

**A & A.K. BUTTERWORTH  
LIMITED**

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

31 DECEMBER 2001



**A & A.K. BUTTERWORTH LIMITED**

**FINANCIAL STATEMENTS**

For the period ended 31 December 2001

---

Company registration number: 4027838

Registered office: Unit B Weir Lane  
Worcester  
Worcestershire  
WR2 4AY

Directors: Mr J A Woodward  
Mr H J Clarke  
Mr R J Butterworth

Secretary: Mr H J Clarke

Bankers: Barclays Bank plc  
54 High Street  
Worcester  
WR1 2QQ

Solicitors: Schofield Sweeney  
Number 1  
Valley Court  
Canal Road  
Bradford  
BD1 4SP

Auditors: Grant Thornton  
Registered auditors  
Chartered accountants  
Eldon Lodge  
Eldon Place  
Bradford  
BD1 3AP

**A & A.K. BUTTERWORTH LIMITED**

**FINANCIAL STATEMENTS**

For the period ended 31 December 2001

---

**INDEX**

**PAGE**

Report of the directors	1 - 2
Report of the auditors	3 - 4
Principal accounting policies	5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9 - 16

# A & A.K. BUTTERWORTH LIMITED

## REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the period from 6 July 2000 to 31 December 2001.

### Principal activities

The company operates principally as a processor and merchant of hides, skins and wool.

### Business review

The company was formed on 6 July 2000 and commenced trading on 10 October 2000 when it bought the trade and assets of an existing partnership.

There was a profit for the period after taxation amounting to £213,689 . The directors do not recommend payment of a dividend.

### Directors

The present membership of the Board is set out below. R J Butterworth was appointed to the board on 6 July 2000. J A Woodward and H J Clarke were appointed to the board on 12 December 2000.

A Butterworth and A K Butterworth were appointed to the board on 6 July 2000 and resigned from the Board on 12 December 2000.

The interests of the directors and their families in the shares of the company as at 6 July 2000 and 31 December 2001, or the date of their appointment to the Board if later, were as follows:

	31 December 2001	Ordinary shares 6 July 2000
Mr J A Woodward	-	-
Mr H J Clarke	-	-
Mr R J Butterworth	250	-

The interests of Mr J A Woodward in the parent company is shown in that company's financial statements.

### Directors' responsibilities for the financial statements

United Kingdom 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 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
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**A & A.K. BUTTERWORTH LIMITED**

**REPORT OF THE DIRECTORS**

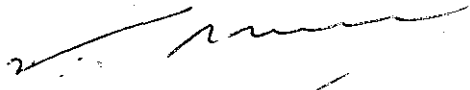
---

**Auditors**

Grant Thornton were appointed as first auditors of the company.

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

**BY ORDER OF THE BOARD**



H J Clarke  
Secretary

*3rd May 2002*

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**

**A & A.K. BUTTERWORTH LIMITED**

We have audited the financial statements of A & A.K. Butterworth Limited for the period ended 31 December 2001 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement, and notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are 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 United Kingdom auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of opinion**

We conducted our audit in accordance with United Kingdom auditing standards 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**

**A & A.K. BUTTERWORTH LIMITED**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

**BRADFORD**

3 May 2002

# **A & A.K. BUTTERWORTH LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

---

### **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.

The principal accounting policies of the company are set out below.

### **GOODWILL**

Goodwill representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and amortised over its useful economic life.

### **TURNOVER**

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

### **TANGIBLE FIXED ASSETS AND DEPRECIATION**

Tangible fixed assets are shown below at cost net of depreciation.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Leasehold buildings	2% straight line
Plant and machinery, fixtures and fittings	20% to 25% straight line
Motor vehicles	33% straight line

Depreciation is charged from the month following purchase up to and including the month of disposal.

### **STOCKS**

Stocks are stated at the lower of cost and net realisable value.

### **DEFERRED TAXATION**

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance date.

### **CONTRIBUTIONS TO PENSION FUNDS**

#### **Defined contribution scheme**

The pension costs charged against operating profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

### **LEASED ASSETS**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.



**A & A.K. BUTTERWORTH LIMITED****PROFIT AND LOSS ACCOUNT**

For the period ended 31 December 2001

	Note	2001 £
Turnover- acquisition	1	9,455,922
Cost of sales		<u>(7,754,090)</u>
Gross profit		1,701,832
Administrative expenses		<u>(1,335,994)</u>
Operating profit - acquisition		365,838
Net interest	3	<u>(26,874)</u>
Profit on ordinary activities before taxation	1	338,964
Tax on profit on ordinary activities	4	<u>(125,275)</u>
Profit transferred to reserves		<u><u>213,689</u></u>

There were no recognised gains or losses other than the profit for the financial period.

**A & A.K. BUTTERWORTH LIMITED****BALANCE SHEET AT 31 DECEMBER 2001**

	Note	2001 £
<b>Fixed assets</b>		
Intangible assets	5	-
Tangible assets	6	64,004
		<u>64,004</u>
<b>Current assets</b>		
Stocks	7	137,624
Debtors	8	613,419
Cash at bank and in hand		4,448
		<u>755,491</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(596,058)</u>
<b>Net current assets</b>		<u>159,433</u>
<b>Total assets less current liabilities</b>		<u>223,437</u>
<b>Creditors: amounts falling due after more than one year</b>	10	(7,748)
<b>Provisions for liabilities and charges</b>	11	<u>(1,000)</u>
		<u>214,689</u>
<b>Capital and reserves</b>		
Called up share capital	12	1,000
Profit and loss account		213,689
<b>Equity shareholders' funds</b>	13	<u>214,689</u>

The financial statements were approved by the Board of Directors on



J A Woodward

3<sup>RD</sup> MAY 2002  
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

**A & A.K. BUTTERWORTH LIMITED****CASH FLOW STATEMENT**

For the period ended 31 December 2001

	Note	2001 £
Net cash inflow from operating activities	14	95,575
Returns on investments and servicing of finance		
Interest paid		(26,874)
Net cash outflow from returns on investments and servicing of finance		(26,874)
Capital expenditure and financial investment		
Purchase of net assets		(1)
Purchase of tangible fixed assets		(16,724)
Net cash outflow from capital expenditure and financial investment		(16,725)
Acquisitions		
Net overdraft from purchase of net assets		(274,295)
Financing		
Issue of shares		1,000
Capital element of finance lease rentals		(6,751)
Decrease in cash	15	(228,070)

The accompanying accounting policies and notes form an integral part of these financial statements.

# A & A.K. BUTTERWORTH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2001

### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover is attributable to the company's principal activity.

An analysis of turnover by geographical market is given below:

	2001 £
United Kingdom	8,848,597
Spain	413,195
Turkey	194,130
	<u>9,455,922</u>

The profit on ordinary activities is stated after:

	2001 £
Auditors' remuneration	5,000
Depreciation and amortisation:	
Goodwill	80,396
Tangible fixed assets, owned	16,091
Tangible fixed assets, held under finance leases and hire purchase contracts	<u>2,754</u>

### 2 DIRECTORS AND EMPLOYEES

Staff costs during the period were as follows:

	2001 £
Wages and salaries	582,215
Social security costs	52,308
Other pension costs	3,782
	<u>638,305</u>

The average number of employees of the company during the period were as follows:

	2001 Number
Management and administrative personnel	3
Yard and transport personnel	21
	<u>24</u>

# A & A.K. BUTTERWORTH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2001

Remuneration in respect of directors was as follows:

2001  
£

Emoluments

91,681

Pension contributions to money purchase pension schemes

3,782

95,463

During the period 1 director participated in money purchase pension schemes.

### 3 INTEREST PAYABLE AND SIMILAR CHARGES

2001  
£

Interest payable to group undertakings

25,000

Other interest payable and similar charges

1,874

26,874

### 4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

2001  
£

UK Corporation tax at 30%

124,275

Deferred taxation

1,000

125,275

**A & A.K. BUTTERWORTH LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 31 December 2001

**5 INTANGIBLE FIXED ASSETS**

	<b>Purchased goodwill £</b>
Cost	
Additions	80,396
At 31 December 2001	80,396
Amortisation	
Charge for the period	80,396
At 31 December 2001	80,396
Net book amount at 31 December 2001	-

The goodwill relates to the excess consideration paid for the trade and net assets of a partnership acquired on 10 October 2000. The partnership was loss making and had negative net assets. The directors have considered the carrying value of this goodwill and have concluded that it has no value, as the profits now being realised by the company are as a result of the impact of the new management team.

**6 TANGIBLE FIXED ASSETS**

	<b>Leasehold land and buildings £</b>	<b>Plant and machinery, fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
Cost				
At 6 July 2000	-	-	-	-
Additions	8,549	65,487	8,813	82,849
	8,549	65,487	8,813	82,849
Depreciation				
At 6 July 2000	-	-	-	-
Provided in the period	214	15,877	2,754	18,845
	214	15,877	2,754	18,845
Net book amount at 31 December 2001	8,335	49,610	6,059	64,004

**A & A.K. BUTTERWORTH LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 31 December 2001

The figures stated above include assets held under finance leases and similar hire purchase contracts, as follows:

	Motor vehicles £
Net book amount at 31 December 2001	<u>6,059</u>
Depreciation provided during period	<u>2,754</u>

**7 STOCKS**

	2001 £
Finished goods and goods for resale	<u>137,624</u>

**8 DEBTORS**

	2001 £
Trade debtors	1,807
Amounts owed by group undertakings	607,724
Prepayments and accrued income	3,888
	<u>613,419</u>

**9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2001 £
Bank overdrafts	232,518
Trade creditors	54,737
Amounts owed to group undertakings	42,466
Corporation tax	124,275
Social security and other taxes	40,870
Other creditors	19,239
Accruals	75,202
Amounts due under finance leases	6,751
	<u>596,058</u>

Amounts due under finance leases and hire purchase contracts are secured on the assets to which they relate.

**A & A.K. BUTTERWORTH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 31 December 2001

**10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2001 £
Amounts due under finance leases	7,748
	<u>7,748</u>
Borrowings are repayable as follows:	2001 £
Within one year	
Bank	232,518
Finance leases	6,751
After one and within two years	
Finance leases	7,748
	<u>247,017</u>

**11 PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred taxation £
Provided during the period	1,000
At 31 December 2001	<u>1,000</u>

**12 SHARE CAPITAL**

	2001 £
Authorised Ordinary shares of £1 each	1,000
Allotted, called up and fully paid Ordinary shares of £1 each	<u>1,000</u>
Allotments during the period	

An initial subscriber share was allotted at par at the time of the company's incorporation.

On 12 December 2000, the company made a further allotment of 999 ordinary £1 shares at par by way of an issue to existing members.



# A & A.K. BUTTERWORTH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2001

### 13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £
Profit for the financial period	213,689
Issue of shares	1,000
Net increase in shareholders' funds	<u>214,689</u>

### 14 NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2001 £
Operating profit	365,838
Depreciation and amortisation	99,241
Increase in stocks	(15,409)
Increase in debtors	(167,286)
Decrease in creditors	(186,809)
Net cash inflow from continuing operating activities	<u>95,575</u>

### 15 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2001 £
Decrease in cash in the period	(228,070)
Cash outflow from finance leases in the period	6,751
Change in net debt resulting from cashflows	(221,319)
Finance leases acquired with acquisition of net assets	(21,250)
Net debt at 31 December 2001	<u>(242,569)</u>

### 16 ANALYSIS OF CHANGES IN NET DEBT

	Cash flow £	Acquisition £	At 31 December 2001 £
Cash in hand and at bank	4,448	-	4,448
Overdrafts	(232,518)	-	(232,518)
Finance leases	6,751	(21,250)	(14,499)
	<u>(221,319)</u>	<u>(21,250)</u>	<u>(242,569)</u>

# A & A.K. BUTTERWORTH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2001

### 17 ACQUISITIONS

On the 10 October 2000 the company acquired the trade and assets of a partnership, for a consideration of £1, in cash.

The assets and liabilities of the partnership acquired were as follows:

	£
Fixed assets	
Tangible	66,125
Current assets	
Stocks	122,215
Debtors	446,133
Total assets	634,473
Liabilities	
Creditors	(440,573)
Bank overdraft	(274,295)
	(714,868)
Net liabilities	(80,395)
Goodwill	80,396
Purchase consideration	1

### 18 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2001.

### 19 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2001.

### 20 LEASING COMMITMENTS

Operating lease payments amounting to £25,000 are due within one year. The leases to which these amounts relate expire as follows:

	2001 Land and buildings £
In five years or more	25,000

# **A & A.K. BUTTERWORTH LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 31 December 2001

---

### **21 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. The company purchased goods from Bradford Hide Company Limited with a value of £314,773 and made sales to Bradford Hide Company Limited of £1,920,937. Interest of £25,000 is accrued, payable to Bradford Hide Company Limited for short term borrowings. A management fee of £20,000 was also charged to A & A.K. Butterworth Limited from Bradford Hide Company Limited. The balance due from Bradford Hide Company Limited at 31 December 2001 was £389,970.

A & A.K. Butterworth Limited also trades with McConomy & Co Limited, a subsidiary of Bradford Hide Company Limited. The company sold goods to McConomy & Co Limited with a value of £1,846,935. The balance due from McConomy & Co Limited at 31 December 2001 was £51,646.

A & A.K. Butterworth Limited also trades with Dee Baylis Limited, a subsidiary of Bradford Hide Company Limited. The company purchased goods from Dee Baylis Limited with a value of £41,363 and made sales to Dee Baylis Limited of £4,674,975. The balance outstanding due from Dee Baylis Limited at 31 December 2001 was £123,642.

### **22 ULTIMATE PARENT UNDERTAKING/CONTROLLING RELATED PARTY**

The directors consider that the immediate ultimate 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, Maindy, Cardiff, CF4 3UZ.