

**UNIVERSAL BEDDING & UPHOLSTERY (1998)
LTD**

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2003

UNW LLP

Chartered Accountants & Registered Auditors
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE



UNIVERSAL BEDDING & UPHOLSTERY (1998) LTD

INDEPENDENT AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 5, together with the financial statements of the company for the year ended 31 December 2003 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND THE AUDITORS

The director is responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.

OTHER INFORMATION

On 25 October 2004 we reported as auditors to the members of the company on the financial statements prepared under Section 226 of the Companies Act 1985 and our report included the following paragraph:

FUNDAMENTAL UNCERTAINTY

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the uncertainty over the company's ability to raise necessary finance from the sale of freehold property. In view of the significance of this uncertainty we consider it should be drawn to your attention but our opinion is not qualified in this respect.



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25 October 2004

UNIVERSAL BEDDING & UPHOLSTERY (1998) LTD

ABBREVIATED BALANCE SHEET

31 DECEMBER 2003

	Note	2003 £	2002 £
FIXED ASSETS	2		
Tangible assets		<u>364,737</u>	<u>375,408</u>
CURRENT ASSETS			
Stocks		209,432	238,098
Debtors		47,713	89,530
Cash at bank and in hand		<u>400</u>	<u>486</u>
		257,545	328,114
CREDITORS: Amounts falling due within one year	3	<u>311,200</u>	<u>289,634</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(53,655)</u>	<u>38,480</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>311,082</u>	<u>413,888</u>
CREDITORS: Amounts falling due after more than one year	4	323,033	357,555
PROVISIONS FOR LIABILITIES AND CHARGES		4,600	12,800
GOVERNMENT GRANTS	5	-	15,000
		<u>(16,551)</u>	<u>28,533</u>
CAPITAL AND RESERVES			
Called-up equity share capital	7	44,166	44,166
Share premium account		4,444	4,444
Profit and loss account		<u>(65,161)</u>	<u>(20,077)</u>
(DEFICIENCY)/SHAREHOLDERS' FUNDS		<u>(16,551)</u>	<u>28,533</u>

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved and signed by the director on 25 October 2004.

S GRAHAM



The notes on pages 3 to 5 form part of these abbreviated accounts.

UNIVERSAL BEDDING & UPHOLSTERY (1998) LTD

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The validity of this assumption depends upon the company's ability to raise additional finance from the sale of its freehold property.

At the date of approval of these financial statements the director has accepted an offer for the sale of part of the company's property which, in the director's opinion, will provide sufficient funds to enable the company to meet its financial obligations as they fall due and for the future expansion of the business, however, contracts have not been exchanged.

Whilst there is some uncertainty regarding the timing of the sale of the freehold property, the director believes that it is appropriate for the financial statements to be prepared on the going concern basis.

Turnover

The turnover shown in the profit and loss account represents amounts receivable during the period, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	- 2% per annum straight line
Plant & Machinery	- 10% to 33% per annum straight line
Fixtures & Fittings	- 20% per annum straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

UNIVERSAL BEDDING & UPHOLSTERY (1998) LTD

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Deferred tax assets are recognised when it is more likely than not that they will be recovered. The company has not adopted a policy of discounting deferred tax assets and liabilities. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

2. FIXED ASSETS

	Tangible Assets £
COST	
At 1 January 2003	437,700
Additions	19,299
At 31 December 2003	<u>456,999</u>
DEPRECIATION	
At 1 January 2003	62,292
Charge for year	29,970
At 31 December 2003	<u>92,262</u>
NET BOOK VALUE	
At 31 December 2003	<u>364,737</u>
At 31 December 2002	<u>375,408</u>

3. CREDITORS: Amounts falling due within one year

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2003 £	2002 £
Other loans	41,657	41,657
Hire purchase agreements	2,835	-
	<u>44,492</u>	<u>41,657</u>

UNIVERSAL BEDDING & UPHOLSTERY (1998) LTD

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2003

4. CREDITORS: Amounts falling due after more than one year

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2003	2002
	£	£
Other loans	315,898	357,555
Hire purchase agreements	7,135	-
	<u>323,033</u>	<u>357,555</u>

Included within creditors falling due after more than one year is an amount of £149,270 (2002 - £190,927) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

The loans are repayable by instalments, no interest is repayable on these loans.

5. GOVERNMENT GRANTS

	2003	2002
	£	£
Received and receivable	-	45,000
Amortisation	-	(30,000)
	<u>-</u>	<u>15,000</u>

6. TRANSACTIONS WITH THE DIRECTOR

During the year Mr S Graham, a director of the company, repaid a loan owing to the company. The balance of the loan at 31 December 2002 was £1,000.

7. SHARE CAPITAL

Authorised share capital:

	2003	2002
	£	£
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>44,166</u>	<u>44,166</u>	<u>44,166</u>	<u>44,166</u>