

LESLIE WISE LIMITED
REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH APRIL 2006

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LESLIE WISE LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30TH APRIL 2006

DIRECTORS: N H Wise
J H Gowers

SECRETARY: N H Wise

REGISTERED OFFICE: 32 Queen Anne Street
London
W1G 8HD

REGISTERED NUMBER: 885078 (England and Wales)

AUDITORS: Sinclairs
Registered Auditors
32 Queen Anne Street
London
W1G 8HD

LESLIE WISE LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH APRIL 2006

The directors present their report with the financial statements of the company for the year ended 30th April 2006.

PRINCIPAL ACTIVITY

The principal activity of the company were those of textile merchants. The company did not trade during the year under review.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The company has transferred its business undertaking to Leslie Wise Group Plc, its parent undertaking and has stopped trading. At this point in time, the directors have to plan to restart trading.

DIVIDENDS

An interim dividend of £4.5372 per share was approved by the board on 23rd March 2006. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 30th April 2006 will be £1,140,000.

FUTURE DEVELOPMENTS

There are no plans at present for the company to start trading again.

DIRECTORS

The directors who served the company during the year were as follows:

N H Wise
J H Gowers

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise bank balances, balances owed by companies within the same group and a balance owed for PAYE and National Insurance liability.

Due to the nature of the instruments used by the company the value of these instruments will not fluctuate as a result of changes in market prices and therefore there is no exposure to price risk.

The company has incurred a net decrease of £370,306 in cash in the year (2005: Decrease of £210,907), mainly due to the repayment of loan it had with Leslie Wise Group PLC, the parent company. Cash resources at the year end was £95,428 (2005: £465,734).

In respect of amount owed from the other related companies, these loans are presently interest free and repayable on demand.

The PAYE and National Insurance liability owed at the balance sheet date was repaid and no further liability occurred in the new year as the company has ceased trading.

INTRODUCTION OF THE SINGLE EUROPEAN CURRENCY

The directors are continuing to monitor developments on the introduction of the Single European currency and are satisfied that no action is required at this point in time.

POST BALANCE SHEET EVENT

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations or the state of affairs of the company in the financial year subsequent to the financial year ended 30th April 2006.

LESLIE WISE LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH APRIL 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

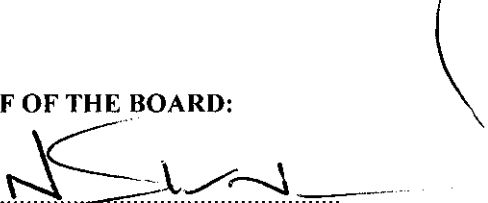
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Sinclairs, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


.....
N H Wise - Secretary

Date: 22nd November 2006

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF LESLIE WISE LIMITED

We have audited the financial statements of Leslie Wise Limited for the year ended 30th April 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

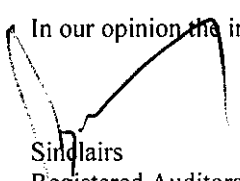
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30th April 2006 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

In our opinion the information given in the report of the directors is consistent with the financial statements.



Sinclair
Registered Auditors
32 Queen Anne Street
London
W1G 8HD

Date: 22nd November 2006

LESLIE WISE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH APRIL 2006

	Notes	2006 £	2005 £
TURNOVER		-	-
Administrative expenses		<u>-</u>	<u>3,293</u>
OPERATING LOSS	3	-	(3,293)
Income from shares in group undertakings		<u>500,000</u>	<u>-</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		500,000	(3,293)
Tax on profit/(loss) on ordinary activities	4	<u>-</u>	<u>(11,914)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>500,000</u>	<u>8,621</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

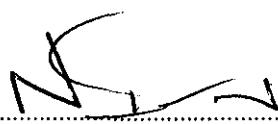
The company has no recognised gains or losses other than the profits for the current year or previous year.

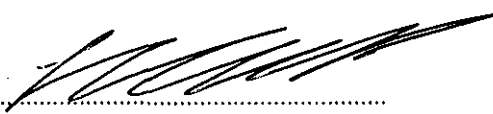
LESLIE WISE LIMITED

BALANCE SHEET 30TH APRIL 2006

	Notes	2006 £	2005 £
FIXED ASSETS			
Investments	7	79,203	79,203
CURRENT ASSETS			
Debtors	8	715,468	437,696
Cash at bank		<u>95,428</u>	<u>465,734</u>
		810,896	903,430
CREDITORS			
Amounts falling due within one year	9	<u>558,154</u>	<u>10,688</u>
NET CURRENT ASSETS		<u>252,742</u>	<u>892,742</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>331,945</u>	<u>971,945</u>
CAPITAL AND RESERVES			
Called up share capital	10	251,256	251,256
Other reserves	11	77,872	77,872
Profit and loss account	11	<u>2,817</u>	<u>642,817</u>
SHAREHOLDERS' FUNDS	14	<u>331,945</u>	<u>971,945</u>

The financial statements were approved by the Board of Directors on 22nd November 2006 and were signed on its behalf by:


N H Wise - Director


J H Gowers - Director

The notes form part of these financial statements

LESLIE WISE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH APRIL 2006

	Notes	2006 £	2005 £
Net cash inflow/(outflow) from operating activities	1	269,694	(210,907)
Returns on investments and servicing of finance	2	500,000	-
Equity dividends paid		<u>(1,140,000)</u>	<u>-</u>
Decrease in cash in the period		<u>(370,306)</u>	<u>(210,907)</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Decrease in cash in the period		<u>(370,306)</u>	<u>(210,907)</u>
Change in net funds resulting from cash flows		<u>(370,306)</u>	<u>(210,907)</u>
Movement in net funds in the period		<u>(370,306)</u>	<u>(210,907)</u>
Net funds at 1st May		<u>465,734</u>	<u>676,641</u>
Net funds at 30th April		<u>95,428</u>	<u>465,734</u>

The notes form part of these financial statements

LESLIE WISE LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH APRIL 2006

1. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2006 £	2005 £
Operating loss	-	(3,293)
Increase in debtors	(277,772)	(199,568)
Increase/(Decrease) in creditors	<u>547,466</u>	<u>(8,046)</u>
Net cash inflow/(outflow) from operating activities	<u>269,694</u>	<u>(210,907)</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2006 £	2005 £
Returns on investments and servicing of finance		
Dividends received	<u>500,000</u>	-
Net cash inflow for returns on investments and servicing of finance	<u>500,000</u>	-

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/5/05 £	Cash flow £	At 30/4/06 £
Net cash:			
Cash at bank	<u>465,734</u>	<u>(370,306)</u>	<u>95,428</u>
	<u>465,734</u>	<u>(370,306)</u>	<u>95,428</u>
Total	<u>465,734</u>	<u>(370,306)</u>	<u>95,428</u>

LESLIE WISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH APRIL 2006

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Exemption from preparing consolidated financial statements

The financial statements contain information about Leslie Wise Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 228 of the Companies Act 1985 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Leslie Wise Group Plc, a company registered in England and Wales.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value. Those held as current assets are stated at lower of cost and net realisable value.

Dividends are brought to account in the profit and loss account when received.

2. STAFF COSTS

There were no staff costs for the year ended 30th April 2006 nor for the year ended 30 April 2005.

3. OPERATING LOSS

The operating loss is stated after charging:

	2006 £	2005 £
Auditors' remuneration	-	1,000
Directors' emoluments	-	-

4. TAXATION

Analysis of the tax credit

The tax credit on the profit on ordinary activities for the year was as follows:

	2006 £	2005 £
Deferred tax	-	(11,914)
Tax on profit/(loss) on ordinary activities	-	(11,914)

LESLIE WISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30TH APRIL 2006

4. TAXATION - continued

Factors affecting the tax credit

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2006 £	2005 £
Profit/(loss) on ordinary activities before tax	<u>500,000</u>	<u>(3,293)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2005 - 19%)	95,000	(626)
Effects of:		
Losses surrendered to group companies	-	626
Dividend received from group companies	<u>(95,000)</u>	<u>-</u>
Current tax credit	<u>-</u>	<u>-</u>

5. DIVIDENDS

	2006 £	2005 £
Equity shares:		
Interim	<u>1,140,000</u>	<u>-</u>

6. PENSIONS

Defined Contribution Scheme

The company is part of the Group's defined contribution pension scheme and makes contributions towards this scheme. The Group operates a defined contribution pension scheme for certain senior employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

No pension contributions were made to the scheme in the current or previous year.

Defined Benefit Scheme

The company is part of the Group's defined benefit scheme and makes contributions towards this scheme. The Group operates this defined benefit scheme for its employees which is set up under a separate trust fund.

The last actuarial valuation was carried out at 1st March 1996 by a qualified actuary using the attained age method and placed a value of £3,152,000 on the assets of the scheme which was sufficient to cover 120% of the benefits that had accrued to members after allowing for expected future increases in earnings. The main financial assumption used in the funding review is an investment return of 2.5% per annum in excess of salary increase. Pensions increases of 3.25% per annum have been incorporated into the review representing the statutory requirement for pensions accruing to members in respect of services after 5th April 1997.

Group contributions to the pension scheme had previously been suspended since 1998 having regard to the surplus disclosed by relevant revaluation. During 1999, an actuarial review was carried out taking into account of the minimum funding requirements of the Pensions Act 1995. The review revealed that there was a substantial deficit and consequently the annual pension provisions of the Group were increased in order to eliminate this deficit by the year 2007 as required by the Pensions Act. A winding up of the pension fund was triggered at the end of June 1999. Statute imposes an obligation on the Group to make good the deficit which had been crystallised at approximately £1.4 million. No pension contributions were made to the scheme in the current or previous year.

LESLIE WISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30TH APRIL 2006

7. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1st May 2005 and 30th April 2006	<u>79,203</u>
NET BOOK VALUE	
At 30th April 2006	<u>79,203</u>
At 30th April 2005	<u>79,203</u>

The company owns 100% of the issued share capital of Tomorrows Textiles Today Limited, a company incorporated in England and Wales. Its principal activities are those of textile merchants and its financial year end is 30th April.

Aggregate capital and reserves

	2006 £	2005 £
Tomorrows Textiles Today Limited	<u>4,583</u>	<u>504,583</u>

Profit and (loss) for the year

	2006 £	2005 £
Tomorrows Textiles Today Limited	<u>Nil</u>	<u>(13,001)</u>

Under the provision of Section 228 of the Companies Act 1985, the company is exempt from preparing consolidated accounts as it is itself a wholly owned subsidiary undertaking and its immediate parent undertaking is established under the law of a member state of the European Union.

The directors consider the value of the company's investment in its subsidiary undertaking is not less than the amount stated in the company's Balance Sheet.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Amounts owed by group undertakings	<u>704,289</u>	<u>427,841</u>
VAT	<u>11,179</u>	<u>9,855</u>
	<u>715,468</u>	<u>437,696</u>

LESLIE WISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30TH APRIL 2006

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Amounts owed to group undertakings	549,763	-
Social security and other taxes	8,391	9,238
Other creditors	-	450
Accruals and deferred income	-	1,000
	<u>558,154</u>	<u>10,688</u>

10. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2006 £	2005 £
251,256	Ordinary		<u>251,256</u>	<u>251,256</u>

11. RESERVES

	Profit and loss account £	Other reserves £	Totals £
At 1st May 2005	642,817	77,872	720,689
Profit for the year	500,000		500,000
Dividends	(1,140,000)		(1,140,000)
At 30th April 2006	<u>2,817</u>	<u>77,872</u>	<u>80,689</u>

Other reserves represent the reserve arising on the acquisition of Tomorrows Textiles Today Limited.

12. CONTINGENT LIABILITIES

There exists unlimited cross guarantees in respect of bank borrowings among members of Leslie Wise Group Plc.

13. RELATED PARTY DISCLOSURES

The company is exempt from the requirement to the disclose related party transactions and balances under Financial Reporting Standard 8, on the grounds that it is a wholly owned undertaking and the consolidated financial statements in which it is included are publicly available.

LESLIE WISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30TH APRIL 2006

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006	2005
	£	£
Profit for the financial year	500,000	8,621
Dividends	(1,140,000)	-
Net (reduction)/addition to shareholders' funds	(640,000)	8,621
Opening shareholders' funds	971,945	963,324
Closing shareholders' funds	331,945	971,945
Equity interests	331,945	971,945

15. CONTROL

During the current and previous financial year, the company was under the control of its ultimate parent undertaking, Leslie Wise Group Plc.

16. ULTIMATE PARENT COMPANY

The ultimate parent undertaking is Leslie Wise Group Plc a company registered in England and Wales. Copies of their published accounts are available from 5th Floor, 9 Cavendish Place, London W1.