

**UNIVERSAL BEDDING & UPHOLSTERY LIMITED**

**Registered No. 136509**

**ANNUAL REPORT AND ACCOUNTS**

**YEAR ENDED 31 MARCH 1995**



# UNIVERSAL BEDDING & UPHOLSTERY LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1995

The Directors present their report and the audited financial statements for the year ended 31 March 1995.

### DIRECTORS

The Directors of the Company during the year were:-

P. M. Harris (Chairman)	- appointed 4 July 1994
A. Hutchinson	- appointed 4 July 1994
E. Allen	- resigned 4 July 1994
J. Fitzpatrick	- resigned 4 July 1994
A. Lowery	
M. Taylor	
C. M. Storey	

The Directors had no beneficial interests in the share capital of the Company, or any other company within The Great Universal Stores PLC group of companies, except as shown in the financial statements of The Great Universal Stores PLC, for directors of that company.

### PRINCIPAL ACTIVITIES

The principal activities of the Company continue to be the design, manufacture and sale of upholstered furniture, and divan and spring interior mattresses.

### REVIEW OF RESULTS AND FUTURE DEVELOPMENTS

The results for the year are set out in the profit and loss account on page 4.

The Directors consider the results for the year and the future prospects of the Company to be satisfactory.

During the year an interim dividend of £542,000 was paid. The Directors recommend a final dividend of £147,000 be paid and that the deficit of £394,611 be deducted from reserves.

### FIXED ASSETS

The movement in fixed assets during the year is set out in note 9 on page 11.

### EMPLOYEES

During the year the Company continued to inform employees about and involve them in matters which affect their working lives.

### EMPLOYMENT OF DISABLED PERSONS

The Company endeavours to employ disabled persons where the requirements of the job are such that the duties can be effectively covered by a handicapped or disabled person. Where employees become disabled in the course of their employment, the Company endeavours to employ such people provided there are duties which they can perform bearing in mind their handicap or disability.

The need to develop the careers of disabled people is accepted by the Company and the necessary steps are taken to train and promote

UNIVERSAL BEDDING & UPHOLSTERY LIMITED

DIRECTORS' REPORT (CONTINUED)

**DIRECTORS' RESPONSIBILITIES**

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**AUDITORS**

In accordance with Section 386 of the Companies Act 1985, the company passed a special resolution on 27 March 1991 dispensing with the obligation to appoint auditors annually. Coopers & Lybrand have been reappointed from the date of this resolution until its revocation.

By order of the Board



C. M. STOREY  
Company Secretary

27 June 1995

REPORT OF THE AUDITORS TO THE MEMBERS OF  
UNIVERSAL BEDDING & UPHOLSTERY LIMITED

We have audited the financial statements on pages 4 to 14.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 2, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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 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 the Company's affairs at 31 March 1995 and of its result and total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand*

CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS  
NEWCASTLE UPON TYNE

27 June 1995

UNIVERSAL BEDDING & UPHOLSTERY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1995

	<u>Notes</u>	<u>1995</u> £	<u>1994</u> £
TURNOVER	1	16,890,817	17,941,569
COST OF SALES		14,343,769	14,882,952
		-----	-----
GROSS PROFIT		2,547,048	3,058,617
Other operating expenses	2	2,249,043	2,351,569
		-----	-----
OPERATING PROFIT		298,005	707,048
Interest receivable and similar income	3	112,404	130,159
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	410,409	837,207
Tax on profit on ordinary activities	6	116,020	286,215
		-----	-----
PROFIT FOR THE YEAR AFTER TAXATION		294,389	550,992
Dividend	7	689,000	275,000
		-----	-----
RETAINED (LOSS)/PROFIT FOR THE YEAR	15	(394,611)	275,992
		=====	=====

All of the Company's activities are continuing.

# UNIVERSAL BEDDING & UPHOLSTERY LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	<u>1995</u> £	<u>1994</u> £
Profit for the financial year	294,389	550,992
Prior year adjustment (note 19)	(217,000)	-
	-----	-----
Total gains and losses recognised since last annual report	77,389 =====	550,992 =====

## NOTE OF HISTORICAL COST PROFITS AND LOSSES

	<u>1995</u> £	<u>1994</u> £
Reported profit on ordinary activities before taxation	410,409	837,207
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	(6,482)	(6,482)
	-----	-----
Historical cost profit on ordinary activities before taxation	403,927 =====	830,725 =====
Historical cost (loss)/profit for the year retained after taxation and dividends	(401,093) =====	269,510 =====

UNIVERSAL BEDDING & UPHOLSTERY LIMITED

BALANCE SHEET AT 31 MARCH 1995

	<u>Notes</u>	<u>1995</u> £	<u>1994</u> As restated £
FIXED ASSETS			
Tangible Assets	9	832,845	920,530
CURRENT ASSETS			
Stocks	10	1,220,842	1,203,453
Debtors	11	3,331,906	3,928,790
Cash at bank and in hand	17	12,987	7,724
		-----	-----
		4,565,735	5,139,967
Prepayments and accrued income	12	60,495	32,695
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	13	(2,156,020)	(2,394,262)
NET CURRENT ASSETS		2,470,210	2,778,400
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		3,303,055	3,698,930
CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR			
	13	(324,000)	(325,264)
NET ASSETS		£2,979,055	£3,373,666
		=====	=====
CAPITAL AND RESERVES			
Called-up share capital	14	24,300	24,300
Profit and Loss account	15	2,954,755	3,349,366
		-----	-----
Equity Shareholder's funds	16	£2,979,055	£3,373,666
		=====	=====

The accounts on pages 4 to 14 were approved by the Board of Directors on 27 June 1995 and were signed on its behalf by:

A. LOWERY



DIRECTORS

C. M. STOREY



## UNIVERSAL BEDDING & UPHOLSTERY LIMITED

### ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below, together with an explanation of where they have not been applied consistently.

UITF Abstract 6 "Accounting for post-retirement benefits other than pensions" requires the adoption of an accountancy policy which differs from that previously adopted by the Company. Accordingly the following changes have been made. Comparative figures have been amended where necessary for the changes.

With effect from 1 April 1994 the Company changed its method of accounting for post retirement benefits for employees to a basis similar to that used to account for pension obligations. Previously such benefits were accounted for on the basis of cash payments made. Following the change in accounting policy deferred tax has been provided in full (See note 8)

The effects of the above change in accounting policy are disclosed in notes 15 and 19.

#### a) Basis of Accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain freehold land and buildings.

#### b) Tangible fixed assets and depreciation

Tangible fixed assets are stated at purchase cost including incidental costs of acquisition, or at valuation.

Depreciation is provided by equal annual instalments on the carrying value of the assets, over the life of the assets, as follows:

Freehold property (excluding land) - 50 years.

Short leasehold property - 50 years or remaining period of lease.

Plant and machinery, vehicles and fixtures - 3 to 10 years.

Leased vehicles and fixtures - over the lease term.

#### c) Finance and operating leases

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payable during the lease term. The interest element of lease rentals is charged to profit and loss account over the life of the lease in proportion to the outstanding lease commitment.

All other leases are 'operating leases' and the annual rentals

## UNIVERSAL BEDDING & UPHOLSTERY LIMITED

### ACCOUNTING POLICIES (CONTINUED)

#### d) Stocks

Stock, work in progress and finished goods are valued on the basis of the lower of cost and estimated net realisable value. The cost of finished goods includes attributable work's overheads.

#### e) Foreign currencies

Monetary assets and liabilities existing at the balance sheet date which are denominated in a foreign currency are translated using the closing rate or, where appropriate, the rates of exchange fixed under the terms of the relevant forward exchange contract.

#### f) Deferred Taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable a liability or asset will crystallise.

Full provision is made for deferred taxation on timing differences arising from the provision of employee pensions and other post retirement benefits.

#### g) Pension costs and other post retirement benefits

The Company provides pension benefits to eligible employees through membership of a pension plan operated by its parent company. The plan has rules which specify the benefits to be paid and is financed accordingly with assets being held in independently administered funds. The cost of providing retirement benefits, which is based on pension costs across the group as a whole, is charged to the profit and loss account over the expected period of employment in accordance with recommendations made by qualified actuaries.

The cost of providing other post retirement benefits is recognised on a basis similar to that adopted for pensions.

#### h) Cash Flow

The Company is a wholly owned subsidiary of The Great Universal Stores PLC and the cash flows of the Company are included in the consolidated cash flow statement of The Great Universal Stores PLC. Consequently, the Company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

# UNIVERSAL BEDDING & UPHOLSTERY LIMITED

## NOTES TO THE ACCOUNTS

### 1. TURNOVER

Turnover is the total amount receivable, excluding Value Added Tax, for goods supplied to customers.

	<u>1995</u> £	<u>1994</u> £
2. OTHER OPERATING EXPENSES		
Distribution costs	1,849,827	1,929,103
Administrative expenses	<u>399,558</u>	<u>427,960</u>
	2,249,385	2,357,063
Other operating income	<u>(342)</u>	<u>(5,494)</u>
	<u>2,249,043</u>	<u>2,351,569</u>

### 3. INTEREST RECEIVABLE AND SIMILAR INCOME

Receivable from parent company	112,582	130,425
Other interest payable	<u>(178)</u>	<u>(266)</u>
	<u>112,404</u>	<u>130,159</u>

### 4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after (crediting)/charging:

Profit on disposal of fixed assets	(342)	(5,494)
Depreciation - owned assets	124,878	121,460
Depreciation - leased assets	5,059	5,059
Directors' remuneration	115,349	144,720
Auditors' remuneration for audit services	<u>8,550</u>	<u>8,550</u>

### 5. EMPLOYEES

Staff costs during the year amounted to:

Salaries, wages and commissions	4,978,368	5,082,754
Social security costs	477,586	505,012
Pension costs	<u>36,539</u>	<u>37,951</u>
	<u>5,492,493</u>	<u>5,625,717</u>

The average weekly number of persons employed, including Directors, during the year was made up as follows:

	<u>Number</u>	<u>Number</u>
Production staff	386	385
Sales staff	5	9
Administrative staff	<u>11</u>	<u>12</u>
	<u>402</u>	<u>406</u>

UNIVERSAL BEDDING & UPHOLSTERY LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

5. Continued	<u>1995</u> £	<u>1994</u> £
Directors' remuneration		
Staff costs include the following remuneration in respect of directors:		
Remuneration (including pension contributions and benefits in kind)	<u>115,349</u>	<u>144,720</u>
The directors' remuneration disclosed above (excluding pension contributions) included amounts paid to:		
The Chairman	<u>NIL</u>	<u>NIL</u>
The highest paid director	<u>43,614</u>	<u>54,869</u>
The number of directors (including the chairman and highest paid director) who received emoluments (excluding pension contributions) in the following range were:		
	<u>NO.</u>	<u>NO.</u>
£Nil to £5,000	4	2
£20,001 to £25,000	1	-
£30,001 to £35,000	1	1
£35,001 to £40,000	-	1
£40,001 to £45,000	1	-
£50,001 to £55,000	<u>1</u>	<u>1</u>
<b>6. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>		
	£	£
U.K. Corporation Tax at 33% (1994: 33%)		
Current	157,000	271,000
Deferred	(20,561)	15,215
(Over)/under provision in respect of prior years:		
Current	(13,180)	23,788
Deferred	<u>(7,239)</u>	<u>(23,788)</u>
	<u>116,020</u>	<u>286,215</u>
<b>7. DIVIDEND</b>		
Interim paid of £22.30 per ordinary share (1994: £Nil)	542,000	NIL
Final proposed of £6.05 per ordinary share (1994: £11.32)	<u>147,000</u>	<u>275,000</u>
	<u>689,000</u>	<u>275,000</u>
<b>8. DEFERRED TAXATION</b>		
		As restated
Post retirement benefits (Note 19)	107,000	107,000
Other timing differences	103,181	86,657
Excess of net book value of assets over corresponding tax written down value	(149,686)	(160,962)
	<u>60,495</u>	<u>32,695</u>

# UNIVERSAL BEDDING & UPHOLSTERY LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

### 9. TANGIBLE ASSETS

	Freehold Property £	Short Leasehold Property £	Plant and Machinery £	Vehicles Fixtures £	Leased Vehicles Fixtures £	Total £
COST OR VALUATION						
At 1 April 1994	350,000	2,785	1,627,062	290,950	83,639	2,354,436
Additions	-	-	36,753	5,500	-	42,253
Disposals	-	-	(3,888)	-	-	(3,888)
At 31 March 1995	350,000	2,785	1,659,927	296,450	83,639	2,392,801
DEPRECIATION						
At 1 April 1994	4,000	2,785	1,110,236	239,569	77,316	1,433,906
Charge for the year	2,000	-	106,312	16,566	5,059	129,937
Disposals	-	-	(3,887)	-	-	(3,887)
At 31 March 1995	6,000	2,785	1,212,661	256,135	82,375	1,559,956
NET BOOK VALUE						
At 31 March 1995	344,000	-	447,266	40,315	1,264	832,845
At 31 March 1994	346,000	-	516,826	51,381	6,323	920,530

The freehold properties were professionally valued at 31 March 1992 by Edward Erdman, Chartered Surveyors, on an existing use basis and book value were adjusted to this valuation.

If there had been no revaluation the freehold property would have been included at the following amounts:-

	1995 £	1994 £
Cost	424,103	424,103
Aggregate depreciation based on cost	(100,657)	(92,175)
	323,446	331,928

**UNIVERSAL BEDDING & UPHOLSTERY LIMITED**

**NOTES TO THE ACCOUNTS (CONTINUED)**

10. STOCKS	<u>1995</u> £	<u>1994</u> £
Raw materials	735,224	715,192
Work in progress	263,806	252,259
Finished goods	221,812	236,002
	<u>1,220,842</u>	<u>1,203,453</u>

There is no significant difference between the replacement cost of stocks and the above amounts.

11. DEBTORS	<u>1995</u> £	<u>1994</u> £
Trade debtors	719,808	1,108,835
Amounts owed by parent company and fellow subsidiary undertakings	2,392,331	2,681,543
Value Added Tax recoverable	159,004	76,138
Other debtors	60,763	62,274
	<u>3,331,906</u>	<u>3,928,790</u>

**12. PREPAYMENTS AND ACCRUED INCOME**

	Deferred Taxation As restated £
Provision at 1 April 1994 as previously stated	(74,305)
Prior year adjustment - post retirement benefits (Note 19)	107,000
Provision at 1 April 1994 as restated	<u>32,695</u>
Transferred from profit and loss account	<u>27,800</u>
At 31 March 1995	<u>60,495</u>

13. CREDITORS	<u>1995</u> £	<u>1994</u> As restated £
Amounts falling due within one year:		
Obligations under finance leases	1,264	5,059
Trade creditors	669,681	790,818
Amounts owed to fellow subsidiary undertakings	167,842	91,253
Corporation tax	156,226	294,788
Social security costs	154,256	145,071
Other creditors	140,915	125,847
Accruals and deferred income	718,836	666,426

# UNIVERSAL BEDDING & UPHOLSTERY LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

13. CREDITORS (Contd...)	<u>1995</u>	<u>1994</u> As restated
	£	£
Amounts falling due in more than one year:		
Obligations under finance leases	-	1,264
Post retirement benefits (Note 19)	324,000	324,000
	<u>324,000</u>	<u>325,264</u>
The net obligations under finance leases are payable as follows:		
Within one year	1,264	5,059
In two to five years	-	1,264
	<u>1,264</u>	<u>6,323</u>
14. SHARE CAPITAL	<u>1995</u>	<u>1994</u>
	£	£
Authorised:		
Ordinary Shares of £1 each	<u>40,000</u>	<u>40,000</u>
Allotted, called up & fully paid:		
Ordinary Shares of £1 each	<u>24,300</u>	<u>24,300</u>
15. PROFIT AND LOSS ACCOUNT		
		£
At 1 April 1994 as previously stated		3,566,366
Prior year adjustment - post retirement benefits (note 19)		( 217,000)
At 1 April 1994 as restated		3,349,366
Retained loss for the year		(394,611)
At 31 March 1995		<u>2,954,755</u>
16. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS		
	<u>1995</u>	<u>1994</u> As restated
	£	£
Opening equity shareholder's funds as restated	3,373,666	3,314,674
Profit for the financial year	294,389	550,992
Dividends	(689,000)	(275,000)
Prior year adjustment (note 19)	-	(217,000)
Closing equity shareholder's funds	<u>2,979,055</u>	<u>3,373,666</u>
17. CASH AT BANK AND IN HAND		
Included in bank balances is an amount of £8,872 (1994 - £4,842) owing by a fellow subsidiary undertaking which acts as one of the Company's bankers.		
18. CAPITAL COMMITMENTS	<u>1995</u>	<u>1994</u>
	£	£
Capital expenditure contracted for but not yet incurred	<u>NIL</u>	<u>14,397</u>
Capital expenditure authorised by		

UNIVERSAL BEDDING & UPHOLSTERY LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

19. PENSIONS AND SIMILAR OBLIGATIONS

(a) Pensions

The Company provides pension benefits to eligible employees through membership of a pension plan operated by its ultimate parent company The Great Universal Stores PLC. The plan has rules which specify the benefits to be paid and is financed accordingly with assets being held in independently administered funds.

The total pension cost was £26,427 (1994 £27,938) and this is based on pension costs across the group as a whole. The pension cost is assessed in accordance with the advice of a qualified actuary. The results of the latest valuation and the major assumptions underpinning the valuation are reported in the financial statements of The Great Universal Stores PLC.

Included within creditors is an amount of £126,449 (1994: £100,022) in respect of pension liabilities.

(b) Post retirement benefits

The Company also provides other post retirement benefits to certain employees through schemes operated by Great Universal Stores PLC. In the current year and in accordance with UITF Abstract 6, the method of accounting for these obligations has been changed from a cash basis to a basis similar to that used to account for pension obligations. The actuarial value of the obligation in respect of past service up to the beginning of the financial year, determined in accordance with the advice of a qualified actuary, amounted to £324,000. In addition, a deferred tax asset has been established of £107,000, resulting in a net prior year adjustment for post retirement benefits of £217,000. The accrued liability of £324,000 is included in creditors due in more than one year.

The principal assumption used in determining the required provision is that medical cost inflation would be 10% per annum for five years and 7% per annum for the longer term.

20. ULTIMATE PARENT COMPANY

The Company's parent company is The Great Universal Stores PLC, a company incorporated in Great Britain and registered in England and Wales. A copy of the consolidated financial statements may be obtained from the Company Secretary of Great Universal Stores PLC at Universal House, Devonshire Street, Manchester, M60 1XA.