

**SEALY UNITED KINGDOM LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**ArmstrongWatson<sup>®</sup>**  
Accountants, Business & Financial Advisers



**SEALY UNITED KINGDOM LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	Simon J Dyer George A Dyer David Montgomery Hugh C Buster III
<b>Registered number</b>	12867366
<b>Registered office</b>	Sealy Station Road Aspatria Wigton United Kingdom CA7 2AS
<b>Independent auditors</b>	Armstrong Watson Audit Limited Chartered Accountants & Statutory Auditors James Watson House Montgomery Way Rosehill Carlisle Cumbria CA1 2UU

# **SEALY UNITED KINGDOM LIMITED**

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# SEALY UNITED KINGDOM LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2023

### Introduction

The directors present their strategic report on the Company for the financial year ended 30 June 2023.

### Principal activities, Review of Business and Key Performance Indicators

The Company's principal activity is the manufacture, marketing and distribution of bedding products. The Company is the authorized manufacturer and distributor of the Sealy brand in the United Kingdom. The Company's strategy is based on functionally and aesthetically superior mattresses, utilizing unique, proprietary spring technology.

The directors meet regularly to review all key performance indicators (KPIs) ensuring that the company is maximising outcomes in each area of strategic focus.

The main measures referenced include revenue, operating profit, and net cash flow. The Company recorded revenue of £21,483,000 (2022: £27,468,000) and an operating loss of £6,844,000 (2022: £4,849,000). The net cash outflow excluding the proceeds from the shareholders' loan and issue of shares was £10,526,000 (2022: £5,678,000).

The Company also considers customer relationships, product quality and employee relations to be KPIs. Management review all these areas on a regular basis. The Company continues to expand its customer base. Product quality is constantly monitored and any product returns are analysed. Average staff numbers have reduced in the year as the company realigned staffing levels.

New product ranges were successfully introduced during the second half of last year and the Company has continued to expand on these levels during this financial year. The new product ranges utilize unique proprietary spring technology and the directors and management are focused on using this to drive revenue and profit growth to improve the company's performance. The Company has benefited from increased sales as a result in the 2023/24 financial year.

Net liabilities were £5,204,000 (2022: £691,000 net assets) at the end of the financial period. Net current (liabilities)/assets, which include a £18,434,000 (2022: £8,658,000) shareholder loan (comprising £17,500,000 principal and £934,000 accrued interest), are -£13,144,000 (2022: -£5,946,000).

The directors are confident that the Company has access to sufficient financial resources to meet its liabilities as they fall due and to continue in operational existence for the foreseeable future. In view of this, the financial statements have been prepared on the basis that the Company will continue as a going concern. Please refer to the Report of the Directors and note 2.1 for further information.

The directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in S172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 30 June 2023. The matters set out in S172(1)(a-f) are described through the strategic report and report of the directors.

### Future developments

The UK bedding market will likely face continuing challenges through 2023/24. Nevertheless, the Company plans to grow its market share by continuing to innovate and invest in products and marketing.

### Principal Risks and Uncertainties

#### *The War in Ukraine*

The war in Ukraine has had a significant impact across the global economy.

In the United Kingdom, it impacted energy, raw material and distribution costs.

The rising commodity and freight costs have continued to impact the Company's profit levels and are managed

## SEALY UNITED KINGDOM LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023

for best result in a challenging operating environment.

Other than the factors noted above which have affected the United Kingdom as a whole, the war in Ukraine has had no direct impact on the Company.

#### *Raw materials*

The Company purchases raw materials to use in the manufacture of bedding, including timber, steel, fabric, fibre and foam. The price of these products has been particularly volatile in 2023 due to the overlaying impacts of the war in Ukraine. Management manages this risk through the maintenance of strong and competitive supplier relationships and careful monitoring of stock levels.

#### *Competitor risk*

The Company is exposed to threats from competition, including changes in consumer preferences, new technologies and innovations in bedding product, delivery and marketing. The Company mitigates this risk through a constant focus on product excellence and investment in product innovation.

#### *Cyber security*

The Company requires a stable and reliable IT platform to transact with customers and suppliers, and to maintain records. Loss or harm to our technical infrastructure and the use of technology within the organisation could arise from malicious or unintentional sources. A breach could result in a loss of business, litigation or reputational damage as well as financial implications. Management mitigate this risk by maintaining a dedicated security function that support and oversee network security.

#### *Climate change*

Climate change is a pervasive societal issue that affects, and will increasingly impact, all businesses. The Company might be affected by climate change in several ways. Increased weather volatility could lead to operational disruption and put pressure on supply chains. Regulation aimed at reducing the impact of climate change will create new compliance challenges. The consumption habits of customers may change as societal expectations shift. Management continues to monitor power and water usage and carbon emissions and the impact of climate change is considered in strategic decision making.

This report was approved by the board and signed on its behalf by.

George Dyer  
George Dyer (Dec 22, 2023 05:48 GMT+10)  
.....  
**George A Dyer**  
Director

Date: 22/12/2023

## **SEALY UNITED KINGDOM LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2023**

The directors present their report and the financial statements for the year ended 30 June 2023.

#### **Principal activity**

The Company's principal activity is the manufacture, marketing and distribution of bedding products.

#### **Results and dividends**

See the Strategic report for the results of the company and the directors' assessment of said results. No dividends were proposed in the current period or up to the date of this report.

#### **Directors**

The directors who served during the year were:

Simon J Dyer  
George A Dyer  
David Montgomery  
Hugh C Buster III

#### **Going concern**

As at 30 June 2023, the company had accumulated losses of £10,204,000 (2022 £4,309,000). The directors monitor the liquidity of the Company, including the ability of the Company to meet its debts as they fall due, using cash flow forecasting.

The Company also received financial support confirmation from Sealy China (Holdings) Limited, which is a related entity of the Company under control of the two ultimate parent owners, confirming financial support to the Company for at least twelve months from the issuance date of these financial statements to enable the Company to meet its obligations as they become due. In light of this support, the directors therefore believe that preparing the financial statements on the going concern basis is appropriate.

#### **Matters covered in the strategic report**

The Strategic Report, which can be found on pages 1 to 2, contains information on the Company's activities during the year and future developments, as well as on the principal risks and uncertainties affecting the business and the financial key performance indicators of the business.

#### **Political contributions**

The Company has not made any donation to a registered political party, other political organisation in the EU (including the UK) or any independeny election candidate.

#### **Research and development**

The Company did not incur any research and development costs during the period. Research and development is undertaken by the parent companies, the benefit of which is realized by the Company.

#### **Financial risk management**

The Company's activities expose it to a variety of financial risks, including foreign exchange risk, credit risk, liquidity risk and cash flow risks. Refer to note 21 for further discussion.

## **SEALY UNITED KINGDOM LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2023**

#### **Employees and employee engagement**

The company engages with employees on financial and economic factors affecting the performance of the company through regular corporate updates from senior management.

Employees are encouraged to contribute to the company's performance through a range of production incentive, sales commission and bonus schemes linked to both individual and overall company performance.

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitude and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is company policy to provide continuing employment where practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

#### **Business relationships**

The Directors have given full consideration as to how business relationships with all stakeholders are managed within the Company. The Directors recognize the importance of strong relationships with both its suppliers and customers and have established teams to support both. Regular communication is made with all stakeholders and the resulting strong relationships have enabled the Company to retain and grow its customer base and means of product supply.

#### **Permitted indemnity provisions**

A qualifying third party indemnity provision (as defined in section 234 of the Companies Act 2006) in the Company's Articles of Association for the benefit of the directors of the Company is currently in force and was in force throughout the year.

#### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**SEALY UNITED KINGDOM LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2023**

**Post balance sheet events**

Details of post balance sheet events of the Company are disclosed in note 27 to the financial statements.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

The auditors, Armstrong Watson Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:

George Dyer  
George Dyer (Dec 22, 2023 05:48 GMT+10)  
.....  
**George A Dyer**  
Director

Date: 22/12/2023



## SEALY UNITED KINGDOM LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEALY UNITED KINGDOM LIMITED

#### Opinion

We have audited the financial statements of Sealy United Kingdom Limited for the year ended 30 June 2023 which comprise the Statement of profit or loss and other comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies set out on pages 13 - 22. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the Annual report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## SEALY UNITED KINGDOM LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEALY UNITED KINGDOM LIMITED (CONTINUED)

#### Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page , the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations, such as the Health & Safety at Work Act 1974 and Companies Act 2006;

## SEALY UNITED KINGDOM LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEALY UNITED KINGDOM LIMITED (CONTINUED)

- we identified the laws and regulations applicable to the company through discussions with directors and other management;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- tested journal entries to identify unusual transactions; and
- tested the operating effectiveness of key controls over purchase cycles on a sample basis; and
- reviewed the application of accounting policies including the application of capitalisation of intangible assets.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

Armstrong Watson Audit Ltd  
Joanna Gray (Dec 22, 2023 09:21 GMT)

Joanna Gray FCA (Senior statutory auditor)

for and on behalf of

**Armstrong Watson Audit Limited**

Chartered Accountants

Statutory Auditors

Date: 22/12/2023

SEALY UNITED KINGDOM LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 £000	2022 £000
<b>Revenue</b>	5	<b>21,483</b>	27,468
Cost of sales		(18,951)	(23,006)
<b>Gross profit</b>		<b>2,532</b>	4,462
Administrative expenses		(3,103)	(3,120)
Distribution expenses		(6,273)	(6,191)
<b>Loss from operations</b>		<b>(6,844)</b>	(4,849)
Finance expense		(850)	(181)
<b>Loss before tax</b>		<b>(7,694)</b>	(5,030)
Tax credit	10	1,799	1,270
<b>Loss for the year</b>		<b>(5,895)</b>	(3,760)
<b>Total comprehensive loss</b>		<b>(5,895)</b>	(3,760)

The notes on pages 13 to 42 form an integral part of these financial statements.

**SEALY UNITED KINGDOM LIMITED**  
**REGISTERED NUMBER: 12867366**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

	Note	2023 £000	2022 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	4,712	5,542
Goodwill	12	1,645	1,645
Deferred tax assets	10	3,206	1,407
		<u>9,563</u>	<u>8,594</u>
<b>Current assets</b>			
Inventories	13	3,155	2,583
Trade and other receivables	14	3,311	3,417
Cash and cash equivalents	22	3,060	4,586
		<u>9,526</u>	<u>10,586</u>
<b>Total assets</b>		<u>19,089</u>	<u>19,180</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	16	1,313	1,647
Provisions	17	310	310
		<u>1,623</u>	<u>1,957</u>
<b>Current liabilities</b>			
Trade and other liabilities	15	3,614	7,094
Contract liabilities		115	271
Loans and borrowings	16	18,941	9,167
		<u>22,670</u>	<u>16,532</u>
<b>Total liabilities</b>		<u>24,293</u>	<u>18,489</u>
<b>Net (liabilities)/assets</b>		<u>(5,204)</u>	<u>691</u>
<b>Issued capital and reserves</b>			
Share capital	18	5,000	5,000
Accumulated losses	19	(10,204)	(4,309)
<b>TOTAL EQUITY</b>		<u>(5,204)</u>	<u>691</u>

The financial statements on pages 9 to 42 were approved and authorised for issue by the board of directors and were signed on its behalf by:

George Dyer  
George Dyer (Dec 22, 2023 05:48 GMT+10)  
.....  
**George A Dyer**  
Director

Date: 22/12/2023

**SEALY UNITED KINGDOM LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2023**

	Share capital £000	Accumulated losses £000	Total equity £000
<b>At 1 July 2022</b>	5,000	(4,309)	691
<b>Comprehensive loss for the year</b>			
Loss for the year	-	(5,895)	(5,895)
	-	(5,895)	(5,895)
<b>Total comprehensive loss for the year</b>			
<b>At 30 June 2023</b>	<b>5,000</b>	<b>(10,204)</b>	<b>(5,204)</b>

	Share capital £000	Accumulated losses £000	Total equity £000
<b>At 1 July 2021</b>	5,000	(549)	4,451
<b>Comprehensive loss for the year</b>			
Loss for the year	-	(3,760)	(3,760)
	-	(3,760)	(3,760)
<b>Total comprehensive loss for the year</b>			
<b>At 30 June 2022</b>	<b>5,000</b>	<b>(4,309)</b>	<b>691</b>

SEALY UNITED KINGDOM LIMITED

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 £000	2022 £000
<b>Cash flows from operating activities</b>			
Loss for the year		(5,895)	(3,760)
<b>Adjustments for</b>			
Depreciation of property, plant and equipment	11	536	422
Depreciation of right of use assets	11	589	627
Interest expense		850	181
Tax charge	10	(1,799)	(1,270)
Warranty expense charged to the statement of comprehensive income	17	538	392
Exchange differences	6	(42)	142
		<u>(5,223)</u>	<u>(3,266)</u>
<b>Movements in working capital:</b>			
Decrease in trade and other receivables		106	354
Increase in inventories		(572)	(391)
(Decrease)/increase in trade and other payables		(3,975)	1,451
Decrease in contract liabilities		(156)	(127)
		<u>(9,820)</u>	<u>(1,979)</u>
<b>Cash generated from operations</b>		<u>(9,820)</u>	<u>(1,979)</u>
		<u>(9,820)</u>	<u>(1,979)</u>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		-	2
Purchases of property, plant and equipment	11	(92)	(3,094)
		<u>(92)</u>	<u>(3,092)</u>
<b>Net cash used in investing activities</b>		<u>(92)</u>	<u>(3,092)</u>
<b>Cash flows from financing activities</b>			
Proceeds from shareholder loan		9,000	3,500
Repayment of/new finance leases		(614)	(531)
Interest paid		-	(76)
		<u>8,386</u>	<u>2,893</u>
<b>Net cash from financing activities</b>		<u>8,386</u>	<u>2,893</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(1,526)</u>	<u>(2,178)</u>
Cash and cash equivalents at the beginning of year		4,586	6,764
<b>Cash and cash equivalents at the end of the year</b>	22	<u>3,060</u>	<u>4,586</u>

The notes on pages 13 to 42 form an integral part of these financial statements.

## SEALY UNITED KINGDOM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### 1. General information

Sealy United Kingdom Limited (the "Company") is a private company limited by shares, incorporated and domiciled in the United Kingdom. The registered office and principal address of the company is Station Road, Aspatia, Wigton, CA7 2AS. The principal activity of the company and the nature of its operations is to set out in the strategic report on page 1.

The principal accounting policies adopted by the company are set out in note 2.

#### 2. Accounting policies

##### 2.1 Going concern

The financial statements show net current liabilities of the Company of £13,144,000 (2022: £5,946,000) and a loss after tax of £5,895,000 (2022: £3,760,000). The directors monitor the liquidity of the Company, including the ability of the Company to meet its debts as they fall due, using cash flow forecasting.

The Company also received financial support confirmation from Sealy China (Holdings) Limited, which is a related entity of the Company under control of the two ultimate parent owners, confirming financial support to the Company for at least twelve months from the issuance date of these financial statements to enable the Company to meet its obligations as they become due. In light of this support, the directors therefore believe that preparing the financial statements on the going concern basis is appropriate.

##### 2.2 Basis of preparation

The financial statements have been prepared in accordance with International Accounting Standards and Interpretations as adopted by the UK (collectively IFRSs). Details of the Company's accounting policies, including changes during the year, are included in note 2.

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgments and estimates have been made in preparing the financial statements and their effects are disclosed in note 4.



## SEALY UNITED KINGDOM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### 2. Accounting policies (continued)

##### 2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree. The consideration transferred for the acquisition of a business comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Company
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the Company.

The excess of the

- consideration transferred
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. To the extent that consideration is contingent on future performance of assets acquired, this is held as a liability on the balance sheet as contingent consideration. Any adjustments to the above estimates are charged to the income statement unless they fall within the hindsight period, in which case they are taken against goodwill.

Identifiable intangibles are those which can be sold separately, or which arise from legal or contractual rights regardless of whether those rights are separable and are initially recognised at fair value. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Company recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Any acquisition-related costs directly attributable to the business combination are expensed as incurred. No acquisition-related costs were incurred during the current or prior year.

##### 2.4 Intangible assets - Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## SEALY UNITED KINGDOM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### 2. Accounting policies (continued)

##### 2.5 Revenue

Revenue is measured at the fair value of the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

##### Sale of goods

The Company manufactures and sells mattresses and bedding accessories in the United Kingdom and overseas. The Company bears the inventory risk and credit risk and is the primary obligor to its customers. Revenue from the sale of good is recognised when the performance obligation is met at the point that the product is delivered to the customer. Accumulated experience is used to estimate and provide for sales returns and volume rebates at the time of sale.

No element of financing is deemed present as the sales are made with credit terms which are consistent with market practice and no payment terms exceed one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Upon entering into a contract with a customer, the company obtains rights to receive consideration from the customer and assumes performance obligations to transfer good to the customer. Payment terms vary by customer and order type, and can be received in advance of the performance obligation being satisfied, in which case the amount received from the customer is recognised as a contract liability. Revenue is subsequently recognised when control of the goods is transferred to the customer. Any revenue recognised prior to an invoice being raised to a customer is recognised as a contract asset.

## SEALY UNITED KINGDOM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### 2. Accounting policies (continued)

##### 2.6 Leasing

###### The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is determined using historic interest rates and adjusted for any Bank of England base rate movements.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; and
- the amount expected to be payable by the lessee under residual value guarantees.

The lease liability is included in the 'Loans and borrowings' line in the Statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

## SEALY UNITED KINGDOM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### 2. Accounting policies (continued)

##### 2.6 Leasing (continued)

###### The Company as a lessee (continued)

The right-of-use assets are included in the 'Property, Plant and Equipment' line, as applicable, in the Statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.12.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

##### 2.7 Foreign currency translation

###### Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in pound sterling ("GBP"), which is the Company's functional and presentational currency.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income for the period and are classified in the income statement in accordance with the monetary item giving rise to them.

##### 2.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## SEALY UNITED KINGDOM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### 2. Accounting policies (continued)

##### 2.9 Employee benefits

###### (i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave, maternity or other non-accumulating compensated absences are not recognised until the time of leave.

###### (ii) Pension obligations - Defined Contribution Plans

Defined Contribution Plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis.

The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

##### 2.10 Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate in the UK adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

###### Current income tax

The current income tax expense or credit is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

###### Deferred income tax

Deferred income tax is calculated based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax balances are not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax is measured on a non-discounted basis.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss.

## SEALY UNITED KINGDOM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### 2. Accounting policies (continued)

##### 2.11 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following range:

Plant and machinery	5 - 10 years
Fixtures and fittings	5 - 10 years
Right of use assets	over the life of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

##### 2.12 Impairment of non-financial assets

The carrying amounts of the Company's assets are tested for impairment. Goodwill has an indefinite useful life and so is not subject to amortisation but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. To determine the value in use, management estimates expected future cash flows and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each asset and reflect current market assessments of the time value of money and asset-specific risk.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## SEALY UNITED KINGDOM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### 2. Accounting policies (continued)

##### 2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises actual invoiced purchase cost and is determined using the weighted average method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable rebates, discounts and other variable selling expenses.

##### 2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

##### 2.15 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

##### 2.16 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

## SEALY UNITED KINGDOM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### 2. Accounting policies (continued)

##### 2.17 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### (i) Classification of financial assets

The Company classifies its financial assets into one of three categories: those to be measured at amortised cost, fair value through profit or loss, and fair value through other comprehensive income. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets of the Company include trade receivables, other receivables and cash and cash equivalents. All of the Company's financial assets are currently classified as measured at amortised cost.

##### (ii) Recognition and derecognition

Regular way purchases and sale of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

##### (iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in comprehensive income and presented in other gains/(losses). Impairment losses are presented as separate line item in the statement of comprehensive income.

##### (iv) Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment of other financial assets at amortised cost are measured as either 12-month expected or lifetime credit loss, depending on whether there has been a significant increase in credit risk since initial recognition.



## SEALY UNITED KINGDOM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### 2. Accounting policies (continued)

##### 2.18 Financial liabilities and equity instruments

###### Financial liabilities

Financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

The Company's leases, shareholders' loan, trade and most other payables fall into this category of financial instruments. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

##### 2.19 Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

#### 3. Functional and presentation currency

These financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

#### 4. Accounting estimates and judgments

##### 4.1 Critical judgements in applying the company's accounting policies

###### Lease term

The Company leases a factory located at the Aspatria site on a 7 year fixed term with an option to extend for an additional 3 years. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

As at 30 June 2023, the related lease payments under the extension periods had not been included in the measurement of lease liabilities as the Company is not reasonably certain to exercise the extension options.

## SEALY UNITED KINGDOM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### 4. Accounting estimates and judgments (continued)

##### 4.2 Key accounting estimates

##### Impairment assessment of non-financial assets, including goodwill

The Company tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.4 and note 12. The test is performed at the CGU level, and includes other relevant assets and liabilities as set out under IAS 36 Impairment. The recoverable amount of the Company's single CGU has been determined based on value-in-use calculations. These calculations require the use of estimates as disclosed in note 12. The most sensitive assumption is growth. Short term growth is primarily driven by business expansion and success of effective product ranging. Future growth is driven by inflationary price rises and increase in market share. The directors are of the opinion that there is no impairment of goodwill or other non-financial assets as at 30 June 2023, however they acknowledge that forecasted growth rates are a very sensitive area of judgement and will continue to monitor these going forward.

##### Warranty provision

Provisions for other liabilities and charges recognised at the balance sheet date are a warranties provision. The calculation of the warranty provision is based on the past history, trends and subject to a degree of management judgement to make any necessary adjustments to these to reflect expectations of future warranty claims. Although the provision is reviewed on a regular basis and adjusted to reflect management's current best estimate, the future amount settled may be different from the amount provided.

#### 5. Revenue

The following is an analysis of the Company's revenue for the year from continuing operations:

	2023 £000	2022 £000
Sale of goods	21,483	27,468
	<u>21,483</u>	<u>27,468</u>

**SEALY UNITED KINGDOM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**5. Revenue (continued)**

Analysis of revenue by country of destination:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	<b>19,737</b>	26,296
Rest of Europe	<b>1,746</b>	1,172
	<b>21,483</b>	<b>27,468</b>

Contract liabilities comprise cash received from customers in advance of the company satisfying its performance obligation to provide the goods to the customers. Revenue will be recognised when the control of the goods are transferred to the customer.

Deposits brought forward and released in the year were £271,000. Customer deposits held as at 30 June 2023 and included in current liabilities are £115,000.

**Contract asset**

The contract asset related to commission receivable from an authorised customer in distributing the bedding accessories under "Sealy brand".

The movement in contract asset balances in mainly due to the level of payments on account received during the year, the unpaid balance being the contract asset at the year end.

**6. Expenses by nature**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Management fees (note 26)	<b>678</b>	1,185
Advertising expenses	<b>1,370</b>	983
Depreciation of properties, plant and equipment (note 11)	<b>536</b>	422
Depreciation of right-of-use assets (note 11)	<b>589</b>	627
Repair and maintenance expenses	<b>535</b>	469
Warranty expenses	<b>538</b>	392
Employee benefit expenses	<b>9,221</b>	9,431
Royalty expenses (note 26)	<b>668</b>	1,043
Foreign exchange losses	<b>(42)</b>	142
Other costs	<b>14,234</b>	17,623
	<b>28,327</b>	<b>32,317</b>

**SEALY UNITED KINGDOM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**7. Auditors' remuneration**

During the year, the Company obtained the following services from the Company's auditors:

	<b>2023 £000</b>	<b>2022 £000</b>
Fees payable to the Company's auditors for the audit of the Company's financial statements	<b>50</b>	<b>160</b>
Fees payable to the Company's auditors for the preparation of the Company's financial statements	<b>5</b>	<b>-</b>
Fees payable to the Company's auditors for tax compliance services	<b>5</b>	<b>10</b>
	<b><u>50</u></b>	<b><u>170</u></b>

**8. Employee benefit expenses**

	<b>2023 £000</b>	<b>2022 £000</b>
<b>Employee benefit expenses (including directors) comprise:</b>		
Wages and salaries	<b>7,899</b>	<b>8,234</b>
Social security costs	<b>792</b>	<b>732</b>
Defined contribution pension cost	<b>530</b>	<b>465</b>
	<b><u>9,221</u></b>	<b><u>9,431</u></b>

**Key management personnel compensation**

Key management personnel are defined as those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, either directly or indirectly. The key management personnel of the Company are the Directors of the Company.

During the period, no emoluments, retirement benefits, payments or benefits in respect of termination of directors' services (equivalent to key management compensation) were paid or made, directly or indirectly, to the directors; nor are any payable with respect to their services as directors of the Company undertaking or in connection with the management of affairs of the Company undertaking. No consideration was provided to or receivable by third parties for making available directors' services. There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities.

The remuneration of the directors are paid by the Company's ultimate controlling shareholders, in respect of their services to the larger group which includes the Company. Their services to the Company do not occupy significant portion of their time and are incidental to their responsibilities to the larger group, and on that basis, no apportionment has been made to the Company for the period ended 30 June 2023.

No retirement benefits are accruing in relation to the directors.

**SEALY UNITED KINGDOM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**8. Employee benefit expenses (continued)**

The monthly average number of persons, including the directors, employed by the Company during the year was as follows:

	<b>2023 Number</b>	<i>2022 Number</i>
Manufacturing	<b>197</b>	214
Sales & Marketing	<b>38</b>	35
Administration	<b>13</b>	14
	<b>248</b>	263

**9. Finance income and expense**

	<b>2023 £000</b>	<i>2022 £000</i>
<b>Finance expense</b>		
Interest on shareholders' loan	<b>776</b>	105
Interest on lease liabilities	<b>74</b>	76
<b>Total finance expense</b>	<b>850</b>	181

**10. Tax expense**

**10.1 Income tax recognised in profit or loss**

	<b>2023 £000</b>	<i>2022 £000</i>
<b>Deferred tax expense</b>		
Origination and reversal of timing differences	<b>(82)</b>	413
Losses and other deductions	<b>(1,717)</b>	(1,683)
<b>Total deferred tax</b>	<b>(1,799)</b>	(1,270)
	<b>(1,799)</b>	(1,270)

**SEALY UNITED KINGDOM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**10. Tax expense (continued)**

**10.1 Income tax recognised in profit or loss (continued)**

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Loss for the year	<b>(5,895)</b>	<b>(3,760)</b>
Income tax credit	<b>(1,799)</b>	<b>(1,270)</b>
<b>Loss before income taxes</b>	<b>(7,694)</b>	<b>(5,030)</b>
Tax using the Company's domestic tax rate of 20.5% (2022:19%)	<b>(1,577)</b>	<b>(956)</b>
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	<b>86</b>	<b>8</b>
Adjustments to tax charge in respect of prior periods	<b>20</b>	<b>16</b>
Remeasurement of deferred tax for changes in tax rates	<b>(328)</b>	<b>(338)</b>
<b>Total tax expense</b>	<b>(1,799)</b>	<b>(1,270)</b>

Deferred tax assets have been recognised despite the Company being loss-making currently because it is probable that future taxable profits will be available against which the deferred tax assets can be utilized. The Company's unused tax losses can be carried forward indefinitely.

Deferred tax assets have been recognised at the rate that they are expected to reverse. This is 25% being the UK tax rate effective from 1 April 2023.

**SEALY UNITED KINGDOM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**10. Tax expense (continued)**

**10.2 Deferred tax balances**

The following is the analysis of deferred tax assets/(liabilities) presented in the statement of financial position:

	<b>2023 £000</b>	<b>2022 £000</b>
Deferred tax assets	<b>3,206</b>	<b>1,407</b>
	<u><b>3,206</b></u>	<u><b>1,407</b></u>

	<b>Opening balance £000</b>	<b>Recognised in profit or loss £000</b>	<b>Closing balance £000</b>
<b>2023</b>			
Tax losses and other timing differences	1,407	1,799	3,206
	<u>1,407</u>	<u>1,799</u>	<u>3,206</u>

	<b>Opening balance £000</b>	<b>Recognised in profit or loss £000</b>	<b>Closing balance £000</b>
<b>2022</b>			
Tax losses and other timing differences	142	1,265	1,407
	<u>142</u>	<u>1,265</u>	<u>1,407</u>

SEALY UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023

11. Property, plant and equipment

	Plant and machinery £000	Motor vehicles (ROU) £000	Fixtures and fittings £000	Buildings (ROU) £000	Total £000
<b>Cost or valuation</b>					
At 1 July 2021	1,096	787	64	1,664	3,611
Additions	3,094	350	-	138	3,582
Disposals	(46)	(97)	-	(53)	(196)
<b>At 30 June 2022</b>	<b>4,144</b>	<b>1,040</b>	<b>64</b>	<b>1,749</b>	<b>6,997</b>
Additions	85	204	7	-	296
Disposals	(29)	(69)	-	-	(98)
<b>At 30 June 2023</b>	<b>4,200</b>	<b>1,175</b>	<b>71</b>	<b>1,749</b>	<b>7,195</b>
	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Buildings £000	Total £000
<b>Accumulated depreciation and impairment</b>					
At 1 July 2021	163	226	18	181	588
Charge owned for the year	403	314	19	313	1,049
Disposals	(43)	(86)	-	(53)	(182)
<b>At 30 June 2022</b>	<b>523</b>	<b>454</b>	<b>37</b>	<b>441</b>	<b>1,455</b>
Charge owned for the year	520	262	16	327	1,125
Disposals	(28)	(69)	-	-	(97)
<b>At 30 June 2023</b>	<b>1,015</b>	<b>647</b>	<b>53</b>	<b>768</b>	<b>2,483</b>
<b>Net book value</b>					
At 30 June 2022	3,621	586	27	1,308	5,542
At 30 June 2023	3,185	528	18	981	4,712



# SEALY UNITED KINGDOM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

### 11. Property, plant and equipment (continued)

#### 11.1. Assets held under leases

The net book value of owned and leased assets included as "Property, plant and equipment" in the Statement of financial position is as follows:

	30 June 2023 £000	30 June 2022 £000
Property, plant and equipment owned	3,203	3,648
Right-of-use assets	1,509	1,894
	<u>4,712</u>	<u>5,542</u>

Information about right-of-use assets is summarised below:

#### Net book value

	30 June 2023 £000	30 June 2022 £000
Buildings	981	1,308
Motor vehicles	528	586
	<u>1,509</u>	<u>1,894</u>

The carrying amount of the lease liabilities approximates the fair value. Depreciation charge on right-of-use assets and charged to operating expenses is £589,000 (2022 - £627,000).

The company leases various commercial and industrial vehicle, as well as a factory located at the Aspatria site on a 7 year fixed term with an option to extend for an additional 3 years. The related lease payments under the extension periods had not been included in the measurement of lease liabilities as the Company is not reasonably certain to exercise the extension options. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose covenants, but lease assets may not be used as security for any borrowing purposes. Details of the maturity analysis of lease liabilities and total cash outflow for leases in the current period are set out in note 20 to these accounts.

The interest rate implicit in the leases range from 3-7%, dependent upon the bank rate on inception of the lease. The company's obligations are secured by the lessor's title to the leased motor vehicles which has a carrying value of £89,000 (2022 - £157,000).

SEALY UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023

12. Goodwill

	2023 £000	2022 £000
Cost b/fwd	1,645	1,645
Goodwill - amortisation and impairment b/fwd	-	-
	<u>1,645</u>	<u>1,645</u>
	2023 £000	2022 £000
<b>Cost</b>		
At 1 July	1,645	1,645
<b>At 30 June</b>	<u>1,645</u>	<u>1,645</u>
<b>Accumulated amortisation and impairment</b>		
Goodwill - amortisation and impairment b/fwd	-	-
Goodwill - amortisation and impairment charge	-	-
<b>At 30 June</b>	<u>-</u>	<u>-</u>

## SEALY UNITED KINGDOM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### 12. Goodwill (continued)

Goodwill is allocated to the Company's single CGU, which is the manufacture and wholesaling of Sealy branded bedding and associated products acquired by the Company during the period. The recoverable amount of the CGU was determined based on a value-in-use calculation, which required the use of assumptions. This calculation used pre-tax cash flow projections, which are based on a financial budget approved by the Board of Directors, covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated long-term growth rate stated below. The long-term growth rate used exceeds the long-term average growth rate of the industry in which the CGU operates due to specific growth with new customers.

The key assumptions used for the value-in-use calculation were as follows:

#### 2023

- Sales Growth	14.0%
- Pre-tax discount rate	8.5%
- Long-term growth rate	1.5%

The directors acknowledge that their impairment model is particularly sensitive to sales growth.

The directors determined the values assigned to each of the above key assumptions as follows:

- the sales growth assumptions are based upon the Directors' expectations of market development and current business plans;
- the pre-tax discount rate reflects specific risks relating to the industry and the territory in which the CGU operates;
- the long-term growth rate is determined with reference to historic inflation rates and industry forecast reports in the market in which the CGU operates.

The recoverable amount of the CGU is estimated to exceed its carrying amount at 30 June 2023 by £21,844,536. The recoverable amount of the CGU would still exceed its carrying amount if the key assumptions were to change as follows:

	From	To
- Sales Growth	14.0%	0%
- Pre-tax discount rate	8.5%	15%
- Long-term growth rate	1.5%	0%

**SEALY UNITED KINGDOM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**13. Inventories**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Raw materials	<b>2,327</b>	1,779
Work in progress	<b>320</b>	279
Finished goods and goods for resale	<b>508</b>	525
	<u><b>3,155</b></u>	<u><b>2,583</b></u>

The amount of inventories recognised as an expense during 2023 was £13,253,000 (2022 - £15,097,000).

The cost of inventories recognised as an expense includes £87,245 in respect of write-downs of inventory to net realisable value (2022 - credit £24,976)

**14. Trade and other receivables**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Trade receivables - non-factored	<b>2,845</b>	2,780
Provision for bad debts	-	(23)
<b>Trade receivables - net</b>	<u><b>2,845</b></u>	<u><b>2,757</b></u>
Prepayments	<b>357</b>	480
Contract Asset - Accrued income (note 5)	<b>37</b>	41
Other receivables	<b>72</b>	139
<b>Total trade and other receivables</b>	<u><b>3,311</b></u>	<u><b>3,417</b></u>
Less: current portion - trade receivables	<b>(2,845)</b>	(2,757)
Less: current portion - prepayments and accrued income	<b>(394)</b>	(521)
Less: current portion - other receivables	<b>(72)</b>	(139)
<b>Total current portion</b>	<u><b>(3,311)</b></u>	<u><b>(3,417)</b></u>
<b>Total non-current portion</b>	<u><b>-</b></u>	<u><b>-</b></u>

£40,000 included in other receivables is cash in deposits placed with Barclays Bank plc as a security for custom duty credit with HM Revenue and Customs.

SEALY UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023

15. Trade and other payables

	2023 £000	2022 £000
Trade payables	958	1,424
Payables to related parties	650	4,208
Accruals	1,697	1,124
<b>Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost</b>	<b>3,305</b>	<b>6,756</b>
Other payables - tax and social security payments	309	338
<b>Total trade and other payables</b>	<b>3,614</b>	<b>7,094</b>
Less: current portion - trade payables	(958)	(1,424)
Less: current portion - payables to related parties	(650)	(4,208)
Less: current portion - other payables	(309)	(338)
Less: current portion - accruals	(1,697)	(1,124)
<b>Total current portion</b>	<b>(3,614)</b>	<b>(7,094)</b>
<b>Total non-current position</b>	<b>-</b>	<b>-</b>

16. Loans and borrowings

	2023 £000	2022 £000
<b>Non-current</b>		
Lease liabilities	1,313	1,647
	<b>1,313</b>	<b>1,647</b>
<b>Current</b>		
Shareholders' loan	18,434	8,658
Lease liabilities	507	509
	<b>18,941</b>	<b>9,167</b>
<b>Total loans and borrowings</b>	<b>20,254</b>	<b>10,814</b>

**SEALY UNITED KINGDOM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**17. Provision for other liabilities and charges**

	<b>Warranties £000</b>
At 1 July 2022	310
Charged to profit or loss	538
Utilised during the year	(538)
<b>At 30 June 2023</b>	<b>310</b>
Due after more than one year	310
	<b>310</b>

A warranty provision is accrued for the estimated costs of future warranty claims up to 5-year warranty period based on historical experience. Cash outflows are expected to occur each year over that total period, based on the date of a customer's claim. The total costs involved are inherently uncertain as the number of customer claims that will be received in the future, and cost of each claim is not known at the balance sheet date.

**18. Share capital**

**Authorised**

	<b>2023 Number</b>	<b>2023 £000</b>	<i>2022 Number</i>	<i>2022 £000</i>
<b>Shares treated as equity</b>				
Ordinary shares of £1.00 each	5,000,000	5,000	5,000,000	5,000
	<u>5,000,000</u>	<u>5,000</u>	<u>5,000,000</u>	<u>5,000</u>

**Issued and fully paid**

	<b>2023 Number</b>	<b>2023 £000</b>	<i>2022 Number</i>	<i>2022 £000</i>
<b>Ordinary shares of £1.00 each</b>				
At 1 July and 30 June	5,000,000	5,000	5,000,000	5,000
	<u>5,000,000</u>	<u>5,000</u>	<u>5,000,000</u>	<u>5,000</u>

**19. Accumulated losses**

**Profit and loss account**

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

**SEALY UNITED KINGDOM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**20. Leases**

**(i) Leases as a lessee**

The nature of the Company's leasing activities by type of right-of-use assets recognised on the balance sheet is detailed in note 11.

Lease liabilities are due as follows:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Contractual undiscounted cash flows due</b>		
Not later than one year	<b>565</b>	<b>590</b>
Between one year and five years	<b>1,377</b>	<b>1,749</b>
	<b>1,942</b>	<b>2,339</b>
	<b>1,820</b>	<b>2,156</b>
Lease liabilities included in the Statement of financial position at 30 June		
Non-current	<b>1,313</b>	<b>1,647</b>
Current	<b>507</b>	<b>509</b>

The following amounts in respect of leases have been recognised in profit or loss:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Interest expense on lease liabilities	<b>74</b>	<b>76</b>

## SEALY UNITED KINGDOM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### 21. Financial instruments - fair values and risk management

##### 21.1 Financial risk management objectives

The Company's activities expose it to a variety of financial risks, including foreign exchange risk, credit risk, liquidity risk and interest rate risk. The Company's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Company's financial performance.

##### 21.2 Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	<b>Liabilities</b>		<b>Assets</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
United States Dollar 'USD'	(13)	(502)	-	-
Euro 'EUR'	(12)	(152)	62	178
Australian Dollar 'AUD'	(249)	(2,683)	-	-
	<b>(274)</b>	<b>(3,337)</b>	<b>62</b>	<b>178</b>

##### Foreign currency risk management and sensitivity analysis

In the opinion of the directors, United States dollars, Australian dollars and the Euro are reasonably stable with the Pound Sterling under the Linked Exchange Rate System, and accordingly, the Company considers the foreign exchange risk is low. Given the low risk, the Company does not hedge against movements in exchange rates but does take exchange rate movements into account for cash flow forecasting. Management continually monitor for current or potential changes that might necessitate a change in risk management strategy.

If these currencies changed against the Pound Sterling by 2%, with all other variables including tax rate being held constant, the effect arising from the net financial asset/liability position will be approximately as follows:

	<b>2023</b>	<b>impact</b>
	<b>£000</b>	<b>2022</b>
		<b>£000</b>
Profit or loss	4	54



## SEALY UNITED KINGDOM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### 21. Financial instruments - fair values and risk management (continued)

##### 21.3 Credit risk management

Credit risk includes risks resulting from risks of concentration and counterparty default. It mainly arises from deposits with banks, contractual cash flows of debt instruments carried at amortised cost, as well as credit exposures to customers and related companies, including loans and outstanding receivables.

The Company has a large number of customers but does have a small number of significant individual customers which make up a sizeable portion of the Company's revenue. These customers are large, reputable retailers which are considered to present a very low risk of default. The Company has policies in place to ensure that sales of goods are made to customers with an appropriate credit history and to limit the amount of credit exposure to customers to minimise credit risk resulting from counterparty default. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Furthermore, the Company reviews the recoverable amount of each individual customer at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Write offs are made on a case by case basis, subject to board approval. In this regard, the directors are of the opinion that the relevant credit risk is significantly reduced.

The Company's financial assets are subject to the expected credit loss model. While cash at banks are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial as they are mainly deposited in reputable and creditworthy banks.

The credit risk on rental and utility deposits and other receivables are considered to be low by the directors given their nature.

The Company applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experiences. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

SEALY UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023

21. Financial instruments - fair values and risk management (continued)

21.4 Liquidity risk management

Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Carrying amount £000	Total £000	< 1 year £000	1 - 2 years £000	2 - 5 years £000	More than 5 years £000
<b>30 June 2023</b>						
Trade and other payables	3,617	3,617	3,617	-	-	-
Undiscounted lease liabilities	1,942	1,942	566	538	838	-
Shareholders' loan	18,434	18,434	18,434	-	-	-
	<u>23,993</u>	<u>23,993</u>	<u>22,617</u>	<u>538</u>	<u>838</u>	<u>-</u>
	Carrying amount £000	Total £000	< 1 year £000	1 - 2 years £000	2 - 5 years £000	More than 5 years £000
<b>30 June 2022</b>						
Trade and other payables	7,094	7,094	7,094	-	-	-
Undiscounted lease liabilities	2,339	2,339	590	513	1,236	-
Shareholders' loan	8,658	8,658	8,658	-	-	-
	<u>18,091</u>	<u>18,091</u>	<u>16,342</u>	<u>513</u>	<u>1,236</u>	<u>-</u>

SEALY UNITED KINGDOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023

21. Financial instruments - fair values and risk management (continued)

21.4 Liquidity risk management (continued)

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Carrying amount £000	Total £000	Current £000	+1 - 3 months £000	3 - 12 months £000	1 - 2 years £000	2 - 5 years £000
<b>30 June 2023</b>							
Trade receivables	2,845	2,845	2,703	115	27	-	-
	<u>2,845</u>	<u>2,845</u>	<u>2,703</u>	<u>115</u>	<u>27</u>	<u>-</u>	<u>-</u>
	Carrying amount £000	Total £000	Current £000	+1 - 3 months £000	3 - 12 months £000	1 - 2 years £000	2 - 5 years £000
<b>30 June 2022</b>							
Trade receivables	2,780	2,780	1,935	674	171	-	-
	<u>2,780</u>	<u>2,780</u>	<u>1,935</u>	<u>674</u>	<u>171</u>	<u>-</u>	<u>-</u>

The loss allowance that was provided for as at 30 June 2023 was £Nil (2022 - £23,000).

**SEALY UNITED KINGDOM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2023**

**22. Notes supporting statement of cash flows**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Cash at bank available on demand	<b>3,057</b>	<b>4,585</b>
Cash on hand	<b>3</b>	<b>1</b>
<b>Cash and cash equivalents in the statement of financial position</b>	<b>3,060</b>	<b>4,586</b>
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>3,060</b>	<b>4,586</b>

**23. Net debt reconciliation**

The Company's analysis of net debt set out as below:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Cash and cash equivalents	<b>3,060</b>	<b>4,586</b>
Current lease liabilities	<b>(507)</b>	<b>(509)</b>
Non-current lease liabilities	<b>(1,313)</b>	<b>(1,647)</b>
Shareholders' loan	<b>(18,434)</b>	<b>(8,658)</b>
<b>Net debt</b>	<b>(17,194)</b>	<b>(6,228)</b>

**24. Non-recurring item**

Included within Administrative Expenses is £547,000 cost arising from realigned staff levels.

**25. Controlling party**

The Company is jointly controlled by Madad United Kingdom Pty Ltd (incorporated in Australia), being the owner of the Company's class A ordinary shares, and Tempur-Pedic Management LLC (incorporated in the United States of America), being the owner of the Company's class B ordinary shares, effectively each owning 50% of the Company's share capital.

Madad United Kingdom Pty Ltd is controlled by Dyer Holdings Pty Ltd and Tempur-Pedic Management LLC is a subsidiary company of Tempur Sealy International Inc.

# SEALY UNITED KINGDOM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

### 26. Related party transactions

During the year the following transactions occurred with related parties:

	2023 £000	2022 £000
Provision of management services by a related company of a corporate shareholder Madad PtyLtd	678	1,185
Purchase of machineries from a related company of a corporate shareholder, Madad Pty Ltd	-	1,972
Royalty expenses charged by a related company of a corporate shareholder, Sealy Technology LLC	668	1,043

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2023 £000	2022 £000
<b>Current payables</b>		
Madad Pty Ltd	249	2,683
Sealy Technology LLC	401	1,525

The following transactions in relation to the shareholders loan have occurred in the year:

	Madad United Kingdom Pty Ltd £000	Tempur-Sealy International Ltd £000
<b>Balance at 1 July 2021</b>	2,526	2,526
Loan received	1,750	1,750
Interest charged	53	53
<b>Balance at 30 June 2022</b>	<b>4,329</b>	<b>4,329</b>
<b>Balance at 1 July 2022</b>	4,329	4,329
Loan received	4,500	4,500
Interest charged	388	388
<b>Balance at 30 June 2023</b>	<b>9,217</b>	<b>9,217</b>

Interest was charged on the shareholder loans using a 3 month LIBOR + 1.5% fixed rate up to 16 November 2022. After this date, interest was charged using a 3 month SONIA + 1.6193% fixed rate.

### 27. Events after the reporting date

On 5 October 2023 the Company issued additional share capital to existing shareholders in equal parts. 2,500,000 A ordinary shares and 2,500,000 B ordinary shares were issued and fully paid on this date.

There were no other significant events occurring after the reporting date that affect these financial statements.