

STATUTORY ACCOUNTS

COMPANY NO: 2364

Keighley Fleece Mills Co. Limited

Annual report

Year ended 30 April 2004



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Company Information

Directors	Browallia Corporate Director Limited
Secretary	Cybrus Limited (appointed 30 June 2004)
Registered office	39 Cornhill London EC3V 3NU
Registered number	2364
Auditors	RSM Robson Rhodes LLP Chartered Accountants St. George House 40 Great George Street Leeds LS1 3DQ
Bankers	Bank of Scotland The Mound Edinburgh EH1 1YZ HSBC Bank plc 47 Market Street Bradford BD1 1LW
Solicitors	Gordons 14 Piccadilly Bradford BD1 3LX

Report of the Directors

The directors present their report and the audited financial statements for the year ended 30 April 2004.

Principal activity

The principal activity of the company is the ownership and letting of commercial property.

Review of business and future developments

Rental income for the period has increased as a result of the completion of work on Ambler Mill and the subsequent letting of this property. The sale of two other properties has led to a significant profit on disposal in the period.

Results and dividends

The company's retained profit after taxation for the financial period is £310,471 (2003: profit £185,974). The directors do not recommend the payment of a dividend in respect of the period (2003: £nil).

Directors

The directors who served the company during the period were as follows:

R J Stork (resigned 30 June 2004)
J Sheehan (resigned 30 June 2004)
Browallia Corporate Director Limited (appointed 30 June 2004)

Directors' interests

The directors in office at 30 April 2004 had no beneficial interest in the shares of the company, but two shares are registered in the name of Mr R J Stork as a nominee of British Mohair Holdings Limited.

The directors had no interests in the shares of any other group companies incorporated in Great Britain at any time during the period.

Fixed assets

Details of the company's fixed assets can be found in note 5 to the financial statements.

Post balance sheet events

Two properties have been sold post year end, being Grove Mills and 39-53 Cavendish Street. Total sale proceeds amounted to £2,040,000 which is in excess of the net book value of the properties (£985,000 as at 30 April 2004).

Ownership

On 16 March 2004, the entire share capital of Keighley Fleece Mills Co. Limited was transferred from British Mohair Holdings Limited to Browallia Property Company Limited.

Statement of Directors' responsibilities for the Annual Report

Company law in the United Kingdom 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 these financial statements, the directors are required to:

- ♦ select suitable accounting policies and apply them consistently;
- ♦ make judgements and estimates that are reasonable and prudent; and
- ♦ prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records 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.

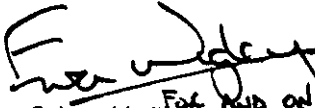
Report of the Directors (continued)

Auditors

The auditors, RSM Robson Rhodes LLP, are willing to continue in office and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approval

The report of the directors was approved by the Board on 7 February 2005 and signed on its behalf by:


For and on behalf of
Cyprus Limited
Secretary

Independent Auditors Report to the Shareholders of Keighley Fleece Mills Co. Limited

We have audited the financial statements on pages 5 to 14.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 Annual Report and the financial statements in accordance with applicable law and United Kingdom 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 April 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

RSM Robson Rhodes LLP

RSM Robson Rhodes LLP
Chartered Accountants and Registered Auditors

Leeds, England
7 February 2005

Profit and Loss Account
for the year ended 30 April 2004

	Note	2004 £	2003 £
Turnover	1	530,235	312,559
Operating expenses		(276,011)	(306,691)
Operating profit	2	254,224	5,868
Profit on sale of tangible fixed assets		295,282	563,920
Profit on ordinary activities before interest and taxation		549,506	569,788
Net interest payable	3	(103,669)	(13,175)
Profit on ordinary activities before taxation		445,837	556,613
Taxation charge	4	(135,366)	(370,639)
Retained profit for the financial year	11	310,471	185,974

All of the company's operations shown above relate to continuing operations.

Statement of total recognised gains and losses
for the year ended 30 April 2004

	2004 £	2003 £
Profit for the financial year	310,471	185,974
Unrealised surplus on revaluation of investment properties	2,761,203	-
Unrealised loss on revaluation of other properties	(660,777)	
Total recognised gains and losses for the financial year	2,410,897	185,974

Note of historical cost profits and losses
for the year ended 30 April 2004

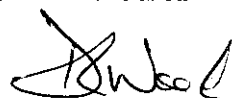
	2004 £	2003 £
Reported profit on ordinary activities before taxation	445,837	556,613
Realisation of property revaluation gains of previous years	706,653	315,949
Difference between historic cost depreciation charge and the actual depreciation charge of the period calculated on the revalued amount	26,320	52,852
Historical cost profit retained on ordinary activities before taxation	1,178,810	925,414
Historical cost retained profit for the year after taxation	1,042,444	554,775

Balance sheet

at 30 April 2004

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	5	9,231,667	7,097,415
Current assets			
Debtors : amounts falling due within one year	6	388,566	4,187,414
Debtors : amounts falling due after one year	6	1,179,116	-
Cash at bank and in hand		1,843,861	1,983,683
		3,411,543	6,171,097
Creditors: Amounts falling due within one year	7	(2,222,063)	(2,728,691)
Net current assets		1,189,480	3,442,406
Total assets less current liabilities		10,421,147	10,539,821
Creditors: amounts falling due after more than one year	8	(4,012,167)	(6,521,007)
Provisions for liabilities and charges	9	(87,105)	(107,836)
Net assets		6,321,875	3,910,978
Capital and reserves			
Called-up equity share capital	10	36,000	36,000
Revaluation reserve – investment properties	11	3,365,133	868,699
Revaluation reserve - other	11	591,343	1,721,069
Other reserves – distributable	11	11,775	11,775
Profit and loss account	11	2,317,624	1,273,435
Equity Shareholders' funds	12	6,321,875	3,910,978

These financial statements were approved by the Board on 7 February 2005 and signed on its behalf by:



for and on behalf of
Browallia Corporate Director Limited
Director

Notes to the Financial Statements for the year ended 30 April 2004

1. Accounting Policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, as modified by the revaluation of certain land and buildings.

Cash flow statement

During the year, the company was a wholly owned subsidiary of Christineborg Holding AB and its cash flows are included in the consolidated cash flow statement of that company. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (Revised) from publishing its own cash flow statement.

Turnover

Turnover represents amounts received and receivable in respect of property lease rentals and is exclusive of value added tax.

Tangible fixed assets and depreciation

Freehold and leasehold land and buildings are stated at valuation. All other tangible fixed assets are stated at their purchase cost together with any incidental costs of acquisition.

On adoption of FRS 15 "Tangible fixed assets", the company has adopted a policy of revaluation for its land and buildings, with all properties being valued by independent, professional valuers. Full valuations are to be performed every five years, with an interim valuation in the third year intervening, and valuations in other years only to the extent that it appears a material change in value is likely. Valuations are performed on an existing use basis for properties occupied by fellow group undertakings and on an open market basis for all other properties.

Investment properties are included in fixed assets at open market value, and valued on an annual basis with any surplus or deficit being taken to the revaluation reserve.

Depreciation is provided on a straight line basis at the following annual rates in order to write-off fixed assets over their estimated useful lives:

Freehold land	Nil
Freehold buildings	2% per annum
Leasehold buildings	2% per annum or over the period of the lease if shorter

No depreciation is provided on investment properties. This treatment may be a departure from the requirements of the Companies Act 1985 concerning the depreciation of fixed assets, but is, in the opinion of the directors, necessary for the financial statements to give a true and fair view.

The effect of depreciation on value is already reflected annually in the valuation of properties, and the amount attributed to this factor by the valuers cannot reasonably be separately identified or quantified.

Notes to the Financial Statements for the year ended 30 April 2004

1. Accounting Policies (continued)

Deferred taxation

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

In accordance with FRS19 deferred tax is not provided on timing differences arising from:

- a) revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date;
- b) gains on the sale of non-monetary assets, where on the basis of all available evidence it is more likely than not that the taxable gain will be rolled over into replacement assets.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Where law or accounting standards require gains and losses to be recognised in the statement of total recognised gains and losses, the related taxation is also taken directly to the statement of total recognised gains and losses in due course.

2. Operating Profit

	2004 £	2003 £
The operating profit is stated after charging:		
Depreciation – land and buildings	52,028	87,443
Auditors' remuneration for:		
- audit	3,000	3,000
- non-audit	1,000	1,000
Repairs to let property	11,995	13,930

Note: The remuneration of the directors has been borne by other group companies and no part thereof has been apportioned in respect of their services as directors of the company.

The company has no other employees.

3. Net interest payable

	2004 £	2003 £
Interest receivable – bank interest	16,176	8,543
Interest payable – bank loan	(119,845)	(21,718)
	<u>(103,669)</u>	<u>(13,175)</u>

Notes to the Financial Statements
for the year ended 30 April 2004

4. Taxation

(a) Tax charge for the year

	2004 £	2003 £
Current tax		
UK corporation tax at 30% (2003: 30%)	-	-
Group relief	263,300	441,239
Group relief in respect of prior periods	(107,203)	-
	<hr/>	<hr/>
Total current tax	156,097	441,239
Deferred tax		
Origination and reversal of timing differences (note 9)	(20,731)	(70,600)
	<hr/>	<hr/>
Total tax charge for the year	<u>135,366</u>	<u>370,639</u>

(b) Factors affecting tax charge for the year

The tax assessed for the period differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before taxation	445,837	556,613
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of tax	133,751	166,984
<i>Effects of:</i>		
Expenses not deductible for tax purposes	124,843	203,655
Depreciation in excess of capital allowances	4,706	70,600
Adjustments in respect of prior periods	(107,203)	-
	<hr/>	<hr/>
Current tax charge for the year (note 4a)	<u>156,097</u>	<u>441,239</u>

(c) Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised on revaluing property to its market value at 30 April 2004. Due to the level of surplus tax losses within the group, it is not envisaged that any tax will become payable if the properties are sold for the revalued amount recognised in the accounts at 30 April 2004.

Notes to the Financial Statements
for the year ended 30 April 2004

5. Tangible fixed assets

	Assets in the course of construction £	Freehold land and buildings (investment properties) £	Freehold land and buildings (other) £	Leasehold land and buildings £	Assets held for resale £	Total £
Cost or valuation						
At 1 May 2003	2,631,235	515,000	2,230,129	371,333	1,568,000	7,315,697
Additions	1,100,855	-	-	-	-	1,100,855
Disposals	-	-	-	-	(1,050,000)	(1,050,000)
Revaluations	-	2,617,910	(793,629)	(57,833)	132,000	1,898,448
Transfers to investment properties	(3,732,090)	4,382,090	-	-	(650,000)	-
At 30 April 2004	-	7,515,000	1,436,500	313,500	-	9,265,000
Depreciation						
At 1 May 2003	-	-	125,029	46,960	46,293	218,282
Charge for the period	-	-	44,603	7,425	-	52,028
Adjustments on revaluations	-	-	(136,299)	(54,385)	(11,293)	(201,977)
Disposals	-	-	-	-	(35,000)	(35,000)
At 30 April 2004	-	-	33,333	-	-	33,333
Net book value						
At 30 April 2004	-	7,515,000	1,403,167	313,500	-	9,231,667
At 30 April 2003	2,631,235	515,000	2,105,100	324,373	1,521,707	7,097,415

All properties included under leasehold land and buildings are long leasehold properties.

On 21 June 2004 and 4 July 2004, the majority of the company's properties were revalued by independent qualified valuers. The valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors by King Sturge, a firm of independent Chartered Surveyors.

The valuations were prepared on an existing use basis for those properties occupied by fellow group undertakings, and on an open market basis for all other properties.

These revaluations are incorporated into the financial statements as an adjusting post balance sheet event and the resulting revaluation adjustments are included in the revaluation reserve, other than revaluation losses where the valuation fell below depreciated historic cost, which have been charged to the profit and loss account.

Notes to the Financial Statements
for the year ended 30 April 2004

5. Tangible fixed assets (continued)

The directors performed a review of the valuation of the company's remaining properties as at 30 April 2004. Based on this review, the directors consider that the valuations at 30 April 2004 are not materially different from those reflected in the financial statements, and therefore no adjustments have been made to the existing carrying values.

If revalued assets were stated on the historic cost basis, the amounts would be:

	Assets in the course of construction		Freehold land and buildings (investment properties)		Freehold land and buildings (other)	
	30 April 2004	30 April 2003	30 April 2004	30 April 2003	30 April 2004	30 April 2003
	£	£	£	£	£	£
At cost	-	2,631,235	4,151,663	144,314	964,141	964,141
Aggregate depreciation	-	-	(10,447)	-	(166,453)	(147,169)
Net book value based on historic cost	-	2,631,235	4,141,216	144,314	797,688	817,023

	Leasehold land and buildings		Assets held for resale		Total	
	30 April 2004	30 April 2003	30 April 2004	30 April 2003	30 April 2004	30 April 2003
	£	£	£	£	£	£
At cost	371,334	371,334	-	590,026	5,487,138	4,704,049
Aggregate depreciation	(40,414)	(32,987)	-	(35,546)	(217,314)	(215,702)
Net book value based on historic cost	330,920	338,347	-	557,480	5,269,824	4,484,347

6. Debtors

	2004	2003
	£	£
Amounts falling due within one year:		
Amounts owed by group undertakings	-	4,061,617
Prepayments and accrued income	335,215	67,452
Trade debtors	53,351	58,345
	388,566	4,187,414
Amounts falling due after one year:		
Amounts owed by group undertakings	1,179,116	-

Notes to the Financial Statements
for the year ended 30 April 2004

7. Creditors: amounts falling due within one year

	2004 £	2003 £
Amounts owed to group undertakings	53,228	441,239
Bank loan	1,957,244	2,209,423
Accruals	211,591	78,029
	<hr/> 2,222,063	<hr/> 2,728,691

The bank loan is secured by a corporate guarantee from Förvaltnings AB Browallia.

8. Creditors: amounts falling due after more than one year

	2004 £	2003 £
Amounts owed to group undertakings	4,012,167	6,521,007
	<hr/>	<hr/>

There is no fixed term for the repayment of the group undertaking loan which is interest-free.

9. Provisions for liabilities and charges

		Deferred taxation £
At 1 May 2003		107,836
Profit and loss account		(20,731)
		<hr/>
At 30 April 2004		87,105
		<hr/>
Amounts provided in respect of deferred taxation were as follows:		
	30 April 2004 £	30 April 2003 £
Tax effect of timing differences because of:		
Capital allowances in excess of depreciation	87,105	107,836
	<hr/>	<hr/>
	87,105	107,836
	<hr/>	<hr/>

Notes to the Financial Statements
for the year ended 30 April 2004

10. Called up share capital

	2004 £	2003 £
Authorised issued and fully paid 360 unclassified shares of £100 each	36,000	36,000

11. Reserves

	Revaluation reserve		Other reserves	Profit and Loss account
	Investment properties	Other		
	£	£	£	£
At 1 May 2003	868,699	1,721,069	11,775	1,273,435
Reserve transfer	(264,769)	(468,949)	-	733,718
Unrealised surplus/(deficit) on revaluation	2,761,203	(660,777)	-	-
Retained profit for the financial year	-	-	-	310,471
At 30 April 2004	3,365,133	591,343	11,775	2,317,624

12. Reconciliation of movements in equity shareholders' funds

	2004 £	2003 £
Retained profit for the financial period	310,471	185,974
Unrealised surplus on revaluation of properties	2,100,426	-
Opening equity shareholders' funds	3,910,978	3,725,004
Closing equity shareholders' funds	6,321,875	3,910,978

13. Related party transactions

The company has taken the exemption permitted by Financial Reporting Standard No. 8 from disclosure of intra-group transactions and balances as these are eliminated on consolidation in the financial statements of Christineborg Holding AB.

14. Post balance sheet event

Particulars of matters arising since the balance sheet date are given in the directors' report on pages 2 and 3.

Notes to the Financial Statements
for the year ended 30 April 2004

15. Immediate and ultimate parent undertaking

Browallia Property Company Limited, a company incorporated in Great Britain, is the immediate parent company. This company does not prepare consolidated financial statements.

Förvaltnings AB Browallia, a company incorporated in Sweden, is the parent of the smallest group to consolidate the financial statements of the company and is the ultimate parent company. Copies of these consolidated financial statements may be obtained from PRV, Bolagsavdelningen, 851 81 Sundsvall, Sweden.