Holmes 2001 Limited

Director's report and financial statements

Registered number 1429556

28 August 2005

Contents

Director's report

The director presents his annual report and the financial statements for the year ended 28 August 2005.

Principal activities

The company was a manufacturer of leather.

Going concern

Due to adverse trading conditions, the directors at the time, took the decision to place the company in a company voluntary arrangement on 22 May 2001. As the director is winding the company down, the financial statements have not been prepared on a going concern basis. The effect of adopting this basis of preparation is explained in note 1.

Proposed dividend and transfer to reserves

The director does not recommend the payment of a dividend (*2004: £nil*). The loss for the year retained in the company was £57,163 (*2004: £245,411*).

Director and director's interests

The director who held office during the year was:

ESM Stanners (chairman)

The director did not hold any disclosable interests in the shares of the company. His interest in the share capital of the parent company, Profitwell Limited, is disclosed in the financial statements of that company.

By order of the board

ESM Stanners
Director

Sculcoates Tannery
Sculcoates Lane
HULL
HU5 1RL

25 August 2006

Statement of director's responsibilities

Company law requires the director 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 for that year. In preparing those financial statements, the director is 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business (as explained in note 1, the director does not believe that it is appropriate to prepare these financial statements on a going concern basis).

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

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United Kingdom

Accountants' report to the members on the unaudited financial statements of Holmes 2001 Limited

pursuant to section 249C of the Companies Act 1985

We report on the financial statements for the year ended 28 August 2004 set out on pages 4 to 11.

This report is made solely to the company's members, as a body, in accordance with section 249C of the Companies Act 1985. Our 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 accountants' 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 work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and reporting accountants

As described on page 2 the company's director is responsible for the preparation of financial statements, and he considers that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report the opinion set out below.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants and so our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquires of the officers of the company as we considered necessary for the purposes of this report.

The procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

a) *the accounts are in agreement with the accounting records kept by the company under section* 221 *of the* Companies Act 1985;

b) having regard only to, and on the basis of, the information contained in those accounting records:

the financial statements have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of that Act;

the company satisfied the conditions in section 249A(4) of that Act, for exemption from an audit of the financial statements for the year specified; and

the company did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B (1).

KPMG LLP

KPMG LLP
Chartered Accountants

25 August 2006

Profit and loss account

for the year ended 28 August 2005

	Note	2005	2004
		£	£
Turnover		-	-
Cost of sales		-	-
Gross result		-	-
Administrative expenses		(124,465)	(255,648)
Operating loss		(124,465)	(255,648)
Profit on sale of fixed assets		45,000	-
Other interest receivable and similar income	5	22,302	10,237
Loss on ordinary activities before taxation	2	(57,163)	(245,411)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year		(57,163)	(245,411)

Movement on reserves are set out in note 11.

There were no recognised gains or losses in the current or previous year other than the loss for the year.

The results for the year all relate to discontinued operations.

Reconciliation of movements in shareholders' funds

for the year ended 28 August 2005

	2005	2004
	£	£
Loss for the financial year	(57,163)	(245,411)
Opening shareholders' deficit	(1,211,146)	(965,735)
Closing shareholders' deficit	(1,268,309)	(1,211,146)

Balance sheet

at 28 August 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	*7*		-		300,000
Current assets					
Debtors	*8*	**648,807**		418,968	
Cash at bank and in hand		**2,265**		2,388	
		651,072		421,356	
Creditors: amounts falling due within one year	*9*	**(1,919,381)**		(1,932,502)	
Net current liabilities			**(1,268,309)**		(1,511,146)
Net liabilities			**(1,268,309)**		(1,211,146)
Capital and reserves					
Called up equity share capital	*10*		**4,110,100**		4,110,100
Profit and loss account	*11*		**(5,378,409)**		(5,321,246)
Equity shareholders' deficit			**(1,268,309)**		(1,211,146)

The director:

(a) confirms that the company was entitled to exemption under section 249A(1) of the Companies Act 1985 from the requirement to have its accounts for the financial year ended 28 August 2005 audited.

(b) confirms that members have not required the company to obtain an audit of its accounts for the financial year in accordance with subsection (2) of section 249B(2) of the Companies Act 1985.

(c) acknowledges his responsibility for:

  (i) ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and
  (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226 of the Companies Act 1985, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

These financial statements were approved by the board of director on 25 August 2006 and were signed on its behalf by:

ESM Stanners
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules modified to include the revaluation of certain fixed assets.

Going concern

The financial statements have not been prepared on a going concern basis. Following the decision to place the company in a voluntary arrangement, assets within the financial statements have been written down to realisable value and full provision has been made for the estimated cost of the wind-down of the business which continues to trade albeit at a considerably reduced level.

The full extent of the company's liabilities have been included in the accounts except that inter-company balances have been cancelled on agreement of the three voluntary arrangements. However, the group voluntary arrangement which comprises of Profitwell Limited, Holmes 2001 Limited (formerly Holmes Halls Tanner Limited) and Hartside Limited have indicated that group liabilities will be partially settled from group assets.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No. 1 to prepare a cash flow statement as it is a wholly owned subsidiary of Profitwell Limited, and its cash flows are included within the consolidated cash flow statement of that company.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	Up to 50 years
Motor vehicles	-	4 years
Plant and machinery	-	15 years
Office equipment	-	5 years

No depreciation is provided on freehold land.

Pension costs

The company operates a defined benefit pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions to the company's pension scheme are charged against income so as to spend the cost of the pensions over the employees' working lives within the company. The regular cost is attributed to individual years using the projected unit credit method. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation liabilities are provided for in full.

2 Loss on ordinary activities before taxation

	2005	2004
Loss on ordinary activities before taxation is stated after crediting	**£**	£
Profit on sale of fixed assets (see note 7)	**45,000**	-

3 Remuneration of director

	2005	2004
	£	£
Director's emoluments:		
As director	**15,745**	23,091

Retirement benefits are accruing to the following number of director under:

	Number of directors	
	2005	2004
Defined benefit scheme	**-**	-

4 Staff numbers and costs

The average number of persons employed by the company (including director) during the year, analysed by category, was as follows:

	Number of employees	
	2005	2004
Administration	**1**	1

The aggregate payroll costs of these persons were as follows:

	2005	2004
	£	£
Wages and salaries	**14,502**	21,000
Social security costs	**1,243**	2,091
	15,745	23,091

Notes *(continued)*

5 Other interest receivable and similar income

	2005	2004
	£	£
Bank interest	**22,302**	10,237

6 Taxation

Analysis of charge in year:

	2005	2004
	£	£
UK corporation tax		
Current tax on income for the period	-	-
Total current tax and tax on loss on ordinary activities	-	-

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (*2004: higher*) than the standard rate of corporation tax in the UK (30%, *2004: 30%*). The differences are explained below:

	2005	2004
	£	£
Current tax reconciliation		
Loss on ordinary activities before tax	**(57,163)**	(245,411)
Current tax at 30% *(2004: 30%)*	**(17,149)**	(73,623)
Effects of:		
Expenses not deductible for tax purposes	**12,404**	3,490
Non-taxable income	**(13,500)**	-
Fixed asset timing differences	**10,090**	(303)
Utilisation of tax losses	**(14,945)**	70,436
Short term timing differences	**23,100**	-
Total current tax charge (see above)	-	-

Notes *(continued)*

7 Tangible fixed assets

	Freehold property	Total
	£	£
Cost or valuation		
At beginning and end of year	354,969	354,969
Disposals	(354,969)	(354,969)
	-	-
Depreciation		
At beginning of year	54,969	54,969
On disposals	(54,969)	(54,969)
	-	-
Net book value		
At 28 August 2005	-	-
At 28 August 2004	300,000	300,000

8 Debtors

	2005	2004
	£	£
Trade debtors	**440**	446
Other debtors	**648,367**	418,522
	648,807	418,968

Included within other debtors is a balance of £648,367 *(2004: £401,623)* which represents cash held by Deloitte as supervisor to the company voluntary arrangement.

Notes *(continued)*

9 Creditors: amounts falling due within one year

	2005	2004
	£	£
Trade creditors	**1,212,958**	1,227,763
Other taxation and social security	**5,457**	5,534
Other creditors	**9,813**	1,386
Accruals	**579,600**	590,052
Amounts due to group undertakings	**111,553**	107,767
	1,919,381	1,932,502

10 Called up equity share capital

	2005	2004
	£	£
Authorised		
Ordinary shares of £1 each	**5,000,000**	5,000,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**4,110,100**	4,110,100

11 Reserves

	Profit and loss account
	£
At beginning of year	(5,321,246)
Loss for the year	(57,163)
At end of year	**(5,378,409)**

Notes *(continued)*

12 Pension scheme

The company operated a pension scheme providing benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over employees working lives with the company. The contributions are determined by a qualified actuary.

The trustees, in consultation with the company have made the decision to wind up the company pension scheme. As a result a calculation of debt on employers (the company) is required at a date to be agreed. At a recent date this liability for the company was calculated to be in the range between £nil and £500,000. In view of this uncertainty, the director, in consultation with his advisers has prudently included a provision of £400,000 *(2004: £400,000)* in these accounts.

13 Ultimate parent company

The Company is a subsidiary undertaking of Profitwell Limited which is the ultimate parent company incorporated in England and Wales. Copies of the financial statements of Profitwell Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

14 Contingent liability

In accordance with a group arrangement including three individual company voluntary arrangements for Profitwell Ltd, Holmes 2001 Limited (formerly Holmes Halls Tanners Ltd) and Hartside Ltd, the assets of the group once realised will be used to settle as much as possible of the creditors of the group. The group net liabilities situation shows a deficit to creditors. This payment to creditors will vary depending on the realisation of the assets of the Profitwell group and may well be affected by a claim against Profitwell Limited from the pension fund. Legal counsel is currently being obtained on two individual matters. Until a final response is received the director is unable to accurately estimate a final liability. Current indications of the liability range between £nil and £500,000. In view of this uncertainty and after consultation with advisers a provision of £400,000 *(2004: £400,000)* has prudently been included in the financial statements of Profitwell Limited.

All retained assets of the company will be distributed to Profitwell Limited to settle group liabilities.