

A & AK Butterworth Limited
Financial Statements
31 March 2006



Company No. 4027838

A & AK Butterworth Limited

Financial Statements

Year ended 31 March 2006

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A & AK Butterworth Limited

Officers and Professional Advisers

The board of directors

J A Woodward
H J Clarke
R J Butterworth

Company secretary

H J Clarke

Registered office

Unit B
Wier Lane
Worcester
Worcestershire
WR2 4AY

Auditor

Horwath Clark Whitehill (Yorkshire) LLP
Chartered Accountants
& Registered Auditors
Pelican House
10 Currer Street
Bradford
BD1 5BA

Bankers

Barclays Bank plc
54 High Street
Worcester
WR1 2QQ

Solicitors

Schofield Sweeney
Church Bank House
Church Bank
Bradford
BD1 4DY

A & AK Butterworth Limited

Directors' Report

Year ended 31 March 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2006.

Principal activities

The principal activity of the company during the year was that of processor and merchant of hides, skins, and wool.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

Dividends proposed after the year end and not recognised as a liability amount to £100,000.

The directors and their interests in the shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 March 2006	At 1 April 2005
J A Woodward	-	-
H J Clarke	-	-
R J Butterworth	250	250

The interest of J A Woodward, a director of the parent company, in the parent company is shown in that company's financial statements.

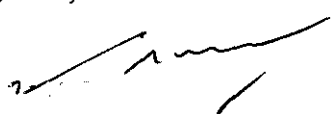
Auditor

A resolution to re-appoint Horwath Clark Whitehill (Yorkshire) LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed by order of the directors


H J Clarke
Company Secretary

19.1.2007

A & AK Butterworth Limited

Statement of Directors' Responsibilities

Year ended 31 March 2006

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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 7 to 8, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent Auditor's Report to the Shareholders of A & AK Butterworth Limited

We have audited the financial statements of A & AK Butterworth Limited for the year ended 31 March 2006 on pages 5 to 13 which have been prepared on the basis of the accounting policies set out on pages 7 to 8.

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 auditor

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the 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, 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.

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 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 31 March 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies; and
- the information given in the Directors' Report is consistent with the financial statements.

Horwath Clark Whitehill (Yorkshire) LLP

Bradford
19.1.2007

**HORWATH CLARK WHITEHILL
(YORKSHIRE) LLP**
Chartered Accountants
& Registered Auditors

A & AK Butterworth Limited

Profit and Loss Account

Year ended 31 March 2006

	Note	2006 £	2005 £
Turnover		3,265,644	3,837,413
Cost of sales		2,198,967	2,871,328
Gross profit		1,066,677	966,085
Administrative expenses		819,112	809,542
Profit on ordinary activities before taxation		247,565	156,543
Tax on profit on ordinary activities	4	71,110	39,911
Profit for the financial year		176,455	116,632

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 7 to 13 form part of these financial statements.

A & AK Butterworth Limited

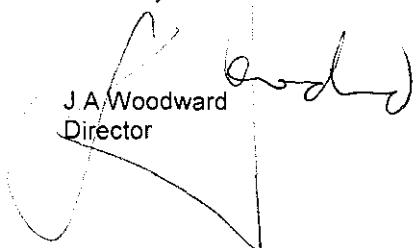
Balance Sheet

31 March 2006

	Note	2006 £	2005 £
Fixed assets			
Tangible assets	6	<u>34,399</u>	<u>64,096</u>
Current assets			
Stocks		79,928	82,000
Debtors	7	847,489	705,131
Cash in hand		200	87
		<u>927,617</u>	<u>787,218</u>
Creditors: Amounts falling due within one year	9	<u>326,334</u>	<u>392,087</u>
Net current assets		601,283	395,131
Total assets less current liabilities		<u>635,682</u>	<u>459,227</u>
Capital and reserves			
Called-up equity share capital	12	1,000	1,000
Profit and loss account	13	634,682	458,227
Shareholders' funds	14	<u>635,682</u>	<u>459,227</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 19.1.2007 and are signed on their behalf by:


J.A. Woodward
Director

The notes on pages 7 to 13 form part of these financial statements.

A & AK Butterworth Limited
Notes to the Financial Statements
Year ended 31 March 2006

1. Accounting policies

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	2% straight line
Plant & Machinery	-	20-25% reducing balance
Motor Vehicles	-	25% reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

A & AK Butterworth Limited

Notes to the Financial Statements

Year ended 31 March 2006

1. Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. Operating profit

Operating profit is stated after charging/(crediting):

	2006 £	2005 £
Depreciation of owned fixed assets	29,697	43,712
Profit on disposal of fixed assets	—	(1,100)
Auditor's fees	5,000	4,000

3. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2006 £	2005 £
Aggregate emoluments	70,609	62,000
Value of company pension contributions to money purchase schemes	4,575	4,145
	<u>75,184</u>	<u>66,145</u>

A & AK Butterworth Limited
Notes to the Financial Statements
Year ended 31 March 2006

3. Directors' emoluments (continued)

The number of directors who accrued benefits under company pension schemes was as follows:

	2006 No	2005 No
Money purchase schemes	<u>1</u>	<u>1</u>

4. Taxation on ordinary activities

(a) Analysis of charge in the year

	2006 £	2005 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2005 - 30%)	74,260	46,902
Over/under provision in prior year	<u>-</u>	<u>(1,657)</u>
Total current tax	74,260	45,245
Deferred tax:		
Origination and reversal of timing differences (note 8)		
Capital allowances	(3,150)	(5,334)
Tax on profit on ordinary activities	<u>71,110</u>	<u>39,911</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2005 - 30%).

	2006 £	2005 £
Profit on ordinary activities before taxation	247,565	156,543
Profit/(loss) on ordinary activities by rate of tax	74,270	46,963
Expenses not deductible for tax purposes	<u>-</u>	<u>(38)</u>
Capital allowances in excess of depreciation	3,201	5,485
Tax chargeable at lower rates	(3,211)	(5,508)
Adjustment to tax in respect of previous period	<u>-</u>	<u>(1,657)</u>
Total current tax (note 4(a))	<u>74,260</u>	<u>45,245</u>

A & AK Butterworth Limited
Notes to the Financial Statements
Year ended 31 March 2006

5. Dividends

Dividends on equity shares

	2006 £	2005 £
Proposed after the year end (not recognised as a liability)		
Equity dividends on ordinary shares	100,000	—

6. Tangible fixed assets

	Leasehold Property £	Plant & Machinery £	Motor Vehicles £	Total £
Cost				
At 1 April 2005 and 31 March 2006	8,549	158,638	17,715	184,902
Depreciation				
At 1 April 2005	727	111,221	8,858	120,806
Charge for the year	171	25,097	4,429	29,697
At 31 March 2006	898	136,318	13,287	150,503
Net book value				
At 31 March 2006	7,651	22,320	4,428	34,399
At 31 March 2005	7,822	47,417	8,857	64,096

7. Debtors

	2006 £	2005 £
Trade debtors	294	4,146
Amounts owed by group undertakings	765,474	679,624
Other debtors	67,409	10,199
Deferred taxation (note 8)	14,312	11,162
	847,489	705,131

8. Deferred taxation

The deferred tax included in the Balance sheet is as follows:

	2006 £	2005 £
Included in debtors (note 7)	14,312	11,162

The movement in the deferred taxation account during the year was:

	2006 £	2005 £
Balance brought forward	11,162	5,828
Profit and loss account movement arising during the year	3,150	5,334
Balance carried forward	14,312	11,162

A & AK Butterworth Limited

Notes to the Financial Statements

Year ended 31 March 2006

8. Deferred taxation (continued)

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2006 £	2005 £
Excess of taxation allowances over depreciation on fixed assets	14,312	11,162
	14,312	11,162

9. Creditors: Amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	46,492	52,011
Trade creditors	83,770	92,533
Corporation tax	73,662	46,902
PAYE and social security	5,373	7,495
VAT	23,398	32,341
Other creditors	31,371	35,295
Accruals and deferred income	62,268	125,510
	326,334	392,087

The bank overdraft is secured by a guarantee from the parent company.

10. Commitments under operating leases

At 31 March 2006 the company had annual commitments under non-cancellable operating leases as set out below.

	2006		2005	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 2 to 5 years	-	7,976	-	9,796
After more than 5 years	25,000	-	25,000	-
	25,000	7,976	25,000	9,796

A & AK Butterworth Limited

Notes to the Financial Statements

Year ended 31 March 2006

11. Related party transactions

During the year J A Woodward was also a director and shareholder of Bradford Hide Company Limited, the company's ultimate parent undertaking. The company purchased goods from Bradford Hide Company Limited with a value of £737,622 (2005: £659,986) and made sales to Bradford Hide Company Limited of £963,267 (2005: £656,227). A management fee of £16,000 (2005: £16,000) was also charged to A & A K Butterworth Limited from Bradford Hide Company Limited. The balance due from Bradford Hide Company Limited at 31 March 2006 was £686,712 (2005: £522,024).

A & A K Butterworth Limited also trade with McConomy & Co Limited, a fellow subsidiary of Bradford Hide Company Limited. The company sold goods to McConomy & Co Limited with a value of £331,523 (2005: £619,390). The company bought goods from McConomy & Co Limited with a value of £268 (2005: £157). The balance due from McConomy & Co Limited at 31 March 2006 was £5,671 (2005: £75,123).

A & A K Butterworth Limited also trade with Dee Baylis Limited, a fellow subsidiary of Bradford Hide Company Limited. The company purchased goods from Dee Baylis Limited with a value of £16,971 (2005: £42,209) and made sales to Dee Baylis Limited of £1,970,854 (2005: £2,037,360). The balance outstanding due from Dee Baylis Limited at 31 March 2006 was £73,092 (2005: £82,477).

12. Share capital

Authorised share capital:

	2006	2005
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Equity shares				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

13. Profit and loss account

	2006	2005
	£	£
Balance brought forward	458,227	341,595
Profit for the financial year	176,455	116,632
Balance carried forward	<u>634,682</u>	<u>458,227</u>

A & AK Butterworth Limited

Notes to the Financial Statements

Year ended 31 March 2006

14. Reconciliation of movements in shareholders' funds

	2006	2005
	£	£
Profit for the financial year	176,455	116,632
Opening shareholders' funds	459,227	342,595
Closing shareholders' funds	635,682	459,227

15. Ultimate parent company

The directors consider the immediate parent undertaking of this company is its parent company Bradford Hide Company Limited by virtue of its 75% ownership.

The ultimate controlling related party is J A Woodward as a result of his majority share holding in Bradford Hide Company Limited.

The largest group of undertakings for which group accounts have been drawn up is that headed by Bradford Hide Company Limited which is registered in England and Wales.

The consolidated accounts of that group are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.