

PJH Holdings Limited

**Directors' report and financial
statements**

Registered number 2873109

31 December 2006

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

Principal activities

The principal activity of the company is the provision of management services to its subsidiary undertakings

Business review

The directors are satisfied with the results for the year

Proposed dividend and transfer to reserves

An ordinary dividend of £3,500,000 has been declared. After deducting dividends of £3,500,000 the profit for the year retained in the company is £nil (2005 £14,000)

Directors and directors' interests

The directors who held office during the year were as follows

A Yates
K Powell

The interest of the directors who held office at the end of the financial year in the shares of PJH Group Holding Company Limited are disclosed in those financial statements

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year

Employees

The company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities, and wherever possible the company continues the employment of, and arranges for the appropriate training of, employees who become disabled while employed by the company. Disabled employees are treated no differently from other employees as regards training, career development and promotion opportunities. The policy was operated by the company throughout the year.

The company recognises the benefits of keeping employees informed of the progress of the business and by involving them in their company's performance. During the year employees were regularly provided with information regarding the performance of their company and on other matters of concern to them as employees.

Disclosure of information to auditors

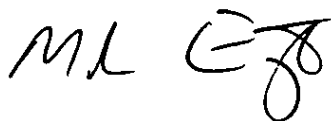
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he/she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

M Errington
Secretary



Alder House
Kearsley
Bolton
BL4 8SL

7/3/ 2007

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 judgments and 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, 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 keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



KPMG LLP

St James Square

Manchester

M2 2DS

Independent auditor's report to the Members of PJH Holdings Limited

We have audited the financial statements of PJH Holdings Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet 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 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 Directors' Report 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 judgments 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.

Independent auditor's report to the Members of PJH Holdings Limited
(continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

07/03 2007

Profit and loss account
for the year ended 31 December 2006

	<i>Note</i>	2006 £000	2005 £000
Gross profit		-	-
Administrative expenses		-	(30)
		<hr/>	<hr/>
Operating loss		-	(30)
Income from shares in group companies		3,500	3,500
		<hr/>	<hr/>
Profit on ordinary activities before taxation		3,500	3,470
Tax on profit on ordinary activities	3	-	(6)
		<hr/>	<hr/>
Profit for the financial year		<u>3,500</u>	<u>3,464</u>

All amounts relate to continuing operations. There are no other recognised gains and losses except as shown in the profit and loss account.

Balance sheet
at 31 December 2006

	Note	2006 £000	2005 £000
Fixed assets			
Tangible assets	5	200	200
Investments	6	17,377	17,377
		<hr/>	<hr/>
Current assets		17,577	17,577
Debtors	7	3,500	3,500
Creditors amounts falling due within one year	8	(12,577)	(12,577)
		<hr/>	<hr/>
Net current liabilities		(9,077)	(9,077)
		<hr/>	<hr/>
Total assets less current liabilities		8,500	8,500
		<hr/>	<hr/>
Net assets		8,500	8,500
		<hr/>	<hr/>
Capital and reserves			
Attributable to equity interests			
Called up share capital	10	400	400
Profit and loss account	11	42	42
Share premium account	11	363	363
Capital redemption reserve	11	7,695	7,695
		<hr/>	<hr/>
Shareholder's funds		8,500	8,500
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 7/3/2007 and were signed on its behalf by


A Vates
Director

Statement of total recognised gains and losses
for the year ended 31 December 2006

There are no recognised gains or losses other than those reflected in the profit and loss account above for the current and prior year

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

Group financial statements

In accordance with the exemptions allowed by Section 228(2) of the Companies Act 1985 the company has not presented consolidated financial statements being itself a wholly-owned subsidiary of PJH Company Limited, a company registered in England and Wales

Cash flow statement

The company is a wholly owned subsidiary of a company incorporated in the United Kingdom. Therefore, in accordance with the provisions of Financial Reporting Standard 1 (revised) 'Cash flow statements', the company has not prepared a cash flow statement

Related party transactions

The directors have taken advantage of the exemption in FRS 8 'Related Party Transactions' and have not disclosed transactions and balances with entities which are more than 90% owned

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 - 2% per annum

No depreciation is provided on freehold land

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Pension costs

The group operates a pension scheme which provides benefits based on final pensionable salary. The assets of the scheme are held separately from those of the group, being invested by pension fund managers in treasury stocks and unit trusts

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses

The company is a member of that pension scheme but is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result the amount charged to the company's profit and loss account represents the contributions payable to the scheme in respect of the accounting period

Notes (continued)

1 Accounting policies (continued)

Taxation

Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers

2 Staff numbers and costs

There were no employees of the company other than the directors. No emoluments were paid by the company to the directors.

3 Taxation

Analysis of charge/credit in period

	2006 £000	2005 £000
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
	<hr/>	<hr/>
Total current tax	-	-
Deferred tax (see note 12)	-	6
	<hr/>	<hr/>
Tax on profit on ordinary activities	-	6
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2005 lower) than the standard rate of corporation tax in the UK 30%, (2005 30 %). The differences are explained below

	2006 £000	2005 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	3,500	3,451
	<hr/>	<hr/>
Current tax at 30% (2004 30%)	1,050	1,035
	<hr/>	<hr/>
<i>Effects of</i>		
Dividends received from group companies	(1,050)	(1,035)
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

Notes (continued)

4 Dividends

	2006 £000	2005 £000
Ordinary – final	3,500	3,450
	<u>3,500</u>	<u>3,450</u>

5 Tangible fixed assets

	Freehold land and buildings £000	Total £000
<i>Cost</i>		
At beginning and end of year	200	200
	<u>200</u>	<u>200</u>
<i>Depreciation</i>		
At beginning and end of year	-	-
	<u>-</u>	<u>-</u>
<i>Net book value</i>		
At 31 December 2006	200	200
	<u>200</u>	<u>200</u>
At 31 December 2005	200	200
	<u>200</u>	<u>200</u>

6 Fixed asset investments

	Shares in group undertakings £000
<i>Cost</i>	
At beginning and end of year	17,377
	<u>17,377</u>
<i>Provision for diminution</i>	
At beginning and end of year	49
	<u>49</u>
<i>Net book value</i>	
At 31 December 2006	17,377
	<u>17,377</u>
At 31 December 2005	17,377
	<u>17,377</u>

Notes (continued)

6 Fixed asset investments (continued)

The companies in which the company has a significant interest are as follows

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
PJH Group Limited	Great Britain	Distribution	100
Keephelp Limited	Great Britain	Dormant	-
PJH Trustees Limited	Great Britain	Employee benefit trust	100

Keephelp Limited is owned by PJH Group Limited

7 Debtors

	2006 £000	2005 £000
Amounts owed by group undertakings	3,500	3,500
	<u>3,500</u>	<u>3,500</u>

All amounts are due within one year

8 Creditors, amounts falling due within one year

	2006 £000	2005 £000
Amounts owed to group undertakings	9,077	9,127
Dividend payable	3,500	3,450
	<u>12,577</u>	<u>12,577</u>

Notes (continued)

9 Provisions for liabilities and charges

(i) Pension

The company is unable to identify its share of the underlying assets and liabilities of the defined benefit scheme and will therefore, on adoption of FRS 17 'Retirement Benefits' account for the scheme as a defined contribution scheme. No contributions were paid in the year (2005 £nil)

10 Called up share capital

	2006 £000	2005 £000
<i>Authorised</i>		
Equity		
120,000 Ordinary shares of £1 each	120	120
280,000 Preferred ordinary shares of £1 each	280	280
Non equity		
10,050,000 cumulative redeemable preference shares of 90p each	9,045	9,045
	<u>9,445</u>	<u>9,445</u>
<i>Allotted, called up and fully paid</i>		
Equity		
120,000 Ordinary shares of £1 each	120	120
280,000 Preferred ordinary shares of £1 each	280	280
	<u>400</u>	<u>400</u>

11 Share premium and reserves

	Share premium account £000	Profit and loss account £000	Capital redemption reserve £000
At beginning of year	363	42	7,695
Profit for the year	-	3,500	-
Dividends payable	-	(3,500)	-
	<u>363</u>	<u>42</u>	<u>7,695</u>
At end of year	<u>363</u>	<u>42</u>	<u>7,695</u>

12 Contingent liabilities

At 31 December 2006, there were contingent liabilities in respect of unlimited cross guarantees for facilities provided by the HSBC Bank Plc to the companies within the PJH Group. The aggregate amount of borrowings covered by the guarantees at 31 December 2006 was £13,923,000 (2005 £18,410,000) in respect of a medium term loan and guaranteed loan notes, and £nil (2005 £1,723,000) in respect of a bank overdraft.

13 Commitments

There are no capital commitments at the end of the financial year (2005 £nil)

The company has no annual commitments under operating leases at 31 December 2006 (2005 £nil)

Notes (continued)

14 PJH Trustees Limited

PJH Trustees Limited is an Employee Benefit Trust which was been established to purchase and hold shares in PJH Company Limited for the benefit of employees. PJH Trustees Limited is a wholly owned subsidiary of PJH Holdings Limited.

15 Reconciliation of movements in shareholders' funds

	2006 £000	2005 £000
Profit for the financial year	3,500	3,464
Dividends paid	(3,500)	(3,450)
Net increase in shareholders' funds	-	14
Opening shareholders' funds	8,500	8,486
Closing shareholders' funds	8,500	8,500

16 Ultimate parent company and parent undertaking and group financial statements

The ultimate parent company is a company registered in England and Wales. The consolidated financial statements of PJH Group Holding Company Limited may be obtained from Companies House in Cardiff.