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Wear:Aer (1999) Limited

Report and Financial Statements

31 March 2006

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COMPANIES HOUSE

Wear:Aer (1999) Limited

Registered No: 3777807

Directors

S W Griggs
D R Suddens

Secretary

SLC Registrars Limited

Auditors

Ernst & Young LLP
City Gate West
Toll House Hill
Nottingham
NG1 5FY

Bankers

HSBC Bank Plc

Solicitors

DLA

Registered office

Cobbs Lane
Wollaston
Nr Wellingborough
Northants
NN29 7SW

Directors' report

The directors present their report and financial statements for the year ended 31 March 2006.

Results and dividends

The loss for the year amounted to £61 (2005: £3). The directors do not recommend the payment of any dividends.

Principal activities and review of the business

The company principally operates as an intermediate investment holding company.

Directors and their interests

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

S W Griggs
D R Suddens

There are no directors' interests requiring disclosure under the Companies Act 1985.

Auditors

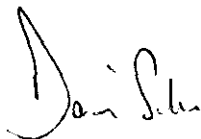
A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed above. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



D R Suddens

Director

19 December 2006

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual 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 (United Kingdom Accounting Standards and applicable law). 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 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; 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 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.

Independent auditors' report

to the members of Wear:Aer (1999) Limited

We have audited the company's financial statements for the year ended 31 March 2006 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 14. These financial statements have been prepared on the basis of 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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

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, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements.

We also 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.

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 auditors' report (continued)
to the members of Wear:Aer (1999) Limited

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 31 March 2006 and of its loss 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.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Nottingham

19 Dec 2006

Profit and loss account

for the year ended 31 March 2006

	Notes	2006 £	2005 £
Other operating income and charges	2	—	3
Loss on ordinary activities before taxation	3	—	(3)
Tax on loss on ordinary activities	6	61	—
Loss for the financial year transferred from reserves	11	<u>(61)</u>	<u>(3)</u>

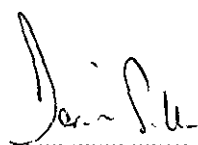
Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £61 attributable to the shareholders for the year ended 31 March 2006 (2005: loss of £3).

Balance sheet

at 31 March 2006

	Notes	2006 £	2005 £
Fixed assets			
Investments	7	<u>1</u>	<u>1</u>
Current assets			
Debtors	8	610	610
Creditors: amounts falling due within one year	9	<u>86,683</u>	<u>86,622</u>
Net current liabilities		<u>(86,073)</u>	<u>(86,012)</u>
Total assets less current liabilities		<u>(86,072)</u>	<u>(86,011)</u>
Capital and reserves			
Called up share capital	10	99	99
Profit and loss account	11	(86,171)	(86,110)
Equity shareholders' deficit	11	<u>(86,072)</u>	<u>(86,011)</u>



D R Suddens
Director

19 December 2006

Notes to the financial statements

at 31 March 2006

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention.

The company is reliant on the continued financial support of other group companies. The directors of the company's ultimate holding company R Griggs Group Limited have confirmed that future liabilities of Wear:Aer (1999) Limited will be met as they fall due by R Griggs Group Limited. The directors of Wear:Aer (1999) Limited therefore consider it appropriate to prepare the financial statements on a going concern basis.

Consolidation

The company is exempt from the requirements to prepare group financial statements by virtue of Section 228 of the Companies Act 1985. Accordingly the financial statements present information about the company as an individual and not about its group.

Cash flow statement

The directors have taken advantage of the exemption in FRS 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

Related party transactions

The company is wholly owned by Wear Aer International Limited, which is a wholly owned subsidiary of R Griggs Group Limited, the consolidated accounts of the latter are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the R Griggs Group.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Investments

Investments are included at cost, less provision for impairment.

2. Other operating income and charges

	2006 £	2005 £
Other operating income and charges	—	3

3. Loss on ordinary activities before taxation

This is stated after charging:

	2006 £	2005 £
Auditors' remuneration - audit services	—	—
- non-audit services	—	—

Auditors' remuneration is borne by other group undertakings.

Notes to the financial statements

at 31 March 2006

4. Staff costs

No salaries or wages have been paid to employees, including the directors, during the year.

The monthly average number of employees during the year was as follows:

	2006 No.	2005 No.
Directors	<u>2</u>	<u>2</u>

5. Directors' emoluments

Directors' emoluments have been borne by the other group companies. The directors of the company are also directors or officers of a number of the companies within the R Griggs Group. The directors' services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the years ended 31 March 2006 and 31 March 2005.

6. Tax

(a) Tax on loss on ordinary activities

Current tax:

	2006 £	2005 £
UK corporation tax (note 6(b))	—	—
Tax attributable to foreign subsidiary	<u>61</u>	<u>—</u>
Total current tax	<u>61</u>	<u>—</u>

(b) Factors affecting current tax charge/(credit)

Taxation above of £61 (2005: £nil) represents USA tax refunds due in respect of the result of Dr Martens Airwair USA LLC (a subsidiary undertaking) for the year. This is in compliance with USA legislation whereby tax is receivable or payable by the holding company.

No deferred taxation is provided on earnings retained overseas since any remittance would not result in a material tax liability, taking into consideration any related double tax relief.

Notes to the financial statements

at 31 March 2006

6. Tax (continued)

The differences are reconciled below:

	2006 £	2005 £
Loss on ordinary activities before tax	<u>-</u>	<u>3</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005: 30%)	-	(1)
Disallowable expenses	-	1
Total current tax (note 6(a))	<u>-</u>	<u>-</u>

7. Investments

Shares in
group
companies

£

Cost and net book value:

At 1 April 2005 and 31 March 2006

1

At 31 March 2006, the company owns 100% of the issued ordinary share capital of the following company:

Name of Subsidiary Undertaking	Country of Registration	Class of Share Capital held	Nature of Investment		Nature of Business
			Direct	Indirect	
Dr Martens E-Commerce LLC formally known as Wear:Aer USA LLC	USA	Capital of no par value	100%	-	Footwear retailer

The capital and reserves and the profit for the year ended 31 March 2006 for the subsidiary undertaking is as follows:

Name of Subsidiary Undertaking	Aggregate of capital and reserves		Profit for the financial year	
	2006 £	2005 £	2006 £	2005 £
Dr Martens E-Commerce LLC formally known as Wear:Aer USA LLC	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the financial statements

at 31 March 2006

8. Debtors

	2006	2005
	£	£
Amounts owed to group undertakings	11	11
Corporation tax repayable	599	599
	<u>610</u>	<u>610</u>

9. Creditors: amounts falling due within one year

	2006	2005
	£	£
Bank overdraft	86,379	86,318
Amounts owed to group undertakings	304	304
	<u>86,683</u>	<u>86,622</u>

The bank overdraft is secured by fixed and floating charges over all assets of the company and cross guarantees from group undertakings.

10. Share capital

	2006	Authorised 2005
	£	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

	Allotted, called up and fully paid	
	2006	2005
	No.	No.
	£	£
Ordinary shares of £1 each	<u>99</u>	<u>99</u>

11. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss account	Total share- holders' funds
	£	£	£
At 1 April 2005	99	(86,110)	(86,011)
Loss for the year	—	(61)	(61)
At 31 March 2006	<u>99</u>	<u>(86,171)</u>	<u>(86,072)</u>

Notes to the financial statements

at 31 March 2006

12. Contingent liability

The company, together with other group undertakings, is party to unlimited multilateral guarantees given in respect of the bank loans and overdrafts of participating companies. As at 31 March 2006 the total cost of the loans and overdrafts guaranteed by the company under this agreement amounted to £7,652,246 (2005: £15,911,295).

13. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under FRS 8.

14. Ultimate parent company

Wear:Aer (1999) Limited is wholly owned by Wear:Aer International Limited which is a wholly owned subsidiary of R Griggs Group Limited. The latter is the only group of which the company is a member and for which group financial statements are prepared.

Copies of the ultimate parent company's consolidated financial statements may be obtained from Cobbs Lane, Wollaston, Northants, NN29 7SW.