

Company Registration No. 4983573 (England and Wales)

**SMITH AND BROOKS HOLDINGS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2006**



# SMITH AND BROOKS HOLDINGS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	M J W Ashley H Flax R Mellors M M Segalov
<b>Secretary</b>	R Mellors
<b>Company number</b>	4983573
<b>Registered office</b>	Grenville Court, Britwell Road Burnham Buckinghamshire SL1 8DF
<b>Auditors</b>	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
<b>Business address</b>	M & G House, 1a Lower Park Park Royal London W3 6DX

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# SMITH AND BROOKS HOLDINGS LIMITED

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# SMITH AND BROOKS HOLDINGS LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 APRIL 2006**

The directors present their report and financial statements for the year ended 30 April 2006.

### Principal activities and review of the business

The principal activity of the company continued to be that of an investment holding company.

### Results and dividends

The results for the year are set out on page 5.

### Directors

The following directors have held office since 1 May 2005:

M J W Ashley  
H Flax  
R Mellors  
M M Segalov

### Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary A shares of £1 each	
	30 April 2006	1 May 2005
M J W Ashley	-	-
H Flax	-	-
R Mellors	-	-
M M Segalov	-	-

	Ordinary B shares of £1 each	
	30 April 2006	1 May 2005
M J W Ashley	-	-
H Flax	200	200
R Mellors	-	-
M M Segalov	-	-

	Ordinary C shares of £1 each	
	30 April 2006	1 May 2005
M J W Ashley	-	-
H Flax	-	-
R Mellors	-	-
M M Segalov	290	290

M J W Ashley holds 100% of the issued share capital of Sports World International Limited, the ultimate parent company. No other director has any right to subscribe for shares in any group company.

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Grant Thornton UK LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

# SMITH AND BROOKS HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2006

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### Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (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 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

### Statement of disclosure to auditor

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board



H Flax

Director

6 February 2007

# **SMITH AND BROOKS HOLDINGS LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SMITH AND BROOKS HOLDINGS LIMITED**

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We have audited the financial statements of Smith and Brooks Holdings Limited on pages 5 to 13 for the year ended 30 April 2006 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 15. 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 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 the directors and auditors**

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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, whether they 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 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 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.

# SMITH AND BROOKS HOLDINGS LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF SMITH AND BROOKS HOLDINGS LIMITED

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### 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 30 April 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 for the year ended 30 April 2006.

*Grant Thornton UK LLP*

**Grant Thornton UK LLP**

Chartered Accountants  
Registered Auditor

*6 February 2007*

Grant Thornton House  
Melton Street  
Euston Square  
London  
NW1 2EP

# SMITH AND BROOKS HOLDINGS LIMITED

## BALANCE SHEET AS AT 30 APRIL 2006

	Notes	2006 £	£	2005 £	£
<b>Fixed assets</b>					
Investments	6		2,862,091		2,862,091
<b>Current assets</b>					
Debtors	7	452,157		897,670	
<b>Creditors: amounts falling due within one year</b>	8	<u>(3,317,625)</u>		<u>(3,742,625)</u>	
<b>Net current liabilities</b>			<u>(2,865,468)</u>		<u>(2,844,955)</u>
<b>Total assets less current liabilities</b>			<u><u>(3,377)</u></u>		<u><u>17,136</u></u>
<b>Capital and reserves</b>					
Called up share capital	9		1,000		1,000
Profit and loss account	10		<u>(4,377)</u>		<u>16,136</u>
<b>Shareholders' funds</b>	11		<u><u>(3,377)</u></u>		<u><u>17,136</u></u>

The financial statements were approved by the Board on

05/02/07



H Flax  
Director



# SMITH AND BROOKS HOLDINGS LIMITED

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 APRIL 2006

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	2006 £	2005 £
Net cash outflow from operating activities	-	-
Returns on investments and servicing of finance	-	-
Net cash outflow for capital expenditure	-	-
Net cash (outflow)/inflow for acquisitions and disposals	-	-
Management of liquid resources	-	-
Financing	-	-
	<hr/>	<hr/>
Movement in cash in the year	-	-
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# SMITH AND BROOKS HOLDINGS LIMITED

## NOTES TO THE CASH FLOW STATEMENT

**FOR THE YEAR ENDED 30 APRIL 2006**

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<b>1</b>	<b>Reconciliation of operating loss to net cash outflow from operating activities</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Operating loss	(15,071)	(4,983)
	Decrease in debtors	440,071	-
	(Decrease)/increase in creditors	(425,000)	4,983
		<hr/>	<hr/>
	<b>Net cash flow from operating activities</b>	<b>-</b>	<b>-</b>
		<hr/> <hr/>	<hr/> <hr/>

# SMITH AND BROOKS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2006

### 1 Accounting policies

#### 1.1 Accounting convention

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

The financial statements are prepared on a going concern basis because the company's working capital is financed by Sports World International Limited. Sports World International Limited have agreed not to withdraw finance for the foreseeable future.

The company does not maintain any bank accounts and as a consequence no cash flows are presented within the cash flow statement. Transactions are funded by related parties as disclosed in the notes to the financial statements.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards, which have been applied consistently (except as otherwise stated).

#### 1.3 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.4 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance had not been discounted.

#### 1.5 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Sports World International Limited, a company incorporated in England, and is included in the consolidated accounts of that company.

2 Investment Income	2006 £	2005 £
Income from unlisted investments	-	400,000

During the year the company received the dividend of £nil (2005 - £400,000) from its subsidiary.

3 Interest payable	2006 £	2005 £
On bank loans and overdrafts	2,483	-
Other interest	2,959	28,881
	5,442	28,881

# SMITH AND BROOKS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2006

4	Taxation	2006 £	2005 £
	Current tax charge	-	-
	<b>Factors affecting the tax charge for the year</b>		
	(Loss)/profit on ordinary activities before taxation	(20,513)	366,136
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005: 30.00%)	(6,154)	109,841
	Effects of:		
	Non taxable income	-	(118,535)
	Unutilised tax losses carried forward	6,154	8,694
		6,154	(109,841)
	Current tax charge	-	-

The company has estimated losses of £ 35,134 (2005: £ 28,980) available for carry forward against future trading profits.

	<b>Deferred tax (unprovided)</b>	<b>2006 £</b>	<b>2005 £</b>
	Tax losses	8,694	8,694
5	<b>Dividends</b>	<b>2006 £</b>	<b>2005 £</b>
	Ordinary final proposed	-	350,000

During the year the company declared the dividend of £nil (2005 - £350,000).

# SMITH AND BROOKS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2006

### 6 Fixed asset investments

	Shares in group undertakings and participating interests £
<b>Net book value</b>	
At 30 April 2006	2,862,091
At 30 April 2005	2,862,091

#### Holdings of more than 20%

At 30 April 2006, the company had investments in the following subsidiary undertakings. To avoid a statement of excessive length, details concerning investments which are not significant have been omitted.

	Country of registration or incorporation	Proportion (%) of ordinary shares held by	
		Company	Subsidiaries
<b>Subsidiary undertakings</b>			
Smith and Brooks Group Limited*	England and Wales	100.00	0.00
Smith & Brooks Limited	England and Wales	0.00	100.00
Baseridge Limited	Hong Kong	0.00	100.00
Eastchance Limited	Hong Kong	0.00	100.00

The principal activity of the subsidiary undertaking marked \* is that of a holding company. The principal activity of all the other subsidiaries shown above is the wholesale of clothing.

7 Debtors	2006 £	2005 £
Amounts owed by subsidiary undertakings	423,851	897,470
Other debtors	28,306	200
	<u>452,157</u>	<u>897,670</u>

# SMITH AND BROOKS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2006

8 Creditors: amounts falling due within one year	2006 £	2005 £
Amounts owed to parent and fellow subsidiary undertakings	3,167,625	3,167,625
Amounts owed to subsidiary undertakings	150,000	150,000
Other creditors	-	75,000
Proposed dividend	-	350,000
	<u>3,317,625</u>	<u>3,742,625</u>
9 Share capital	2006 £	2005 £
<b>Authorised</b>		
510 Ordinary A shares of £1 each	510	510
200 Ordinary B shares of £1 each	200	200
290 Ordinary C shares of £1 each	290	290
	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
510 Ordinary A shares of £1 each	510	510
200 Ordinary B shares of £1 each	200	200
290 Ordinary C shares of £1 each	290	290
	<u>1,000</u>	<u>1,000</u>
10 Statement of movements on profit and loss account		Profit and loss account £
Balance at 1 May 2005		16,136
Loss for the year		<u>(20,513)</u>
Balance at 30 April 2006		<u>(4,377)</u>

# SMITH AND BROOKS HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2006

11 Reconciliation of movements in shareholders' funds	2006 £	2005 £
(Loss)/Profit for the financial year	(20,513)	366,136
Dividends	-	(350,000)
	(20,513)	16,136
Proceeds from issue of shares	-	1,000
	(20,513)	17,136
Net (depletion in)/addition to shareholders' funds	17,136	-
Opening shareholders' funds	(3,377)	17,136
Closing shareholders' funds		

## 12 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans are as follows:

	Amount outstanding 2006 £	2005 £	Maximum in year £
M M Segalov	28,106	-	28,106

## 13 Employees

### Number of employees

There were no employees during the year apart from the directors.

None of the directors received any emoluments in respect of their services to the company in either year.

## 14 Control

The ultimate parent company is Sports World International Limited, a company incorporated in England and Wales, which holds 51% of the issued share capital of the company and is the parent undertaking of the only group to consolidate these financial statements. Group accounts can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF 14 3UZ.

The ultimate controlling party is M J W Ashley, who controls 100% of the issued share capital of Sports World International Limited, the ultimate parent company.

## 15 Related party transactions

At the year end included within debtors is £423,851 (2005: £897,470) which was owed by Smith & Brooks Limited.

At the year end included in creditors is £3,167,625 (2005: £3,167,625) which was owed to Sports World International Limited, the ultimate parent company; and £150,000 (2005: £150,000) which was owed to Smith and Brooks Group Limited, a subsidiary undertaking.