



November 2020 - February 2021 Operational Case
Study Examination
Pre-seen material



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Your role

You are a Finance Officer working within the Finance Department of AmaZZZing Beds. You are principally involved in the preparation of management accounting information and providing information to managers to assist with decision making. At times you are also expected to assist with the preparation of the financial statements and answer queries regarding financial reporting and other financial matters.

Introduction

AmaZZZing Beds is based in Eastland, a country in Europe with the E\$ as its currency. The company sells mattresses and beds through its network of 120 stores, which are located throughout Eastland, and through its own website. It is the country's largest bed and mattress retailer, based on revenue. AmaZZZing Beds sells all of the major brands of mattresses and beds as well as its own brand which the company manufactures at its manufacturing facility in Eastland. The company does not currently sell mattresses or beds outside of Eastland.

The company was founded in 1978 by George Norton. He started the business with a single store selling a wide range of furniture. Soon realising that customers were constantly asking for advice about mattresses and beds, by 1982 the company was focusing entirely on these products. In 1990 AmaZZZing Beds opened a production facility where it could manufacture its own brand of mattresses and divan beds. At this time there were 40 stores and by the year 2000 there were 100 stores nationwide. In 2005, George Norton sold the business to a private equity company and retired from the business. The private equity investor still holds 100% of the company's share capital.

AmaZZZing Beds' aim is to continue to be the number one retailer of mattresses and beds in Eastland. It plans to achieve this by:

- Offering a full product range, including all of the major mattress and bed brands available in Eastland, within its retail stores and on-line through its website.
- Having retail staff that are well trained in both customer service and providing support to customers in their selection of a suitable mattress.
- Making its retail stores user friendly. It uses a colour coding system on mattress information to identify the type of mattress and its unique features.

At its manufacturing facility, AmaZZZing Beds manufactures its own brand of sprung mattresses, hybrid mattresses and divan beds. It also has a small research and development team that is constantly looking at mattress technology to try and improve the sleep experience for consumers. Approximately 30% of the company's revenue and 33% of its gross profit is from the mattresses and beds that it manufactures. All other mattresses and beds sold in the retail stores are bought in from well-known branded manufacturers.

Revenue for the year to 30 June 2020 was E\$174 million of which 64% was for mattresses and 36% for beds. Gross profit for the year to 30 June 2020 was E\$80 million of which 67% related to mattresses and 33% to beds. The company employs 1,160 people: 130 at Head Office, 575 in the retail stores, 285 at the production facility and 170 in Logistics (Distribution Centre and delivery fleet).

The directors



Chief Executive Officer: Ben De Luca

Ben has been CEO since 2005 and has been involved in furniture retail since starting his professional life as a store manager for a national furniture retail chain. He is responsible for overseeing the whole business and is the key point of liaison with the private equity investor. Ben has an increasing interest in green and ethical issues surrounding mattress production and recycling.



Retail Director: Meena Patrick

Meena has worked for AmaZZZing Beds for over 25 years, starting as an Assistant Store Manager. She is responsible for the operation of all 120 retail stores. Meena is keen to ensure that the customer experience is as easy and pleasurable as possible and expects all retail staff to be knowledgeable about the products and give excellent customer service. She is very knowledgeable about sleep science and wellness and is interested in finding ways that the company could expand in these areas.



Production Director: Gavin Thorpe

Gavin has worked for AmaZZZing Beds for 6 months. He previously worked as a Senior Production Manager for Zee Sleep, the leading manufacturer of branded mattresses in Eastland. He is responsible for all aspects of the production facility. Gavin is interested in product design as well as production and is keen to expand the range of mattresses and beds made at the manufacturing facility.



Purchasing Director: Mo Singh

Mo has worked for AmaZZZing Beds for 15 years in the Purchasing Department. She is responsible for all aspects of purchasing, both raw materials for the manufacturing facility and bought in products. Mo has, over the years, built up excellent relationships with many of the company's suppliers.



Marketing Director: Helene Hugo

Helene has worked for AmaZZZing Beds for 5 years, having previously been employed as a marketing account executive in Eastland's largest marketing agency. She is responsible for all of the company's marketing and works closely with Meena Patrick on the branding of the business. Helene was instrumental in successfully relaunching the company's brand 4 years ago.



Logistics Director: Jack Norton

Jack has worked for AmaZZZing Beds for 25 years, starting as a logistics co-ordinator. He is responsible for the delivery fleet and all logistics operations. Jack was the main driver behind the company deciding to gradually replace its delivery fleet with hybrid vehicles. This initiative is currently 35% complete.



Finance Director: Stephan Tang

Stephan has worked for AmaZZZing Beds for 10 years and has been Finance Director for the last 2 years. He has been a qualified accountant for 15 years. Stephan is responsible for all aspects of finance including all internal and external reporting. He also has a lot of expertise in IT and, supported by external consultants, is responsible for the company's IT systems.

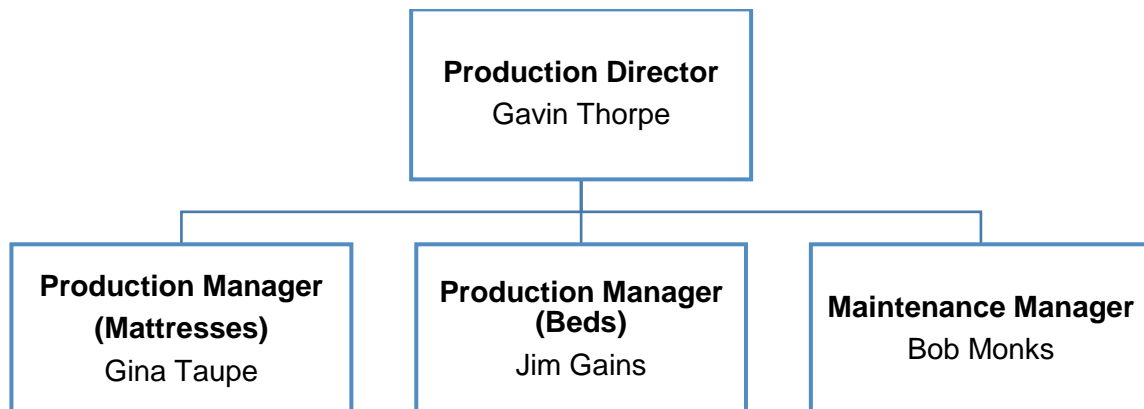


Human Resources Director: Karl Baptiste

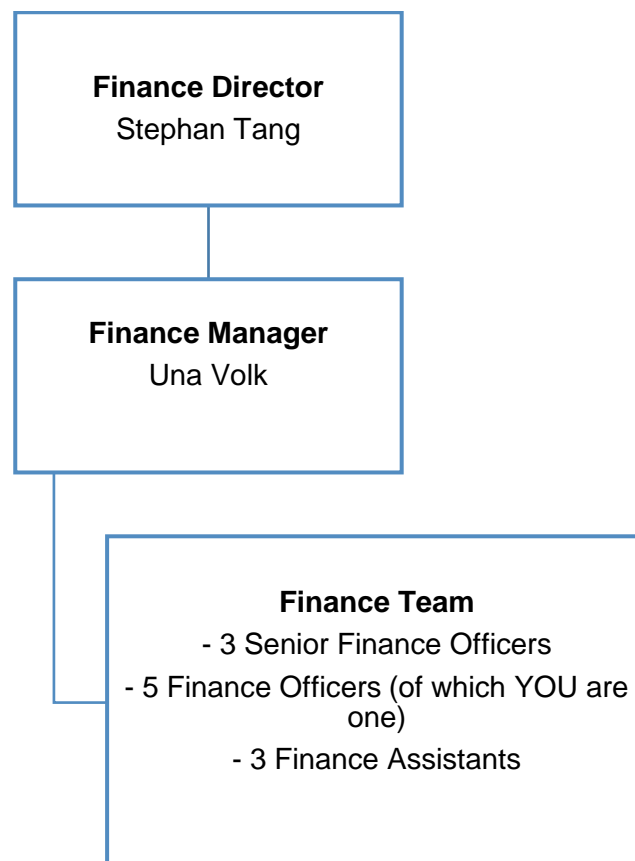
Karl has worked for AmaZZZing Beds for 7 years, but has worked in various HR roles for the last 30 years. He is responsible for all HR issues relating to the company's employees and is an expert in employment law. Karl has a keen interest in employee welfare and has started a number of initiatives that have sought to improve this.

Production and Finance teams

Production:



Finance:



Extract from the AmaZZing Beds website: Our products

A quick guide to the mattress types that we retail

Sprung	<ul style="list-style-type: none">• A traditional mattress made with an internal core of coiled springs and padding layers. The spring layer can be open coil (springs are inter-connected) or pocket sprung (each spring is contained within a separate fabric pocket). Open coil springs give support across the entire sleeping area, whilst pocket springs allow each spring to move independently, leading to greater support where the body needs it most.
Memory Foam	<ul style="list-style-type: none">• A mattress which combines a layer of memory foam (made from polyurethane) with support foam. Memory foam uses body heat to soften and mould to the sleeper's shape. It bounces back slowly after use and over time remembers body shape and sleeping position.
Latex	<ul style="list-style-type: none">• A mattress made from natural latex created from the white sap of <i>Hevea brasiliensis</i> (rubber trees). Natural latex is hypoallergenic, responsive and contours to body shape to provide relief from aches and pains.
Hybrid	<ul style="list-style-type: none">• A mattress that combines an inner core of springs (pocket or open coil) with layers of support foam and memory foam. Provides the best of both worlds: springs for support and foam for comfort.

The following are the standard sizes for mattresses in Eastland:

- Single (0.90 metre width)
- Double (1.40 metre width)
- King (1.60 metre width)
- Super King (1.80 metre width)

The mattresses that we retail include our own range of pocket sprung and hybrid mattresses which we manufacture at our production facility.

A quick guide to the bed types that we retail

Divan	<ul style="list-style-type: none">• A traditional firm bed base made from a wooden inner shell and heavy duty fabric covering which forms the mattress base. Many of our divan beds include underbed storage.
Upholstered	<ul style="list-style-type: none">• A bed which includes a slatted mattress base within an upholstered shell. The slatted base can either be made using straight slats or curved sprung slats. Upholstered beds usually include a built-in headboard and some include underbed storage.
Wooden	<ul style="list-style-type: none">• A bed which includes a slatted mattress base within an upholstered shell. The slatted base can either be made using straight slats or curved sprung slats. Upholstered beds usually include a built-in headboard and some include underbed storage.
Metal	<ul style="list-style-type: none">• A bed frame made of metal with a slatted mattress base. Slats in the base can either be straight slats or curved sprung slats. The headboard is part of the bed frame.

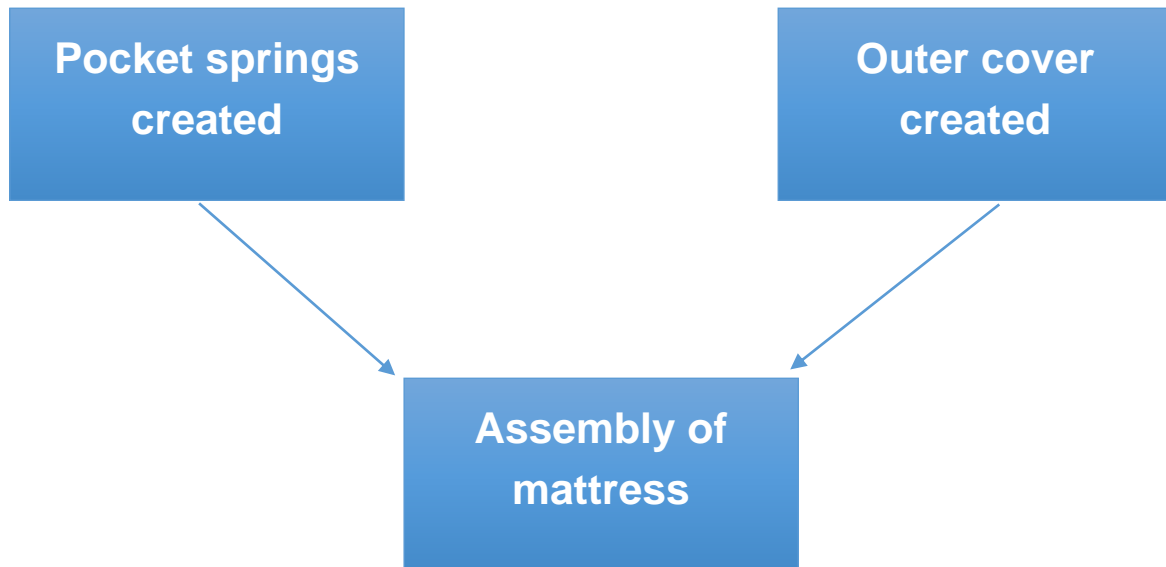


Picture: Upholstered bed with underbed storage

All beds are available in sizes appropriate to fit the four standard sizes of mattresses sold. The beds that we retail include our own range of divan beds which we manufacture at our production facility.

Extract from the AmaZZing Beds website: Our production process for mattresses

Here at AmaZZing Beds our mattresses are made by our highly skilled production employees using high quality materials. Firstly, the pocket springs and mattress outer cover are created and then each mattress is assembled largely by hand.



Pocket springs created

Each of our mattresses contains an inner core of 2 layers of springs that are individually stitched into fabric pockets. The springs are steel coils that we purchase from our trusted supplier, located just 5 kilometres from our factory. These steel coils are stitched into fabric pockets by machine to create a single line of pocketed springs. The mattress core is created by zigzagging this line of pocketed springs to form a rectangle as shown below:



This rectangle is stabilised by adding a fine wire mesh around it.

Outer cover created

All of our mattress covers are made from damask fabric with a lining of upholstery padding as follows:

The damask fabric and lining are fed separately into a cutting & quilting machine. Firstly, the two layers are combined by quilting them together. Secondly, the combined layer is cut to the relevant size for the mattress.



The edges of each cut-out piece are stitched by a sewing machine which is manually operated. The side panel is also stitched on to a bottom cover.

Assembly of mattress

Assembly of the mattress is mainly a manual operation. Each mattress is assembled on a horizontal table which is part of a vice. The different layers are placed into the table in the following order:

- Bottom lined cover including the side panel;
- Layer of cotton padding (or a combination of memory foam and a padding layer for hybrid mattresses);
- Wire mesh layer (to protect the springs);
- Double layer of pocket springs;
- Wire mesh layer;
- Layer of cotton padding (or a combination of memory foam and a padding layer for hybrid mattresses);
- Top lined cover including the side panel.

The mattress is fixed together when the side panel is stitched on to the top cover with a binding machine which runs around the edge of the mattress.

The top grill of the vice is placed over the mattress, fixed into place and the mattress is flattened. The vice is rotated to a vertical position from a horizontal position and the mattress is further strengthened by button tufting, a process where thick thread is passed through the mattress by hand and a button secured on each side of the thread. The mattress is released from the vice and moved to the packing area where it is wrapped in a plastic covering for protection.

Other information about company operations

Retail stores

AmaZZing Beds currently has 120 stores located in the major cities and towns of Eastland. Of these, 40 are branded as superstores and have room to accommodate a large range of beds and mattresses. The other 80 stores are smaller and can only accommodate a limited range. The decision about which mattresses and beds are displayed at each of these stores is made by each Store Manager.

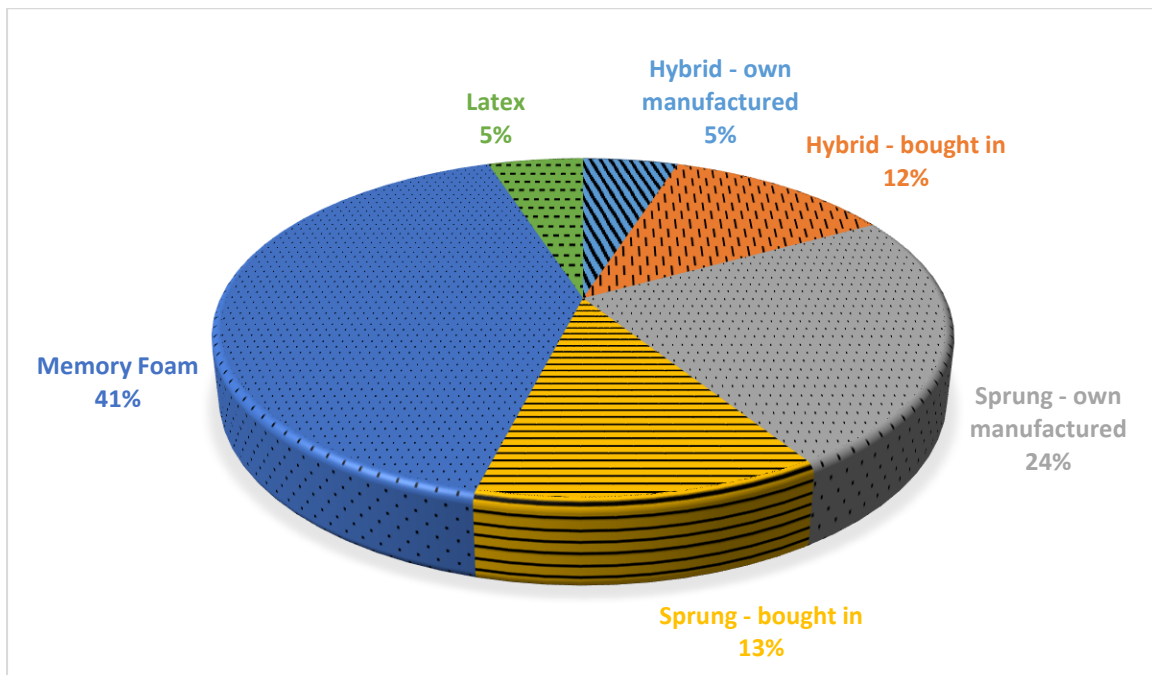
The retail stores are effectively showrooms for customers to see, touch and try out the AmaZZing Beds range of mattresses and beds. Each store is laid out in such a way that different types of mattress are located in the same area and each type of mattress has its own colour-coded labelling. This labelling includes information about mattress specifications and a score out of five for firmness.

Each store has a team of salespeople that are trained and very knowledgeable about the different mattress and bed types and can advise customers depending on their preferences and requirements. There are also numerous information terminals within each store where customers can access the company's website which contains information about all of the products and gives advice about which type of mattress best fits different needs.

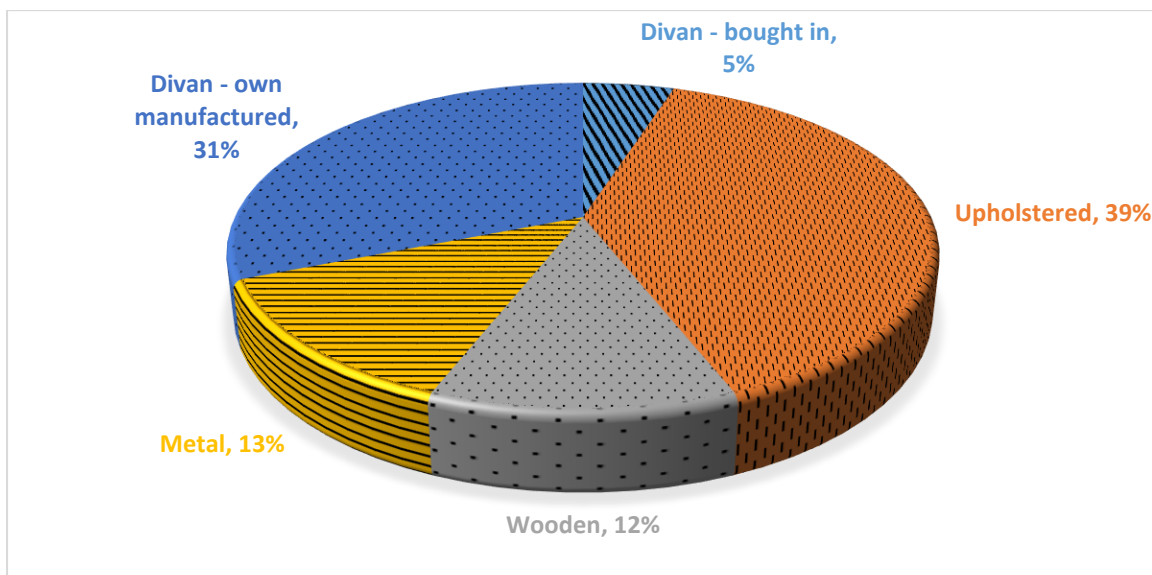
AmaZZing Beds sells directly to the public: there are currently no corporate customers. All beds and mattresses have to be ordered for home delivery and are not available to be taken away from the store. Ordering can either be done in store with a salesperson or through the company's website and at the point of ordering the customer pays in full. Delivery to customers is carried out by the Logistics team.

Sales

All revenue is generated in Eastland. The budgeted revenue from the sale of mattresses for the year ending 30 June 2021 is E\$114.4 million, which is split as follows:



The budgeted revenue from the sale of beds for the year ending 30 June 2021 is E\$65.0 million, which is split as follows:



There is seasonality in both sales of beds and mattresses, with sales typically higher in the colder months of the year.

Manufacturing facility

AmaZZZing Beds has a single manufacturing facility where it manufactures its own range of divan beds and mattresses. The process of manufacturing the divan beds and the mattresses has changed little since production started in 1990.

All of the beds and mattresses that AmaZZZing Beds manufactures are made for inventory, rather than for a particular customer order. After production is complete, finished goods inventory is sent to the distribution warehouse.

Purchasing and suppliers

The Purchasing Department is responsible for procuring both bought in products and raw materials used in production.

Bought in beds and mattresses are sourced from companies that make the following major bed and mattress brands in Eastland:

- Zee Sleep
- Relaxicle
- Memfoam Delux
- Comfort ZZZ
- Sleepsters

AmaZZZing Beds holds inventory of its most popular bought in beds and mattresses at its Distribution Centre to ensure that customer orders can be dealt with quickly. Other less popular lines are only ordered from the supplier on the receipt of a customer order. Typically, there is a two-week lead time from placing an order with a supplier and receipt of the bed or mattress into the Distribution Centre.

The main raw materials used in production are springs, fabric, padding layers, memory foam and wood. The springs are sourced from a single supplier located in Eastland, close to the production facility. This supplier has been used for the last eight years and AmaZZZing Beds accounts for 75% of its revenue. Relationships with this supplier are excellent.

Memory foam is also sourced from a single supplier located in Westland, a country that borders Eastland. This supplier has been used since AmaZZZing Beds started to produce hybrid mattresses five years ago. Again, relationships with this supplier are excellent.

All other raw materials (fabric, padding layers, wood and consumables) are sourced from a variety of suppliers, mostly located in Eastland. Selection of suppliers for these materials is usually based on consideration of cost and speed of delivery. Increasingly though AmaZZZing Beds considers the sustainability of the materials that they use and the sustainability credentials of their suppliers.

Supplier payment terms vary significantly and range between 30 and 75 days. AmaZZZing Beds takes advantage of the credit terms granted.

Customer guarantees

All of the beds and mattresses that AmaZZZing Beds sells have a 12-month guarantee. For the mattresses and beds that are bought in, this guarantee is supported by the supplier. For the mattresses and beds that AmaZZZing Beds manufactures, few customers have ever returned goods under guarantee.

Distribution Centre and Logistics

The Distribution Centre is located 10 kilometres from the production facility and holds inventory of manufactured and bought in beds and mattresses. All customer orders are despatched from this centre.

Upon receipt of a customer order a member of the Customer Services Department will confirm that the item is in inventory or notify the Purchasing Department to place an order with the supplier. Where items are in inventory AmaZZZing Beds aims to despatch to the customer within 7 days.

AmaZZZing Beds has its own fleet of vehicles that travel throughout Eastland delivering to customers. It is the responsibility of the Logistics Managers to schedule deliveries to ensure that trucks are as full as possible before leaving the Distribution Centre.

Employees

Current employee numbers are as follows:

	Number
Retail	575
Production	285
Logistics	170
Head Office	130
Total	1,160

AmaZZZing Beds has a policy of paying its employees above the national living wage of Eastland. It has been recognised as a good employer by the Eastland Trade Institute in respect of employee welfare and training opportunities.

Finance

The financial information systems are integrated with the sales, production and inventory systems. The company operates a standard absorption costing system using a facility-wide overhead absorption rate based on direct labour hours for both variable and fixed production overheads.

Budgets are produced annually using incremental budgeting, based on information provided by functional managers. The company operates a participative approach to budgeting and functional managers are given budget responsibility for their respective areas. For production, standard cost cards are produced which are updated annually.

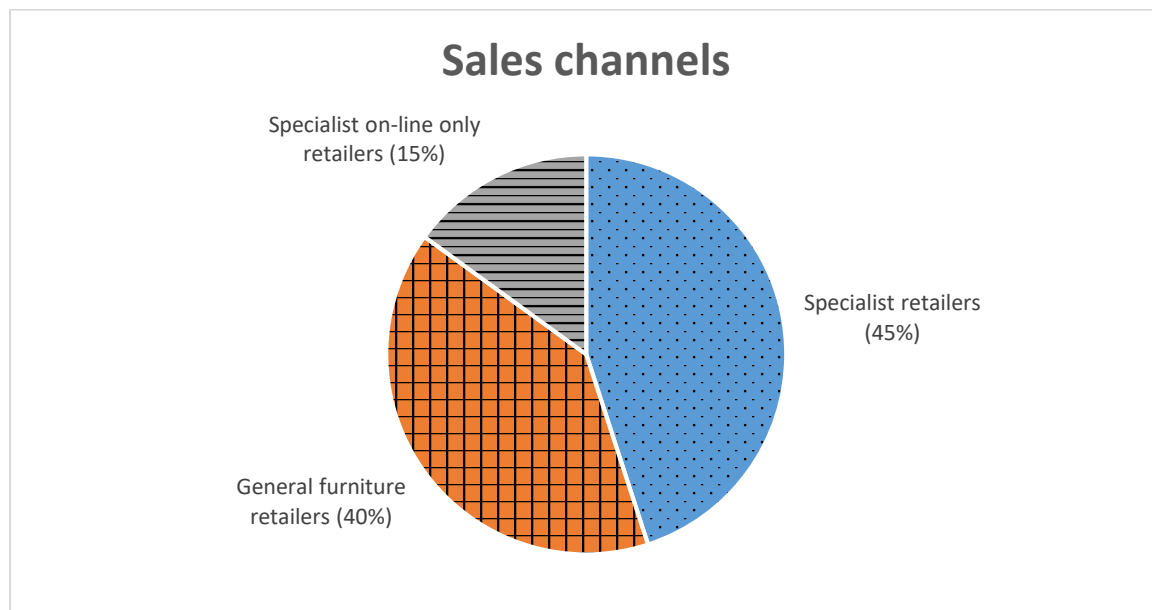
The mattress and bed industry in Eastland

General trend

After years of stagnation, over the last 5 years there has been growth in sales of mattresses and beds (3.5% per year over the period) due in part to the popularity of wellness and sleep quality which are seen as important for health. Many people now digitally monitor their sleep patterns.

Sales channels for beds and mattresses

In Eastland, sales of beds and mattresses (by revenue) during the year to 31 December 2019 were made through the following sales channels:

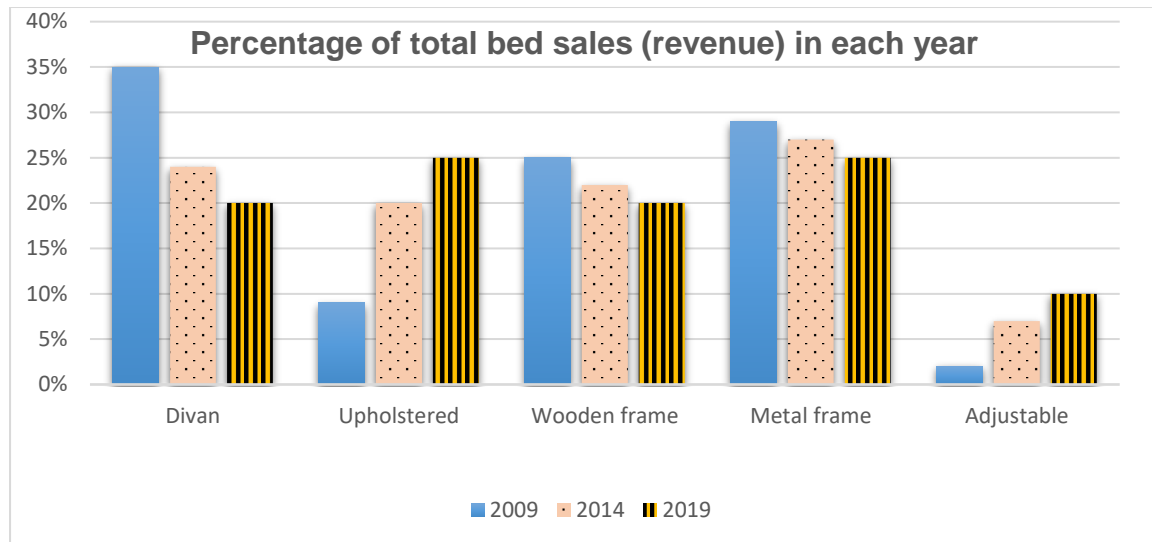


In Eastland there are over 300 specialist retailers. Two of these (AmaZZZing Beds and Gordon's Beds) are national chains that account for 80% of specialist retailer sales (by revenue). AmaZZZing Beds is the largest of these two retailers. These two national chains sell both through retail stores and their own websites. The other 20% (by revenue) is made up of small independent bed and mattress store businesses, which typically have just one retail store and have no on-line presence.

Sales through specialist on-line only retailers are growing with the success of a company called Robert Mattresses which was founded 5 years ago. Robert Mattresses launched a mattress range that can be ordered on-line and delivered direct to the customer. A special feature of a Robert mattress is that it is delivered vacuum packed in a recyclable box.

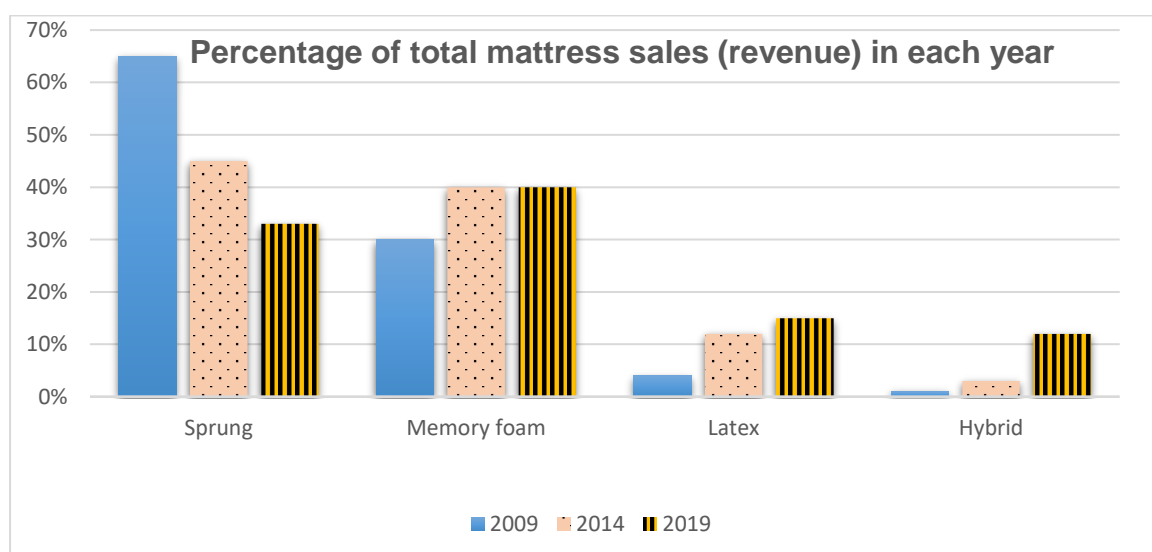
Sales by type of bed

Beds sold in Eastland can be split into the following broad types: divan, upholstered, wooden frame, metal frame and adjustable. The mix of bed types sold has changed over the last 10 years as shown in the following chart:



Sales by type of mattress

Mattresses sold in Eastland can be split into the following broad types: sprung, memory foam, latex and hybrid. The mix of mattress types sold has changed over the last 10 years as shown in the following chart:



Brands and manufacturing

There are eight well-known brands of mattresses and beds that are sold in Eastland:

- Zee Sleep
- Relaxicle
- Memfoam Delux
- Comfort ZZZ
- Sleepsters
- AmaZZZing Beds own brand
- Gordon's Beds own brand
- Robert Mattresses.

The beds and mattresses of Zee Sleep, Sleepsters, AmaZZZing Beds, Gordon's Beds and Robert Mattresses are all manufactured in Eastland. The other brands are manufactured either elsewhere in Europe or in the United States.

Latest trends in the industry

Sustainability in both production and retailing of beds and mattresses is becoming increasingly important. In 2018, Zee Sleep was the first manufacturer in Eastland to produce a mattress made largely from recycled materials. In the same year, Gordon's Beds started a recycling scheme in which customers can opt to have their old bed and mattress taken away for recycling. The recycling of old mattresses is a major concern in Eastland. Industry reports suggest that only 20% of old mattresses are recycled with the remainder ending up in landfill sites. In 2019, AmaZZZing Beds announced its own sustainability programme, including a plan to replace all diesel-powered delivery vehicles with hybrid vehicles.

Increasing digitalisation is also driving the industry. The growth in wrist-worn fitness trackers linked to digital health apps and the monitoring of sleep patterns has led to innovations in bed and mattress design. 2019 saw the launch of Eastland's first smart bed made by Sleepsters: a bed which uses sensors and other digital technologies to gather data about heart rate, breathing and movement during sleep which is used to generate sleep statistics.

Financial statements for the year ended 30 June 2020

AmaZZZing Beds

Statement of profit or loss for the year ended 30 June 2020

	2020	2019
	E\$000	E\$000
Revenue	174,300	169,120
Cost of sales	(94,180)	(92,960)
Gross profit	80,120	76,160
Selling, distribution and marketing costs	(52,420)	(51,305)
Administrative expenses	(15,900)	(15,200)
Operating profit	11,800	9,655
Finance costs	(234)	(340)
Profit before tax	11,566	9,315
Income tax expense	(3,400)	(2,510)
Profit for the year	8,166	6,805

AmaZZZing Beds**Statement of financial position at 30 June 2020**

	2020 E\$000	2020 E\$000	2019 E\$000	2019 E\$000
ASSETS				
Non-current assets				
Property, plant and equipment		19,320		20,750
Current assets				
Inventory	18,521		17,856	
Other receivables	2,200		2,063	
Cash and cash equivalents	18,645		14,739	
		39,366		34,658
Total assets		58,686		55,408
EQUITY AND LIABILITIES				
Issued E\$1 equity share capital	100		100	
Retained earnings	22,626		19,460	
Total equity		22,726		19,560
Non-current liabilities				
Borrowings		3,100		4,800
Current liabilities				
Trade and other payables	29,460		28,538	
Current tax liabilities	3,400		2,510	
		32,860		31,048
Total equity and liabilities		58,686		55,408

Notes on the financial statements

AmaZZZing Beds depreciates each item of property, plant and equipment over its useful life on a prorata basis.

AmaZZing Beds**Statement of cash flows for the year ended 30 June 2020**

	E\$000	E\$000
Cash flows from operating activities		
Profit before tax	11,566	
Adjustments		
Depreciation	1,480	
Profit on sale of property, plant and equipment	(62)	
Finance costs	234	
		13,218
Movements in working capital		
Increase in inventory	(665)	
Increase in other receivables	(137)	
Increase in trade and other payables	922	
		120
Cash generated from operations		13,338
Tax paid		(2,510)
Interest paid		(234)
Net cash inflow from operating activities		10,594
Cash flows from investing activities		
Purchase of property, plant and equipment	(760)	
Proceeds on disposal of property, plant and equipment	772	
Net cash inflow from investing activities		12
Cash flows from financing activities		
Repayment of borrowing	(1,700)	
Dividend paid	(5,000)	
Net cash outflow from financing activities		(6,700)
Net increase in cash and cash equivalents		3,906
Cash and cash equivalents at the start of the year		14,739
Cash and cash equivalents at the end of the year		18,645

Budget information for the year ending 30 June 2021

Summary budget

	Mattresses E\$000	Beds E\$000	Total E\$000
Sales revenue	114,359	65,046	179,405
Cost of sales	(58,249)	(36,991)	(95,240)
Gross profit	56,110	28,055	84,165
Gross profit margin	49.1%	43.1%	46.9%

Total for mattresses

	Bought in E\$000	Own manufactured: Pocket Sprung E\$000	Own manufactured: Hybrid E\$000	Total E\$000
Sales revenue	81,450	27,871	5,038	114,359
Cost of sales	(43,501)	(12,633)	(2,115)	(58,249)
Gross profit	37,949	15,238	2,923	56,110
Gross profit margin	46.6%	54.7%	58.0%	49.1%

Bought in mattresses by type

	Sprung	Memory foam	Latex	Hybrid	Total
Sales volume	41,800	78,000	9,800	21,000	150,600
	E\$000	E\$000	E\$000	E\$000	E\$000
Sales revenue	14,630	46,800	6,370	13,650	81,450
Buy in cost	(7,315)	(25,350)	(3,381)	(7,455)	(43,501)
Gross profit	7,315	21,450	2,989	6,195	37,949
Gross profit margin	50.0%	45.8%	46.9%	45.4%	46.6%
Average selling price*	E\$350	E\$600	E\$650	E\$650	
Average buy in cost*	E\$175	E\$325	E\$345	E\$355	

*These are the averages across all brands and sizes of mattress.

Own manufactured: Pocket Sprung

	Single	Double	King	Super King	Total
Sales volume	12,600	18,200	21,300	7,000	59,100
Average selling price	E\$300	E\$430	E\$550	E\$650	
	E\$000	E\$000	E\$000	E\$000	E\$000
Sales revenue	3,780	7,826	11,715	4,550	27,871
Cost of sales:					
Material cost	(678)	(1,469)	(2,005)	(753)	(4,905)
Direct labour cost	(517)	(1,045)	(1,495)	(577)	(3,634)
Variable production overhead	(105)	(213)	(304)	(117)	(739)
Fixed production overhead	(478)	(966)	(1,380)	(531)	(3,355)
Gross profit	2,002	4,133	6,531	2,572	15,238
Gross profit margin	53.0%	52.8%	55.7%	56.5%	54.7%

Own manufactured: Hybrid

	Single	Double	King	Total
Sales volume	800	2,800	4,500	8,100
Average selling price	E\$400	E\$560	E\$700	
	E\$000	E\$000	E\$000	E\$000
Sales revenue	320	1,568	3,150	5,038
Cost of sales:				
Material cost	(55)	(287)	(537)	(879)
Direct labour cost	(40)	(188)	(356)	(584)
Variable production overhead	(8)	(38)	(72)	(118)
Fixed production overhead	(37)	(172)	(325)	(534)
Gross profit	180	883	1,860	2,923
Gross profit margin	56.3%	56.3%	59.0%	58.0%

Total for beds

	Bought in E\$000	Own manufactured: Divan E\$000	Total E\$000
Revenue	44,698	20,348	65,046
Cost of sales	(26,213)	(10,778)	(36,991)
Gross profit	18,485	9,570	28,055
Gross profit margin	41.4%	47.0%	43.1%

Bought in beds by type

	Divan	Upholstered	Wooden	Metal	Total
Sales volume	7,500	35,900	21,800	25,000	90,200
	E\$000	E\$000	E\$000	E\$000	E\$000
Sales revenue	3,188	25,130	7,630	8,750	44,698
Buy in cost	(2,025)	(14,360)	(4,578)	(5,250)	(26,213)
Gross profit	1,163	10,770	3,052	3,500	18,485
Gross profit margin	36.5%	42.9%	40.0%	40.0%	41.4%
Average selling price*	E\$425	E\$700	E\$350	E\$350	
Average buy in cost*	E\$270	E\$400	E\$210	E\$210	

*These are the averages across all brands and sizes of bed.

Own manufactured: Divan beds

	Single	Double	King	Super King	Total
Sales volume	11,100	15,700	18,500	6,400	51,700
Average selling price	E\$250	E\$375	E\$450	E\$525	
	E\$000	E\$000	E\$000	E\$000	E\$000
Sales revenue	2,775	5,888	8,325	3,360	20,348
Cost of sales:					
Material cost	(722)	(1,531)	(2,104)	(832)	(5,189)
Direct labour cost	(366)	(777)	(1,069)	(422)	(2,634)
Variable production overhead	(74)	(157)	(217)	(86)	(534)
Fixed production overhead	(337)	(714)	(982)	(388)	(2,421)
Gross profit	1,276	2,709	3,953	1,632	9,570
Gross profit margin	46.0%	46.0%	47.5%	48.6%	47.0%

Example Standard Cost Card: Pocket Sprung Mattress (King)

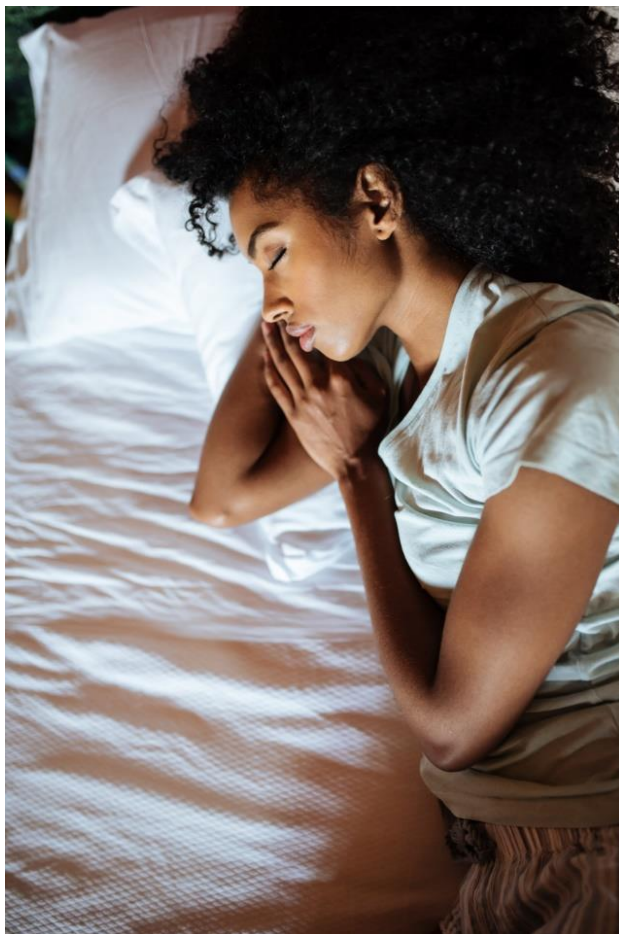
	Quantity	E\$ per unit of quantity	E\$	E\$
Materials:				
Springs	1,575 springs	0.01	15.75	
Pocket fabric	7.00 metres ²	1.25	8.75	
Padding layers	6.30 metres ²	2.50	15.75	
Covering fabrics	8.75 metres ²	5.50	48.13	
Other fixings			5.75	
Total material cost				94.13
Direct labour:				
Pocket springs	2.10 hours	14.00	29.40	
Cover	0.20 hours	12.00	2.40	
Assembly	2.40 hours	16.00	38.40	
Total labour cost				70.20
Variable production overhead	4.70 hours	3.04		14.29
Fixed production overhead	4.70 hours	13.79		64.81
Total production cost				243.43

Article

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The emergence of Sleep Science in the digital age



By: Roberta Gomez

It seems that over half of us (myself included) now wear fitness trackers which allow us to monitor all aspects of our health, including how well we sleep.

Most of us though do little with this information about our sleep patterns other than despair that we haven't had the recommended eight hours and promise ourselves that we will go to bed earlier in the future!

However, every night a wealth of data is being generated from how much deep sleep we're getting to our breathing patterns and oxygen saturation levels. Information that if correctly analysed and interpreted could help us to make improvements to benefit our health and well-being.

The science of sleep has been around for years with sleep clinics linked to hospitals and university research facilities monitoring conditions such as sleep apnea. Accessibility to this though has until now been limited to people referred by doctors with potential health issues or research subjects.

However, with the easy availability of digital data a new brand of sleep science is now emerging that is accessible to all. Apps promising tailored health and sleep advice based on a person's own data are becoming common place.

More than that though Eastland's first commercial sleep clinics are being opened with experts on hand offering a range of services including general sleep advice, hypnosis and sleep monitoring services.

It should be no surprise that one of the first businesses to tap into this new trend is Gordon's Beds which opened its first sleep clinic last month. Matching mattress expertise with sleep expertise seems a marriage made in heaven!

Tax regime in Eastland

- The corporate income tax rate to be applied to taxable profits is 30%.
- Unless otherwise stated below, accounting rules on recognition and measurement are followed for tax purposes.
- The following expenses are not allowable for tax purposes:
 - accounting depreciation
 - amortisation
 - impairment charges
 - entertaining expenditure
 - donations to political parties
 - taxes paid to other public bodies.
- Tax depreciation allowances are available on all items of plant and equipment (including computer equipment) at a rate of 25% per year on a reducing balance basis. A full year's allowance is available in the year that the asset is acquired. Tax depreciation allowances are not available for property assets.
- Tax losses can be carried forward indefinitely to offset against future taxable profits from the same business.
- Sales tax is charged on all standard rated goods and services at a rate of 20%. Tax paid on inputs into a business can be netted off against the tax charged on outputs from that business. All businesses are required to pay over the net amount due on a monthly basis.
- Eastland has adopted international transfer pricing policies to ensure that corporate tax is paid on profits calculated on an arm's length basis, in respect of international trade. Other European countries have adopted the same policies.