tangible assets	11	22,429	15,820
Investments	12	14,161	14,346
		<u>36,590</u>	<u>30,166</u>
<b>CURRENT ASSETS</b>			
Stocks	13	11,448	7,920
Debtors	14	25,995	18,045
Cash at bank and in hand		14,758	10,813
		<u>52,201</u>	<u>36,778</u>
<b>CREDITORS : Amounts falling due within one year</b>	15	46,149	33,295
<b>NET CURRENT ASSETS</b>		<u>6,052</u>	<u>3,483</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>42,642</u>	<u>33,649</u>
<b>CREDITORS : Amounts falling due after more than one year</b>	16	30,899	21,852
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	17	-	-
		<u>30,899</u>	<u>21,852</u>
<b>NET ASSETS</b>		<u>11,743</u>	<u>11,797</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	62	62
Profit and loss account	19	11,681	11,735
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>11,743</u>	<u>11,797</u>

These financial statements were approved by the Board of Directors on 6 May 1998 and signed on its behalf by:

B McKenzie  
 Director



**ABF LIMITED****CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****For the 52 weeks ended 31 January 1998**

	1998 £'000	1997 £'000
Profit for the financial year	9,884	3,525
Currency translation differences on foreign currency net investments	(54)	(21)
Total recognised gains and losses for the financial year	<u>9,830</u>	<u>3,504</u>

**CONSOLIDATED RECONCILIATION OF MOVEMENTS IN  
SHAREHOLDERS' FUNDS****For the 52 weeks ended 31 January 1998**

	1998 £'000	1997 £'000
Profit for the financial year	9,884	3,525
Dividends	(9,882)	(3,524)
	<u>2</u>	<u>1</u>
Other recognised gains and losses relating to the year (net)	(54)	(21)
Net (reduction)/addition to shareholders' funds	<u>(52)</u>	<u>(20)</u>
Opening shareholders' funds	18,150	18,170
Closing shareholders' funds	<u>18,098</u>	<u>18,150</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the 52 weeks ended 31 January 1998**

**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.

**(b) 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 1998.

**(c) Turnover**

Turnover represents amounts invoiced, excluding value added tax, to customers of the group. All turnover and profits before taxation are derived from activities based within the United Kingdom and Eire. The turnover by destination is not materially different to turnover by origin.

**(d) Goodwill**

Goodwill arising on acquisitions of subsidiaries is written off to reserves as incurred. Such goodwill is charged against the profit for the year in which any disposal of subsidiaries takes place.

**(e) Foreign exchange**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and gains or losses on translation are included in the profit and loss account.

**(f) Stocks**

Raw materials have been valued at the lower of cost and net realisable value. Finished goods and work in progress have been valued at cost including raw materials, direct labour and appropriate production overheads, reduced to net realisable value where lower.

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the 52 weeks ended 31 January 1998**

**1. Accounting Policies continued**

**(g) 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	-	12.5% per annum
Motor cars	-	25% per annum
Commercial vehicles	-	16.67% - 25% per annum
Trailers	-	12.5% per annum
Fixtures, equipment, computers	-	10% - 33.33% per annum

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.

**(h) 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. Deferred taxation recoverable is recognised on long term timing differences arising on provisions for pensions.

Advance corporation tax recoverable by deduction from future corporation tax is carried forward within deferred tax or as advanced corporation tax recoverable within debtors as appropriate.

**(i) 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.

**(j) 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 in the remaining balance of the obligation.

**(k) Operating leases**

Rentals under operating leases are charged to the profit and loss account as incurred.

# NOTES TO THE FINANCIAL STATEMENTS

for the 52 weeks ended 31 January 1998

## 1. Accounting Policies continued

### (l) Pension costs

The expected cost of providing pensions, 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.

### (m) Investments

Shares in the group companies are stated at cost less provisions for permanent diminution in value. Investments held as current assets are stated at the lower of cost and net realisable value.

### (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.

## 2. Cost of Sales

Cost of sales in 1997 has been restated to include certain costs previously classified as operating costs. These costs amount to £9,022,000 in the current year (1997 : £5,652,000).

### 3. Operating Costs

	1998	1997
	£'000	£'000
Distribution expenses	31,667	22,290
Administrative expenses	15,625	13,195
	-----	-----
	47,292	35,485
	=====	=====

### 4. Operating Profit

	1998	1997
	£'000	£'000
Operating profit is stated after charging:		
Depreciation	5,687	4,133
(Profit)/Loss on disposal of fixed assets	(245)	106
Auditors remuneration: audit	104	81
Leasing and hire charges: land & buildings	285	153
plant & machinery	949	457

The directors' remuneration is £Nil (1997 : £Nil).

Depreciation charged to operating profit in the year represents the full amount written off fixed assets less that amount included in the valuation of closing stock.

**ABF LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 weeks ended 31 January 1998**5. Directors' Remuneration**

Both of the directors of ABF Limited are directors of the immediate holding company Silentnight Holdings Plc. Details of their remuneration are included in that company's accounts.

**6. Employee Information**

	1998	1997
	£'000	£'000
Employee costs:		
Wages and salaries	47,659	33,188
Social security costs	4,320	3,001
Other pension costs	341	180
	-----	-----
	52,320	36,369
	=====	=====

	1998	1997
	Number	Number
Average number of persons employed:		
Production	2,496	1,740
Sales and distribution	669	472
Administration	205	164
	-----	-----
	3,370	2,376
	=====	=====

**7. Net Interest Payable**

	1998	1997
	£'000	£,000
Interest payable on:		
Finance leases	63	70
Other interest	8	-
Interest payable to group company	36	320
Bank loans and overdrafts:		
Repayable within five years	6	1
	-----	-----
	113	391
Interest receivable	(5)	(1)
	-----	-----
	108	390
	=====	=====

**ABF LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**for the 52 weeks ended 31 January 1998**

<b>8. Taxation on Profit on Ordinary Activities</b>	1998 £'000	1997 £'000
Charge based on profit for the year:		
UK corporation tax at 31.33% (1997 : 33%)	3,827	3,305
Group relief payable	782	70
	-----	-----
	4,609	3,375
Prior year under provision	3	-
	-----	-----
	<u>4,612</u>	<u>3,375</u>

The tax charge for the year has been increased as a result of movements on timing differences not recognised (see note 17).

**9. 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 £9,884,000 (1997: £3,524,000).

**10. Dividends**

	1998 £'000	1997 £'000
Equity shares:		
Proposed final: £158.30 per share (1997: £56.45 per share)	9,882	3,524
	=====	=====

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 weeks ended 31 January 1998

**11. Tangible Fixed Assets**

	Freehold property £'000	Group Equipment, plant and vehicles £'000	Total £'000	Company Equipment, plant and vehicles £'000
Cost or Valuation:				
At 1 February 1997	20,645	43,663	64,308	43,663
Foreign exchange movements	-	(32)	(32)	(32)
Additions	610	7,588	8,198	7,588
Acquisition of subsidiary	-	10,885	10,885	10,885
Group transfers	-	23	23	23
Disposals	-	(2,849)	(2,849)	(2,849)
	-----	-----	-----	-----
At 31 January 1998	21,255	59,278	80,533	59,278
	-----	-----	-----	-----
Depreciation:				
At 1 February 1997	147	27,843	27,990	27,843
Foreign exchange movements	-	(21)	(21)	(21)
Acquisition of subsidiary	-	5,979	5,979	5,979
Charge for the year	329	5,458	5,787	5,458
Group transfers	-	10	10	10
Disposals	-	(2,420)	(2,420)	(2,420)
	-----	-----	-----	-----
At 31 January 1998	476	36,849	37,325	36,849
	-----	-----	-----	-----
Net Book Value:				
At 31 January 1998	20,779	22,429	43,208	22,429
	=====	=====	=====	=====
At 1 February 1997	20,498	15,820	36,318	15,820
	=====	=====	=====	=====

Included in the cost of freehold property is £129,000 (1997: £129,000) of capitalised interest.

A professional revaluation of Group freehold property in the UK was undertaken in December 1995 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.



**NOTES TO THE FINANCIAL STATEMENTS**  
**for the 52 weeks ended 31 January 1998**

**11. Tangible Fixed Assets continued**

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

	1998 £'000	1997 £'000
Cost	17,768	17,158
Aggregate depreciation	(1,910)	(1,557)
	-----	-----
Net book value	15,858	15,601
	=====	=====

The net book value of finance leases, included in tangible fixed assets amounted to £1,001,940 (1997 : £899,851). The depreciation charge for the year in respect of finance leases was £430,140 (1997 : £229,280).

**Future capital expenditure**

	Group and Company 1998 £'000	Group and Company 1997 £'000
No provision has been made for:		
Expenditure for which contracts have been placed	2,797	1,413

**12. Investments held as Fixed Assets**

Company	Shares in subsidiaries £'000	Loans to subsidiaries £'000	Total £'000
Cost or valuation:			
At 1 February 1997	1,540	14,085	15,625
Net repayments by subsidiary undertakings	-	(185)	(185)
	-----	-----	-----
At 31 January 1998	1,540	13,900	15,440
	-----	-----	-----
Amounts provided:			
At 1 February 1997	999	280	1,279
Profit and loss account	-	-	-
	-----	-----	-----
At 31 January 1998	999	280	1,279
	=====	=====	=====
Net Book Value:			
At 31 January 1998	541	13,620	14,161
	=====	=====	=====
At 1 February 1997	541	13,805	14,346
	=====	=====	=====

**ABF LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the 52 weeks ended 31 January 1998****13. Stocks**

	Group and Company	
	1998	1997
	£'000	£'000
Raw material and consumables	5,417	3,937
Work in progress	2,154	1,828
Finished goods	3,877	2,155
	-----	-----
	11,448	7,920
	=====	=====

**14. Debtors**

	1998		1997	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Due within one year:				
Trade debtors	24,087	24,087	16,218	16,218
Other debtors	243	243	492	492
Prepayments and accrued income	1,422	1,422	1,098	1,097
Amounts due from group undertakings	205	243	297	238
	-----	-----	-----	-----
	25,957	25,995	18,105	18,045
	=====	=====	=====	=====

All debtors fall due within one year.

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

	1998		1997	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Bank overdraft	261	261	34	34
Trade creditors	16,302	16,292	13,345	13,333
Amounts owed to group undertakings	941	971	957	943
Corporation tax	3,385	2,883	2,428	2,323
Other taxation and social security	5,411	5,418	3,746	3,774
Accruals and deferred income	7,667	7,661	5,521	5,516
Other creditors	2,877	2,781	2,686	2,573
Proposed dividend	9,882	9,882	3,524	3,524
Loan from Holding Company (note 23)	-	-	1,275	1,275
	-----	-----	-----	-----
	46,726	46,149	33,516	33,295
	=====	=====	=====	=====

None of the bank borrowings was secured at 31 January 1998 (1997: none secured).  
Obligations under finance leases are included in other creditors (see note 20).

**ABF LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 52 weeks ended 31 January 1998

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

	1998		1997	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Accruals and deferred income	4,292	4,106	3,511	3,325
Amount due to Holding Company (note 23)	25,916	26,793	18,042	18,527
	-----	-----	-----	-----
	30,208	30,899	21,553	21,852
	=====	=====	=====	=====

**17. Provision for Liabilities and Charges**

Deferred taxation	1998		1997	
	Amount provided	Amount unprovided	Amount provided	Amount unprovided
	£'000	£'000	£'000	£'000
Group:				
Excess of capital allowances over depreciation	1,413	1,445	847	1,451
Other timing differences	(1,413)	73	(847)	(321)
	-----	-----	-----	-----
	-	1,518	-	1,130
	=====	=====	=====	=====
Company:				
Excess of capital allowances over depreciation	1,413	79	847	-
Other timing differences	(1,413)	-	(847)	(399)
	-----	-----	-----	-----
	-	79	-	(399)
	=====	=====	=====	=====

**18. Called Up Share Capital**

	1998	1997
	£'000	£'000
Authorised:		
75,000 ordinary shares of £1 each	75	75
	=====	=====
Allotted and fully paid:		
62,427 ordinary shares of £1 each	62	62
	=====	=====

# ABF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 31 January 1998

### 19. Retained Profits and Reserves

	Group Revaluation reserve £'000	Profit and loss £'000	Company Profit and loss £'000
At 1 February 1997	4,911	13,177	11,735
Foreign exchange adjustments	-	(54)	(54)
Retained profit for the year	-	2	-
	<u>4,911</u>	<u>13,125</u>	<u>11,681</u>
At 31 January 1998	<u>4,911</u>	<u>13,125</u>	<u>11,681</u>

The cumulative amount of goodwill written off at 31 January 1998 is £808,000 (1997: £808,000).

### 20. Leases

	1998 £'000	1997 £'000
<b>(a) Operating leases</b>		
As at 31 January 1998 there were Group annual commitments under operating leases as follows:		
Land and buildings	174	-
Expiring within one year	85	-
Expiring within 2 to 5 years	181	153
Expiring in over 5 years	<u>440</u>	<u>153</u>
<b>(b) Other assets</b>		
Expiring within one year	256	103
Expiring within 1 to 2 years	344	184
Expiring within 2 to 5 years	136	170
	<u>736</u>	<u>457</u>
<b>(c) Finance leases</b>		
Net obligations under finance leases comprise:		
Rentals payable within 1 year	262	238
Rentals payable within 1 to 2 years	197	170
Rentals payable within 2 to 5 years	103	252
	<u>562</u>	<u>660</u>

## **ABF LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 31 January 1998**

#### **21. Pensions**

The group is a member of the Silentnight Holdings Plc group pension scheme and contributions are based on pension costs across that Group as a whole. Full details of the scheme including details of the latest actuarial valuation are contained within the financial statements of Silentnight Holdings Plc. The scheme is a defined benefit scheme and is funded by contributions from the employers and the employees. The total pension cost for the group was £341,000 (1997: £180,000).

The pension cost and provision relating to the main UK scheme is assessed in accordance with the advice of a professionally qualified actuary using the projected unit method. The latest formal actuarial valuation of the scheme took place as at 1 January 1996.

The principal assumptions underlying the valuations were:

Rate of interest	8.5% per annum
Rate of salary growth	6.5% per annum
Rate of dividend growth	4% per annum
Rate of pension increases	4.5% per annum on the excess over the Guaranteed Minimum Pension.

A provision of £4,033,000 (1997: £3,692,000) is included in creditors, being the excess of accumulated pension cost over the amount funded. This relates to full or partial pension contribution holidays since 1988. The surplus is being amortised over the average remaining service lives of the employees which is assessed at 14 years.

#### **22. Acquisition of Homeworthy Furniture Limited**

On 2 February 1997 the company acquired the whole of the trade and assets of Homeworthy Furniture Limited. Analysis of the acquisition of Homeworthy Furniture Limited:-

	Book Value
	<u>£'000</u>
Tangible Fixed Assets	4,906
Stocks	1,745
Debtors	5,932
Creditors	(14,852)
Cash and Bank	2,269
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Total Net Assets	Nil
	.....

No consideration was paid for the assets and liabilities transferred. No fair value adjustments were made to the book value of assets and liabilities.

## ABF LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the 52 weeks ended 31 January 1998

#### 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.

The company loans with the immediate holding company arranged are as follows:

Due within one year (company only)	:	Unsecured at an interest 1% per annum above National Westminster Plc base rate
Due after one year (group and company)	:	Unsecured and interest free

#### 24. Subsidiary Companies

The principal subsidiaries at 31 January 1998, 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	
Harry Parkinson 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.

##### (b) Value Added Tax

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