

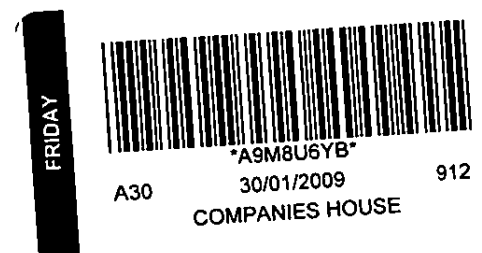
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**WALTER SMITH (RETAIL) LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2008**



**Clement Keys**  
CHARTERED ACCOUNTANTS

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**WALTER SMITH (RETAIL) LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

A Yorath  
P Cadman  
R Jones  
A Ayres (resigned 5 November 2008)  
M Burnhope

**COMPANY SECRETARY**

Paul Cadman

**COMPANY NUMBER**

5155492

**REGISTERED OFFICE**

Crosby Court  
28 George Street  
Birmingham  
West Midlands  
B3 1QG

**AUDITOR**

Clement Keys  
Chartered Accountants & Registered Auditors  
39/40 Calthorpe Road  
Edgbaston  
Birmingham  
B15 1TS

**BANKERS**

Nat West  
1 St. Phillips Place  
Birmingham  
B32 1PP

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**WALTER SMITH (RETAIL) LIMITED**

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## **WALTER SMITH (RETAIL) LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008**

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The directors present their report and the financial statements for the year ended 31 March 2008.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 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;
- 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 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.

#### **PRINCIPAL ACTIVITIES**

The principal activities of the company throughout the period were the holding of interests in its subsidiary undertakings.

The principal activities of Thimslaw Limited, a subsidiary company, is that of the holding of interests in its subsidiary undertakings and other investments and the provision of accountancy services.

The principal activity of Walter Smith (Birmingham) Limited, a subsidiary of Thimslaw Limited, is that of retail butchers and poulterers.

The principal activity of Crosby Management Training Limited, a subsidiary of Thimslaw Limited, is the provision of management training and consultancy services.

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## WALTER SMITH (RETAIL) LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008

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#### BUSINESS REVIEW

The directors are satisfied with the results of the group for the year in difficult trading conditions.

Walter Smith (Retail) Limited had a loss for the year due to the payment of interest on the 'B' loan notes. A review of the 'B' loan notes is currently being undertaken by the board.

In Thimslaw Limited turnover was down by 10.8% reflecting a fall in rental and consultancy income and management charges received from its subsidiary income. Administration expenses fell by 18.3% due to a fall in management charges paid to the parent company.

Walter Smith (Birmingham) Limited continued their long term strategy by closing four loss making shops to focus on the profitable shops. This cost the company £694,000 in turnover and £35,000 in expenditure on dilapidations but sales from continuing shops increased by 2% and gross margin improved from 43.4% to 43.7%.

Crosby Management Training Limited experienced a fall in turnover during the year resulting in a loss before taxation of £11,256. A management buy out of Crosby Management Training Limited is planned for early in 2009 which will help to improve cash flow for the group.

The principal risks and uncertainties facing the group are the current trading conditions and volatility in the financial markets

#### RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £18,866 (2007 - profit £14,687).

The directors do not recommend the payment of dividends.

#### DIRECTORS

The directors who served during the year were:

A Yorath  
P Cadman  
R Jones  
A Ayres (resigned 5 November 2008)  
M Burnhope

#### PRINCIPAL RISKS AND UNCERTAINTIES

The group monitors cash flow as part of its ongoing operational and control procedures. The board is satisfied that the group has facilities which are adequate to fund its existing operations.

#### PROVISION OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

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**WALTER SMITH (RETAIL) LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2008**

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**AUDITOR**

The auditor, Clement Keys, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28 January 2009 and signed on its behalf.



**P Cadman**  
Director

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## **WALTER SMITH (RETAIL) LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WALTER SMITH (RETAIL) LIMITED**

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We have audited the financial statements of Walter Smith (Retail) Limited for the year ended 31 March 2008, set out on pages 6 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 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 United Kingdom 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 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.

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**WALTER SMITH (RETAIL) LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WALTER SMITH (RETAIL) 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 31 March 2008 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.



**CLEMENT KEYS**

Chartered Accountants & Registered Auditors  
39/40 Calthorpe Road  
Edgbaston  
Birmingham  
B15 1TS

28 January 2009



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**WALTER SMITH (RETAIL) LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2008**

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	Note	2008 £	2007 £
<b>TURNOVER</b>	1,2	-	35,500
Administrative expenses		-	(1,329)
		<hr/>	<hr/>
<b>OPERATING PROFIT</b>	3	-	34,171
Interest payable	4	(18,866)	(15,899)
		<hr/>	<hr/>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(18,866)	18,272
Tax on (loss)/profit on ordinary activities	5	-	(3,585)
		<hr/>	<hr/>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	11	<u>(18,866)</u>	<u>14,687</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2008 or 2007 other than those included in the Profit and loss account.

The notes on pages 10 to 15 form part of these financial statements.

**WALTER SMITH (RETAIL) LIMITED**

**BALANCE SHEET  
AS AT 31 MARCH 2008**

	Note	2008 £	2007 £
<b>FIXED ASSETS</b>			
Fixed asset investments	6	1,730,970	1,730,970
<b>CURRENT ASSETS</b>			
Debtors	7	81,748	81,748
<b>CREDITORS: amounts falling due within one year</b>	8	<u>(406,749)</u>	<u>(298,647)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(325,001)</u>	<u>(216,899)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,405,969</u>	<u>1,514,071</u>
<b>CREDITORS: amounts falling due after more than one year</b>	9	<u>(1,249,135)</u>	<u>(1,338,371)</u>
<b>NET ASSETS</b>		<u>156,834</u>	<u>175,700</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	40,000	40,000
Profit and loss account	11	<u>116,834</u>	<u>135,700</u>
<b>SHAREHOLDERS' FUNDS</b>	12	<u>156,834</u>	<u>175,700</u>

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**WALTER SMITH (RETAIL) LIMITED**

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**BALANCE SHEET (continued)  
AS AT 31 MARCH 2008**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 January 2009.



**M Burnhope**  
Director



**P Cadman**  
Director

The notes on pages 10 to 15 form part of these financial statements.

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**WALTER SMITH (RETAIL) LIMITED**

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**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2008**

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	<b>Note</b>	<b>2008 £</b>	<b>2007 £</b>
Net cash flow from operating activities	13	58,039	107,287
Returns on investments and servicing of finance	14	(18,866)	(15,899)
Taxation		(14,213)	(13,895)
Acquisitions and disposals	14	-	(17,947)
<b>CASH INFLOW BEFORE FINANCING</b>		<b>24,960</b>	<b>59,546</b>
Financing	14	(89,236)	(61,111)
<b>DECREASE IN CASH IN THE YEAR</b>		<b>(64,276)</b>	<b>(1,565)</b>

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 MARCH 2008**

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	<b>2008 £</b>	<b>2007 £</b>
Decrease in cash in the year	(64,276)	(1,565)
Cash outflow from decrease in debt and lease financing	89,236	61,111
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>24,960</b>	<b>59,546</b>
Net debt at 1 April 2007	(502,283)	(561,829)
<b>NET DEBT AT 31 MARCH 2008</b>	<b>(477,323)</b>	<b>(502,283)</b>

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The notes on pages 10 to 15 form part of these financial statements.

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**WALTER SMITH (RETAIL) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

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

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

**1.2 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

**1.3 Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

**2. TURNOVER**

All turnover arose within the United Kingdom.

**3. OPERATING PROFIT**

The operating profit is stated after charging:

	2008 £	2007 £
Auditors' remuneration	-	1,150

During the year, no director received any emoluments (2007 - £NIL).

**4. INTEREST PAYABLE**

	2008 £	2007 £
On loan notes	18,866	15,553
Other interest payable	-	346
	<u>18,866</u>	<u>15,899</u>

**WALTER SMITH (RETAIL) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**5. TAXATION**

	2008 £	2007 £
UK corporation tax charge on (loss)/profit for the year	-	3,585

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2007 - *lower than*) the standard rate of corporation tax in the UK (20%). The differences are explained below:

	2008 £	2007 £
(Loss)/profit on ordinary activities before tax	(18,866)	18,272
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2007 - 19%)	(3,773)	3,472
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	113
Group relief surrendered	3,773	-
<b>Current tax charge for the year (see note above)</b>	-	3,585

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**6. FIXED ASSET INVESTMENTS**

	Shares in group under- takings £
<b>Cost or valuation</b>	
At 1 April 2007 and 31 March 2008	1,730,970

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

Name	Holding
Walter Smith (Birmingham) Limited	
Thimslaw Limited	
Crosby Management Training Limited	

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**WALTER SMITH (RETAIL) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008**

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**6. FIXED ASSET INVESTMENTS (continued)**

The aggregate of the share capital and reserves as at 31 March 2008 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Walter Smith (Birmingham) Limited	935,898	(23,504)
Thimslaw Limited	1,053,510	(2,179)
Crosby Management Training Limited	28,588	(13,081)
	<u>          </u>	<u>          </u>

Walter Smith (Retail) Limited holds 100% of the ordinary share capital in Thimslaw Limited which in turn owns 100% of the ordinary share capital in Walter Smith (Birmingham) Limited and Crosby Management Training Limited. All the companies are incorporated and operate in Great Britain.

**7. DEBTORS**

	2008 £	2007 £
Amounts owed by group undertakings	79,894	79,894
Other debtors	1,854	1,854
	<u>          </u>	<u>          </u>
	<b>81,748</b>	<b>81,748</b>

**8. CREDITORS:**  
**Amounts falling due within one year**

	2008 £	2007 £
Bank overdraft and loan notes	144,522	80,246
Amounts owed to group undertakings	235,893	196,364
Corporation tax	3,931	18,145
Other creditors	10,178	-
Accruals and deferred income	12,225	3,892
	<u>          </u>	<u>          </u>
	<b>406,749</b>	<b>298,647</b>

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WALTER SMITH (RETAIL) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008

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9. CREDITORS:

Amounts falling due after more than one year

	2008 £	2007 £
Loan notes	332,801	422,037
Amounts owed to group undertakings	916,334	916,334
	<u>1,249,135</u>	<u>1,338,371</u>

10. SHARE CAPITAL

	2008 £	2007 £
<b>Authorised</b>		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<b>Allotted, called up and fully paid</b>		
40,000 Ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>

11. RESERVES

	Profit and loss account £
At 1 April 2007	135,700
Loss for the year	(18,866)
At 31 March 2008	<u>116,834</u>

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Opening shareholders' funds	175,700	161,013
(Loss)/profit for the year	<u>(18,866)</u>	<u>14,687</u>
Closing shareholders' funds	<u>156,834</u>	<u>175,700</u>



**WALTER SMITH (RETAIL) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**13. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2008 £	2007 £
Operating profit	-	34,171
Increase in debtors	-	(35,549)
Increase in creditors	58,039	108,665
<b>Net cash inflow from operations</b>	<b>58,039</b>	<b>107,287</b>

**14. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2008 £	2007 £
<b>Returns on investments and servicing of finance</b>		
Interest paid	(18,866)	(15,899)
	<b>2008 £</b>	<b>2007 £</b>
<b>Acquisitions and disposals</b>		
Purchase of fixed asset investments	-	(17,947)
	<b>2008 £</b>	<b>2007 £</b>
<b>Financing</b>		
Repayment of loans	(89,236)	(61,111)

**15. ANALYSIS OF CHANGES IN NET DEBT**

	1 April 2007 £	Cash flow £	Other non-cash changes £	31 March 2008 £
Bank overdraft	(1,188)	(64,276)	-	(65,464)
	(1,188)	(64,276)	-	(65,464)
<b>Debt:</b>				
Debts due within one year	(79,058)	89,236	(89,236)	(79,058)
Debts falling due after more than one year	(422,037)	-	89,236	(332,801)
<b>Net debt</b>	<b>(502,283)</b>	<b>24,960</b>	<b>-</b>	<b>(477,323)</b>

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## WALTER SMITH (RETAIL) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

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#### 16. CONTINGENT LIABILITIES

At the year end, bank cross guarantees were in place between Walter Smith (Birmingham) Limited, Thimslaw Limited, Crosby Management Training Limited and their parent company, Walter Smith (Retail) Limited in favour of National Westminster Bank plc. The debts owed by group companies were as follows:

Walter Smith (Retail) Limited - £65,464 (2007: £1,188)

Thimslaw Limited - £130,558 (2007: £139,252)

Walter Smith (Birmingham) Limited - £109,071 (2007: £58,859)

Crosby Management Training Limited - £74,989 (2007: £87,069)

#### 17. RELATED PARTY TRANSACTIONS

At the year end £79,984 (2007: £79,984) was due from Thimslaw Limited, a wholly owned subsidiary of Walter Smith (Retail) Limited. At the year end the company owed £1,162,405 (2007: £1,112,698) to Walter Smith (Birmingham) Limited, a wholly owned subsidiary of Thimslaw Limited.

During the year the company received management income of £Nil (2007: £35,500) from its wholly owned subsidiary, Thimslaw Limited.

At the year end £10,178 (2007: £Nil) is due to M Burnhope, a director of the company.

#### 18. CONTROLLING PARTY

There is no ultimate controlling party for the company.

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**WALTER SMITH (RETAIL) LIMITED**

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**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2008**

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	<b>Page</b>	<b>2008 £</b>	<b>2007 £</b>
<b>TURNOVER</b>	17	-	35,500
<b>LESS: OVERHEADS</b>			
Administration expenses	17	-	(1,329)
		<hr/>	<hr/>
<b>OPERATING PROFIT</b>		-	34,171
Interest payable	17	(18,866)	(15,899)
		<hr/>	<hr/>
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<u>(18,866)</u>	<u>18,272</u>

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**WALTER SMITH (RETAIL) LIMITED**

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**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2008**

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	2008 £	2007 £
<b>TURNOVER</b>		
Management charge income	-	35,500
	<hr/>	<hr/>
	2008 £	2007 £
<b>ADMINISTRATION EXPENSES</b>		
Auditors' remuneration	-	1,150
Sundry expenses	-	179
	<hr/>	<hr/>
	-	1,329
	<hr/>	<hr/>
	2008 £	2007 £
<b>INTEREST PAYABLE</b>		
On loan notes	18,866	15,553
Other interest - on overdue tax	-	346
	<hr/>	<hr/>
	18,866	15,899
	<hr/>	<hr/>