

# **Pennybridge Limited**

Report and Financial Statements

28 March 2010

Company number 5404942

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# **Pennybridge Limited**

## **Annual report and financial statements for the year ended 28 March 2010**

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### **Directors**

J C Kay  
M L Widders

### **Secretary and registered office**

M L Widders  
Number One  
The Bee Hive  
Shadsworth Business Park  
Blackburn  
BB1 2QS

### **Company number**

5404942

### **Auditors**

BDO LLP  
3 Hardman Street  
Spinningfields  
Manchester  
M3 3AT

# **Pennybridge Limited**

## **Report of the directors for the year ended 28 March 2010**

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The directors present their report together with the audited financial statements for the year ended 28 March 2010

### **Results and dividends**

The profit and loss account is set out on page 6 and shows the loss for the year

### **Principal activities, trading review and future developments**

The principal activity of the group is the design and distribution of home furnishings

### **Review of the business and future developments**

Trading during 2009/10 has shown significant improvement over 2008/09, with reduced losses. Further measures have been taken to reduce costs and improve margins and this continues to be a focus for 2010/11, along with increasing sales and focusing on profitable lines of business

### **Principal risks and uncertainties**

The principal uncertainty associated with the business is the level of sales and gross margins achieved

The directors monitor performance through the production of a detailed annual budget, then comparing performance against this budget. This will be revisited throughout the year to identify deviations and enable remedial actions to be identified if necessary

### **Key performance indicators**

Additionally the directors monitor key performance indicators to ensure they are within acceptable parameters, these include

- Sales volumes and average sales prices per roll
- Gross profit percentage by product and customer
- Levels of spend on distribution and administration costs
- Cash generated from operating activities

### **Charitable and political contributions**

During the year the group made charitable contributions of £2,650 (2009 - £3,725). There were no political contributions

### **Employment of disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees

### **Employee involvement**

The group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees. This is achieved through formal and informal meetings. Employees' representatives are consulted regularly on a wide range of matters affecting their current and future interests

# **Pennybridge Limited**

## **Report of the directors for the year ended 28 March 2010 (Continued)**

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### **Policy and practice on the payment of creditors**

The group has a policy of determining terms of payment with its suppliers when agreeing the terms of transactions and of ensuring suppliers are made aware of them

The number of average days purchases of the group represented by trade creditors at 28 March 2010 was 44 days (2009 – 38 days)

### **Directors**

The directors of the company during the year were

J C Kay  
M L Widders

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company or its immediate and ultimate parent undertaking

According to the register of directors' interest, no rights to subscribe for shares in or debentures of the company or its immediate and ultimate parent undertaking were granted to any of the directors of their immediate families, or exercised by them, during the financial period

### **Directors' responsibilities**

The directors are responsible for preparing the directors' 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 group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

# Pennybridge Limited

## Report of the directors for the year ended 28 March 2010 (*Continued*)

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### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487(2) they will be automatically re-appointed as auditors 28 days after these accounts are sent to the members unless the members exercise their rights under Companies Act 2006 to prevent their re-appointment.

### By order of the Board



M L Widders  
Secretary

Date 8 October 2010

# Pennybridge Limited

## Report of the independent auditors

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### To the members of Pennybridge Limited

We have audited the financial statements of Pennybridge Limited for the year ended 28 March 2010 which comprise the consolidated profit and loss account, the consolidated and company balance sheet, the consolidated cash flow statement and the related notes. 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 Chapter 3 of Part 16 of the Companies Act 2006. 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*

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### *Scope of the audit of the financial statements*

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 on financial statements*

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 28 March 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### *Opinion on other matters prescribed by the Companies Act 2006*

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Pennybridge Limited

## Report of the independent auditors (*Continued*)

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### *Matters on which we are required to report by exception*

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



*Julien Rye (senior statutory auditor)*

For and on behalf of BDO LLP

3 Hardman Street

Manchester

United Kingdom

Date

11 OCTOBER 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

# Pennybridge Limited

## Consolidated profit and loss account for the year ended 28 March 2010

	Note	Year ended 28 March 2010 £'000	15 months ended 31 March 2009 £'000
Turnover	2	7,260	11,142
Cost of sales		(4,948)	(8,223)
<b>Gross profit</b>		<b>2,312</b>	<b>2,919</b>
Distribution costs		(982)	(1,650)
Administrative expenses		(1,797)	(2,792)
<b>Group operating loss</b>	3	<b>(467)</b>	<b>(1,523)</b>
Interest payable and similar charges	6	(711)	(417)
<b>Loss on ordinary activities before taxation</b>		<b>(1,178)</b>	<b>(1,940)</b>
Taxation	7	157	-
<b>Loss on ordinary activities after taxation for the financial year/period</b>		<b>(1,021)</b>	<b>(1,940)</b>

All amounts relate to continuing activities

All recognised gains and losses in the current year and prior period are included in the profit and loss account

The notes on pages 10 to 22 form part of these financial statements



# Pennybridge Limited

## Consolidated balance sheet at 28 March 2010

Company number 5404942	Note	28 March 2010 £'000	28 March 2010 £'000	31 March 2009 £'000	31 March 2009 £'000
<b>Fixed assets</b>					
Intangible assets	9		728		780
Tangible assets	10		460		581
			<u>1,188</u>		<u>1,361</u>
<b>Current assets</b>					
Stocks	12	970		1,401	
Debtors	13	2,182		1,688	
Cash at bank and in hand		-		2	
		<u>3,152</u>		<u>3,091</u>	
<b>Creditors amounts falling due within one year</b>	14	(7,878)		(6,969)	
		<u></u>		<u></u>	
<b>Net current liabilities</b>			(4,726)		(3,878)
			<u></u>		<u></u>
<b>Total assets less current liabilities</b>			(3,538)		(2,517)
<b>Creditors amounts falling due after more than one year</b>					
Preference shares	15	(9,300)		(9,300)	
		<u></u>	9,300	<u></u>	9,300
<b>Net liabilities</b>			<u>(12,838)</u>		<u>(11,817)</u>
			<u></u>		<u></u>
<b>Capital and reserves</b>					
Share capital	17	-		-	
Profit and loss account	18		(12,838)		(11,817)
			<u></u>		<u></u>
<b>Shareholders' deficit</b>	19		(12,838)		(11,817)
			<u></u>		<u></u>

The financial statements were approved by the board of directors and authorised for issue on 8 October 2010



M L Widders  
Director

The notes on pages 10 to 22 form part of these financial statements

# Pennybridge Limited

## Company balance sheet at 28 March 2010

Company number 5404942	Note	28 March 2010 £'000	31 March 2009 £'000
<b>Fixed assets</b>			
Fixed asset investment	11	-	-
		<hr/>	<hr/>
<b>Current assets</b>			-
<b>Total assets less current liabilities</b>		-	-
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Share capital	17	-	-
Profit and loss account	18	-	-
<b>Shareholders' funds</b>	19	-	-
		<hr/>	<hr/>

The financial statements were approved by the board of directors and authorised for issue on 8 October 2010



M L Widders  
Director

The notes on pages 10 to 22 form part of these financial statements

# Pennybridge Limited

## Consolidated cash flow statement for the year ended 28 March 2010

	Note	Year ended 28 March 2010 £'000	15 months ended 31 March 2009 £'000
Net cash (outflow)/inflow from operating activities	23	(273)	732
Returns on investments, capital expenditure and servicing of finance			
Interest paid		(153)	(417)
Payments to acquire tangible fixed assets		(1)	(41)
Cash outflow before financing		(427)	274
Financing		-	-
(Decrease) / Increase in cash	24	(427)	274

The notes on pages 10 to 22 form part of these financial statements

# Pennybridge Limited

## Notes forming part of the financial statements for the year ended 28 March 2010

### 1 Accounting policies

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

The following principal accounting policies have been applied

#### *Going concern*

At 28 March 2010, the group had net liabilities of £12.8m and had made a loss in the year of £1m. The directors have prepared projections that demonstrate the group can continue trading for the foreseeable future having regards to continuing facilities being made available by the Group's bankers, which the directors believe will be made available, as well as expectations of improving profitability. The directors also believe that the Group's investors will continue to provide support if required. For these reasons, the accounts have been prepared on a going concern basis.

#### *Basis of consolidation*

The consolidated financial statements incorporate the results of Pennybridge Limited and all of its subsidiary undertakings as at 28 March 2010 using the merger method of accounting following a group reconstruction.

The investments in the subsidiary undertakings are recorded in the Company's balance sheet at the nominal value of the shares issued.

In the consolidated financial statements, the merged subsidiary undertakings are treated as if they had always been members of the Group. The financial statements reflect the position that would have arisen as if the Company and the subsidiary undertakings had been combined throughout the relevant periods.

#### *Turnover*

Turnover represents sales to external customers at invoiced amounts less value added tax.

#### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Plant, machinery and motor vehicles - 3 – 25 years

#### *Intangible assets*

Purchased intangible fixed assets are capitalised within fixed assets at cost and are amortised evenly over their expected useful lives. It is calculated at the following rate:

Intellectual property licenses - 20 years

#### *Valuation of investments*

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Significant estimating techniques are used by the directors in the valuation of net realisable value.

# Pennybridge Limited

## Notes forming part of the financial statements for the year ended 28 March 2010 (*Continued*)

### 1 Accounting policies (*Continued*)

#### *Dividends*

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable.

#### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

#### *Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### *Foreign currency*

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets translated into sterling at the rates of exchange ruling on the balance sheet dates. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves.

# Pennybridge Limited

## Notes forming part of the financial statements for the year ended 28 March 2010 (Continued)

### 1 Accounting policies (Continued)

#### Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable

#### Related party disclosure

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, 'Related party disclosures', not to disclose transactions with members or investees of the group headed by Pennybridge Limited on the grounds that at least 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements

### 2 Turnover

	Year ended 28 March 2010 £'000	15 months ended 31 March 2009 £'000
Analysis by geographical market		
United Kingdom	6,305	9,762
North America	102	169
Rest of the world	853	1,211
	<u>7,260</u>	<u>11,142</u>

Turnover is wholly attributable to the principal activity of the group and originated wholly in the United Kingdom

### 3 Operating loss

	Year ended 28 March 2010 £'000	15 months ended 31 March 2009 £'000
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	122	174
Amortisation of other intangible fixed assets	52	66
Hire of plant and machinery – operating leases	49	72
Auditors' remuneration		
Group – audit services	19	18
Group – non audit services	-	-
Exchange differences	(40)	7
	<u></u>	<u></u>

Included in the group audit fee is an amount of £nil (2009 - £nil) in respect of the company

# Pennybridge Limited

Notes forming part of the financial statements  
for the year ended 28 March 2010 (*Continued*)

## 4 Employees

	Year ended 28 March 2010 £'000	15 months ended 31 March 2009 £'000
Staff costs (including directors) consist of		
Wages and salaries	1,080	1,430
Social security costs	115	152
Other pension costs	48	63
	<u>1,243</u>	<u>1,645</u>

The average number of employees (including directors) during the period were as follows

	Year ended 28 March 2010 Number	15 months ended 31 March 2009 Number
Sales	10	9
Administration	19	23
Production	4	5
	<u>33</u>	<u>37</u>

## 5 Directors' remuneration

	Year ended 28 March 2010 £'000	15 months ended 31 March 2009 £'000
Emoluments	116	144
Company contributions to money purchase pension schemes	<u>9</u>	<u>11</u>

There was one director in the Group's defined contribution pension scheme during the year (2009 – 1)

# Pennybridge Limited

Notes forming part of the financial statements  
for the year ended 28 March 2010 (*Continued*)

## 6 Interest payable and similar charges

	Year ended 28 March 2010 £'000	15 months ended 31 March 2009 £'000
Bank loans and overdrafts	153	417
Preference share dividends	558	-
	<u>711</u>	<u>417</u>

## 7 Taxation on loss on ordinary activities

	Year ended 28 March 2010 £'000	15 months ended 31 March 2009 £'000
<i>UK corporation tax</i>		
Current tax on loss for the period	(157)	-

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below

	Year ended 28 March 2010 £'000	15 months ended 31 March 2009 £'000
Loss on ordinary activities before tax	(1,178)	(1,940)
Loss on ordinary activities at the standard rate of corporation tax in the UK of % (2009 – 28.4%)	(330)	(551)
Effect of		
Expenses not deductible for tax purposes	159	4
Depreciation in excess of capital allowances	14	16
Group relief surrendered before payment	157	534
Payment due from group relief recipient	(157)	-
Short term timing differences	-	(3)
	<u>(157)</u>	<u>-</u>



# Pennybridge Limited

## Notes forming part of the financial statements for the year ended 28 March 2010 (*Continued*)

### 8 Profit for the financial year

The company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a loss after tax of £nil (2009 - £nil) which is dealt with in the financial statements of the parent company.

### 9 Intangible assets

	Intellectual property licenses £'000
<b>Group</b>	
<i>Cost</i>	
At 1 April 2009	1,050
Additions	-
	<hr/>
At 28 March 2010	1,050
	<hr/>
<i>Amortisation</i>	
At 1 April 2009	270
Provided for the year	52
	<hr/>
At 28 March 2010	322
	<hr/>
<i>Net book value</i>	
At 28 March 2010	728
	<hr/>
At 31 March 2009	780
	<hr/>

# Pennybridge Limited

Notes forming part of the financial statements  
for the year ended 28 March 2010 (*Continued*)

## 10 Tangible assets

	Plant and machinery £'000
<b>Group</b>	
<i>Cost</i>	
At 1 April 2009	2,133
Additions	1
	<hr/>
At 28 March 2010	2,134
	<hr/>
<i>Depreciation</i>	
At 1 April 2009	1,552
Provided for the year	122
	<hr/>
At 28 March 2010	1,674
	<hr/>
<i>Net book value</i>	
At 28 March 2010	460
	<hr/>
	<hr/>
At 31 March 2009	581
	<hr/>

## 11 Fixed asset investments

	Group undertakings £'000
<b>Company</b>	
<i>Cost</i>	
At 1 April 2009 and 28 March 2010	-
	<hr/>
<i>Subsidiary undertakings</i>	

The principal undertakings in which the company's interest at the year end is 20% or more as follows

	Country of Incorporation Or registration	Class of share capital held	Proportion of share capital held	Nature of business
CWV Limited	England and Wales	Ordinary	100%	Design and distribution of home furnishings
Crown Wallpapers Limited	England and Wales	Ordinary	100%	*Dormant
CWVA Limited	England and Wales	Ordinary	100%	*Dormant
John Wilman Ltd	England and Wales	Ordinary	100%	*Dormant

The results of all of the above undertakings are included in the consolidated accounts

\* Interest held by subsidiary undertaking

# Pennybridge Limited

Notes forming part of the financial statements  
for the year ended 28 March 2010 (*Continued*)

## 12 Stocks

	Group 28 March 2010 £'000	Group 31 March 2009 £'000	Company 28 March 2010 £'000	Company 31 March 2009 £'000
Finished goods and goods for resale	970	1,401	-	-

There is no material difference between the replacement cost of stocks and the amounts stated above

## 13 Debtors

	Group 28 March 2010 £'000	Group 31 March 2009 £'000	Company 28 March 2010 £'000	Company 31 March 2009 £'000
Trade debtors	1,925	1,578	-	-
Prepayments and accrued income	100	110	-	-
Other debtors	157	-	-	-
	<u>2,182</u>	<u>1,688</u>	<u>-</u>	<u>-</u>

All amounts shown under debtors fall due for payment within one year

## 14 Creditors amounts falling due within one year

	Group 28 March 2010 £'000	Group 31 March 2009 £'000	Company 28 March 2010 £'000	Company 31 March 2009 £'000
Bank overdraft (secured)	6,359	5,934	-	-
Trade creditors	514	628	-	-
Taxation and social security	46	53	-	-
Other creditors	959	354	-	-
	<u>7,878</u>	<u>6,969</u>	<u>-</u>	<u>-</u>

The bank overdraft is secured by way of a fixed and floating charge over the assets of the group

# Pennybridge Limited

Notes forming part of the financial statements  
for the year ended 28 March 2010 (*Continued*)

## 15 Creditors amounts falling due after more than one year

	Group 28 March 2010 £'000	Group 31 March 2009 £'000	Company 28 March 2010 £'000	Company 31 March 2009 £'000
Preference shares (see note 17)	9,300	9,300	-	-

Maturity of debt

Group

	28 March 2010 £'000	31 March 2009 £'000
In one year or less, or on demand	6,359	5,934
In more than one year but no more than five years	9,300	9,300

## 16 Provisions for liabilities

Group

*Deferred taxation*

There is no provision for deferred taxation. The amounts not provided are set out below

	28 March 2010 £'000	31 March 2009 £'000
Accelerated capital allowances	50	65
Sundry timing differences	(12)	(12)
	38	53
Utilised tax losses	(702)	(702)
	(664)	(649)

A deferred tax asset has not been recognised in accordance with generally accepted practice as it is not considered appropriate to recognise an asset where utilisation is uncertain

# Pennybridge Limited

Notes forming part of the financial statements  
for the year ended 28 March 2010 (*Continued*)

## 17 Share capital

### Group

	Authorised		Allotted, called up and fully paid	
	28 March 2010 £	31 March 2009 £	28 March 2010 £	31 March 2009 £
Ordinary shares of £1 each	1,000	1,000	1	1
Redeemable preference shares of £1 each	9,300,000	9,300,000	9,300,000	9,300,000

### Company

	Authorised		Allotted, called up and fully paid	
	28 March 2010 £	31 March 2009 £	28 March 2010 £	31 March 2009 £
Ordinary shares of £1 each	1,000	1,000	1	1

In accordance with FRS25, 'Financial instruments, disclosures and presentation' the preference shares represent liabilities and are included within creditors

The preference shares are redeemable at the earlier of a sale, listing or the administration or liquidation of the company or 1 April 2012. They carry a fixed cumulative dividend of 6% per annum, which under FRS25, is included in the profit and loss account as interest

## 18 Reserves

Group	Profit and loss account £'000
At 1 April 2009	(11,817)
Loss for the year	(1,021)
At 28 March 2010	(12,838)

The company had no reserves at the either current or prior period year end

# Pennybridge Limited

## Notes forming part of the financial statements for the year ended 28 March 2010 (*Continued*)

### 19 Reconciliation of movements in shareholders' deficit

	Group 28 March 2010 £'000	Group 31 March 2009 £'000	Company 28 March 2010 £'000	Company 31 March 2009 £'000
Loss for the period	(1,021)	(1,940)	-	-
Waiver of parent company cumulative preference share dividend (see note 22)	-	786	-	-
Opening shareholders' deficit	(11,817)	(10,663)	-	-
Closing shareholders' deficit	<u>(12,838)</u>	<u>(11,817)</u>	<u>-</u>	<u>-</u>

### 20 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £48,000 (2009 - £63,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### 21 Commitments under operating leases

The group had annual commitments under non-cancellable operating leases as set out below:

	28 March 2010 £'000	31 March 2009 £'000
Operating leases which expire		
Within one year	32	43
In two to five years	38	70
	<u>70</u>	<u>113</u>

### 22 Related party disclosures

#### *Related party transactions and balances*

As at 28 March 2010, the group owed Guild Ventures Limited £558,000 (2009 - £Nil) in fixed cumulative dividends which had accrued during the accounting year. All amounts due prior to this date were waived by Guild Ventures Limited prior to 31 March 2009. This amount is included within other creditors.

The group surrendered its tax losses for the year ended 28 March 2010 to provide group relief to Trust Inns Limited of £561,188 (2009 - £Nil). In exchange for this surrender of losses, Trust Inns Limited agreed to remit £157,133 (2009 - £Nil) to the group; this amount is included within other debtors.

During the year the group paid rent of £73,000 (2009 - £122,000) to Northern Trust Company Limited.

The ultimate controlling party of Northern Trust Company Limited, Guild Ventures Limited and Trust Inns Limited is Wordon Limited, being the same as that of Pennybridge Limited.

# Pennybridge Limited

Notes forming part of the financial statements  
for the year ended 28 March 2010 (*Continued*)

## 23 Reconciliation of operating loss to net cash (outflow)/inflow from operating activities

	Year ended 28 March 2010 £'000	15 months ended 31 March 2009 £'000
Operating loss	(467)	(1,523)
Amortisation of intangible fixed assets	52	66
Depreciation of tangible fixed assets	122	174
Decrease in stocks	431	1,148
(Increase)/decrease in debtors	(337)	1,174
Increase/(decrease) in creditors	(74)	(307)
Net cash (outflow)/inflow from operating activities	(273)	732

## 24 Reconciliation of net cash flow to movement in net debt

	Year ended 28 March 2010 £'000	15 months ended 31 March 2009 £'000
(Decrease)/increase in cash	(427)	274
Cash inflow from changes in debt	-	-
Movement in net debt resulting from cash flows	(427)	274
Opening net debt	(15,232)	(15,506)
Closing net debt	(15,659)	(15,232)

# Pennybridge Limited

Notes forming part of the financial statements  
for the year ended 28 March 2010 (*Continued*)

## 25 Analysis of net debt

	At 1 April 2009 £'000	Cash flow £'000	At 28 March 2010 £'000
Cash at bank and in hand	2	(2)	-
Bank overdraft	(5,934)	(425)	(6,359)
	<u>(5,932)</u>	<u>(427)</u>	<u>(6,359)</u>
Debt due within one year	-	-	-
Debt due after one year	(9,300)	-	(9,300)
	<u>(9,300)</u>	<u>-</u>	<u>(9,300)</u>
Total	<u>(15,232)</u>	<u>(427)</u>	<u>(15,659)</u>

## 26 Ultimate parent company and parent undertaking of larger group

At 28 March 2010, the company's ultimate controlling party is Wordon Limited, a company incorporated in the Isle of Man and wholly owned by the family interests of Mr TJ Hemmings. Wordon Limited does not prepare consolidated accounts.