

FAIRNE TEXTILE HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2010

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**FAIRNE TEXTILE HOLDINGS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

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# **FAIRNE TEXTILE HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

The Directors present their report together with the financial statements of the company for the year ended 31 March 2010

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year was that of a holding company

It is anticipated that the company will now remain dormant for the foreseeable future

### **RESULTS AND DIVIDENDS**

The profit on ordinary activities after taxation amounted to £356,814 (2009 £nil) The directors do not propose a dividend and the profit has been credited to reserves The directors consider the future prospects of the company to be satisfactory

Information on the Business Environment, Strategy, Future Outlook, Principal Risks and Uncertainties and Key Performance Indicators of the Group of which the company is a member is contained in the Directors' Report of the consolidated financial statements of the company's ultimate parent company, WME Group Limited

### **DIRECTORS**

The Directors, both of whom served throughout the year, were as follows

I M Booth  
T R A Hazell

### **DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice Under company law the 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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

**FAIRNE TEXTILE HOLDINGS LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**For the year ended 31 March 2010**

**DIRECTORS' RESPONSIBILITIES (CONTINUED)**

The directors are 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. 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.

**AUDITORS**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

A resolution to reappoint BDO LLP as auditors to the Company will be proposed at the annual general meeting.

**By order of the Board**



**I B Scott**  
**Secretary**  
**16 July 2010**

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRNE TEXTILE HOLDINGS LIMITED

We have audited the financial statements of Fairne Textile Holdings Limited for the year ended 31 March 2010 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### *Scope of the audit of the financial statements*

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### *Opinion on financial statements*

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRNE TEXTILE HOLDINGS LIMITED (CONTINUED)

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

We have nothing to report in respect of the following matters where 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

BDO LLP

*Graham Whittaker (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Birmingham  
United Kingdom*

16 July 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

**FAIRNE TEXTILE HOLDINGS LIMITED**

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 March 2010**

	NOTES	2010 £	2009 £
Investment Income		17,712	-
<hr/>			
Operating Profit		17,712	-
Write-off of amounts owed to parent company and fellow subsidiary		339,102	-
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<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>356,814</b>	<b>-</b>
<b>TAXATION</b>		<b>-</b>	<b>-</b>
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<b>RETAINED PROFIT FOR THE YEAR</b>		<b>356,814</b>	<b>-</b>

There is no difference between the profit on ordinary activities before taxation and the profit for the year, and their historical cost equivalents

The notes on pages 7 to 10 form part of these Financial Statements

**FAIRNE TEXTILE HOLDINGS LIMITED**  
**BALANCE SHEET AS AT 31 MARCH 2010**

	NOTES	2010 £	2009 £
FIXED ASSET INVESTMENTS	3	-	-
DEBTORS	4	16,898	-
CREDITORS			
Amounts falling due within one year	5	-	(339,916)
NET CURRENT ASSETS / (LIABILITIES)		<u>16,898</u>	<u>(339,916)</u>
CREDITORS			
Amounts falling due after more than one year	6	<u>(175,000)</u>	<u>(175,000)</u>
TOTAL ASSETS LESS LIABILITIES		<u>(158,102)</u>	<u>(514,916)</u>
CAPITAL AND RESERVES			
Called up Share Capital	7	16,949	16,949
Share Premium	8	215,563	215,563
Profit and Loss Account	9	<u>(390,614)</u>	<u>(747,428)</u>
Shareholders' Funds	10	<u>(158,102)</u>	<u>(514,916)</u>

The financial statements were approved by the board of directors and authorised for issue on 16 July 2010



**I M Booth**  
**Director**

The notes on pages 7 to 10 form part of these financial statements



## **FAIRNE TEXTILE HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **For the year ended 31 MARCH 2010**

#### **1. PRINCIPAL ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, are set out below.

**(i) Basis of preparation**

The financial statements have been prepared under the historical cost convention.

**(ii) Basis of consolidation**

The company has taken advantage of the exemption conferred by section 401 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the consolidated accounts of a larger group.

These financial statements therefore present information about the company as an individual undertaking and not about its group.

**(iii) Going Concern**

The accounts have been prepared on a going concern basis, despite the company having net liabilities because the company has positive net current assets, as the cumulative redeemable preference shares liability of £175,000 included in long-term creditors is not payable in the short-term.

**(iv) Investments**

Investments included in fixed assets are stated at cost, less provision for any permanent diminution in value.

**(v) Operating Income**

Dividend income from investments is accounted for when these are received from the investee companies.

**(vi) Cash Flow Statement**

The company is a wholly owned subsidiary of West Midlands Enterprise (Investments) Limited and the cash flows of the company are included in the consolidated cash flow statements of its ultimate parent company WME Group Limited. Consequently, the company is exempt under the terms of Financial Reporting Standard 1 (Revised) from publishing a cash flow statement.

# FAIRNE TEXTILE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2010 (Continued)

### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

#### (vii) Transactions with Related Parties

The company is a wholly owned subsidiary of West Midlands Enterprise (Investments) Limited, whose ultimate parent is WME Group Limited. The company is therefore exempt from disclosing transactions and balances with group entities that have been eliminated on consolidation under the terms of Financial Reporting Standard No 8.

#### (viii) Cumulative Redeemable Preference Shares

FRS25 requires that share capital that has the features of a debt instrument is accounted for as a liability. Accordingly the company's 10% redeemable preference shares are shown within creditors' amounts falling due after more than one year.

### 2. TAXATION

	2010 £	2009 £
Corporation tax at 28% (2009: 28%)	-	-
Tax reconciliation		
Profit on ordinary activities at the UK tax rate of 28% (2009: 28%)	99,908	-
Income / (expenses) not chargeable / deductible for tax purposes	(99,908)	-
	-	-

### 3. FIXED ASSET INVESTMENTS

	2010 £	2009 £	Investment Proportion Held
The company has the following Subsidiaries			
WMEB Limited			
- At cost	39,802	39,802	100%
<u>Deduct</u> Provision for Loss in Value of Investment	<u>(39,802)</u>	<u>(39,802)</u>	
	<u>Nil</u>	<u>Nil</u>	

# **FAIRNE TEXTILE HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 MARCH 2010 (Continued)**

### **4. DEBTORS**

	2010 £	2009 £
Amount due from group company	<u>16,898</u>	<u>-</u>

### **5 CREDITORS: Amounts falling due within one year**

	2010 £	2009 £
Amount due to parent company	-	339,102
Amount due to subsidiary	<u>-</u>	<u>814</u>
	<u>-</u>	<u>£339,916</u>

### **6. CREDITORS: Amounts falling due after more than one year**

	2010 £	2009 £
Cumulative Redeemable Preference shares	<u>175,000</u>	<u>175,000</u>

### **7. SHARE CAPITAL**

	Authorised		Allotted Called-up & Fully Paid	
	2010 £	2009 £	2010 £	2009 £
<b>Equity Shares</b>				
Ordinary Shares of £1 each	16,949	16,949	16,949	16,949
<b>Non Equity Shares</b>				
10% Cumulative Redeemable Preference Shares of £1 each	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>
Shares of £1 each	<u>191,949</u>	<u>191,949</u>	<u>191,949</u>	<u>191,949</u>

The 10% Cumulative Redeemable Preference Shares are disclosed within creditors falling due after more than one year

The Company is entitled to redeem the Preference Shares at any time by giving three months notice in writing to the holders of the Preference Shares to redeem all or any part, but not less than £25,000

# **FAIRNE TEXTILE HOLDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 MARCH 2010 (Continued)**

### **7. SHARE CAPITAL (continued)**

There is no redemption premium

In addition to its par value a sum equal to any arrears of accruals of the fixed dividend to the Redemption Date is also payable whether or not it has been declared

### **8. SHARE PREMIUM ACCOUNT**

	2010 £	2009 £
At 31 March	<u>215,563</u>	<u>215,563</u>

### **9. PROFIT AND LOSS ACCOUNT**

	2010 £
At 1 April 2009	(747,428)
Profit for the financial year	<u>356,814</u>
At 31 March 2010	<u>(390,614)</u>

### **10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2010 £	2009 £
Profit for the financial year	356,814	-
Operating equity shareholders' funds	(514,916)	(514,916)
Closing equity shareholders' funds	<u>(158,102)</u>	<u>(514,916)</u>

### **11. ULTIMATE HOLDING COMPANY**

The company is a wholly owned subsidiary of West Midlands Enterprise (Investments) Limited, whose ultimate parent company and ultimate controlling party is WME Group Limited which is registered in England and Wales. Copies of this company's consolidated financial statements may be obtained from Wellington House, 31/34 Waterloo Street, Birmingham, B2 5TJ