

Wilkinson & Riddell (Holdings) Limited

Report and Accounts

30 June 2006

Registration number 35768



Wilkinson & Riddell (Holdings) Limited
Company Information

DIRECTORS

M Ellis
C Wells (resigned 8 December 2005)
S M Llewellyn
J R Wilson (resigned 8 March 2006)
A Jagun (appointed 8 December 2005, resigned 6 June 2006)
H K Handley (appointed 9 December 2005, resigned 6 June 2006))

SECRETARY AND REGISTERED OFFICE

N Russ
PO Box 54
Haydn Road
Nottingham
NG5 1DH

AUDITORS

PricewaterhouseCoopers LLP
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

REGISTRARS

Lloyds TSB Registrars
The Causeway
Worthing
West Sussex
BN99 6DA

Wilkinson & Riddell (Holdings) Limited

Directors' Report

The directors present their report and the audited accounts for the year ended 30 June 2006.

Review of the business

During the year the company received interest and paid the amounts due to its preference shareholders.

On 6 June 2006 the share capital of the company's parent, Courtaulds Clothing Brands Limited was acquired by a subsidiary of Huit Holdings Limited, a company incorporated in Hong Kong. Following this change of ownership a provision amounting to £2,644,000 has been made against the amounts due from group undertakings resulting in a loss of £2,620,000 (2005: £29,000 profit) being transferred to reserves as detailed in the profit and loss account on page 5.

The directors have acted to protect the interests of the preference shareholders as a result of the change in ownership by putting in place an intercompany guarantee with a related company, Kadima Properties (UK) Limited. Under the terms of this guarantee all future obligations arising in respect of dividend, redemption, buy back or interest thereon to the Company's preference shareholders will be met as they fall due to the extent that the Company has insufficient funds to make such payments.

Given the position of net liabilities at the end of the financial year, the directors have obtained a further guarantee from Kadima Properties (UK) limited for a period of 12 months from the date of these accounts to ensure that its obligations to repay its liabilities as stated in the balance sheet at 30 June 2006 can be met should they fall due. Accordingly the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

The management of the business and the execution of the company's strategy are subject to a number of risks. The company's exposure to financial risk is limited to exposure on related party loans, and publicly traded preference shares. The risk of foreign exchange exposure and other financial risks are insignificant, and as such no further derivative instruments are used.

Management do not believe that the disclosures of key performance indicators would assist with the understanding of the financial statements, given the simple nature of the company and the fact that it is non trading.

Statement to the auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as "information needed by the company's auditors in connection with preparing their report".

Each director has taken the necessary steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Dividends

The directors do not recommend the payment of an ordinary dividend (2005: £nil).

Directors and directors' interests

The directors who served during the year are shown on page 1.

As at the balance sheet date, the directors had no interests required to be disclosed under Schedule 7 of the Companies Act 1985.

Combined Code

The company has preference shares quoted on the London Stock Exchange. Under paragraph 9.1.2 of the Listing Rules the company is exempt from the disclosures of Corporate Governance and directors' remuneration.

Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP will be proposed at the next annual general meeting.

On behalf of the board



M Ellis
Director

27 November 2006

Wilkinson & Riddell (Holdings) Limited
Statement of Directors' Responsibilities

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year. After making enquiries, the directors consider that, in preparing the accounts on pages 5 to 11, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



On behalf of the board

M Ellis
Director

27 November 2006

Independent auditors' report to the members of Wilkinson & Riddell (Holdings) Limited

We have audited the financial statements of Wilkinson & Riddell (Holdings) Limited for the year ended 30 June 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and have been 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 other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited company financial statements. The other information comprises only the Directors' Report. 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

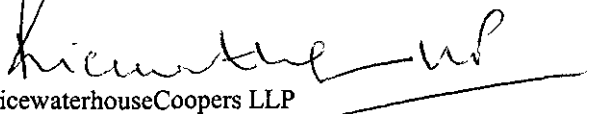
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

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 June 2006 and of its loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
East Midlands
27 November 2006

Wilkinson & Riddell (Holdings) Limited
Profit and Loss Account
For the year ended 30 June 2006

	Notes	2006 £ 000	2005 £ 000
Administrative expenses		(2,644)	-
Operating loss	2	<u>(2,644)</u>	<u>-</u>
Interest receivable from group undertakings		36	36
(Loss)/profit on ordinary activities before taxation		<u>(2,608)</u>	<u>36</u>
Taxation	4	(6)	-
(Loss)/profit on ordinary activities after taxation		<u>(2,614)</u>	<u>36</u>
Preference dividend on non-equity shares - paid	5	(6)	(7)
(Loss)/retained profit for the year	11	<u><u>(2,620)</u></u>	<u><u>29</u></u>
Basic and diluted earnings per ordinary share	6	(94.2) p	1.0 p

The accompanying notes are an integral part of this profit and loss account.

All of the above results have arisen from continuing operations.

There are no recognised gains or losses in either year other than the (loss) / profit for that year.

There is no difference between the (loss) / profit before taxation and the retained (loss) / profit for the years stated above, and their historical costs equivalents.

Wilkinson & Riddell (Holdings) Limited
Balance Sheet
As at 30 June 2006

	Notes	2006 £ 000	2005 £ 000
Current assets			
Debtors	7	-	2,614
Creditors: amounts falling due within one year	8	(1,110)	(1,104)
Net (liabilities) / assets		<u>(1,110)</u>	<u>1,510</u>
Capital and reserves			
Called up share capital	10	826	826
Profit and loss account	11	(1,936)	684
Shareholders' funds:			
Equity interests		(1,240)	1,380
Non-equity interests		130	130
Shareholders' funds	12	<u>(1,110)</u>	<u>1,510</u>

The accounts on pages 5 to 11 were approved by the board of directors on 27 November 2006 and signed on its behalf by :

 M Ellis
Director

The accompanying notes are an integral part of this balance sheet.

Wilkinson & Riddell (Holdings) Limited
Notes to the Accounts
For the year ended 30 June 2006

1 Accounting policies

Basis of preparation

As disclosed in the Directors' Report and note 16 to the accounts the company has received two confirmations from a related party undertaking, Kadima Properties (UK) Limited, that it will provide financial support necessary to ensure the company can meet its obligations to repay the liabilities stated in the balance sheet should they fall due for a period of 12 months from the date of signing of these accounts, and to ensure all future obligations to its preference shareholders will be met. Accordingly the directors consider that it is appropriate that the going concern principle is applied in the preparation of the accounts.

Basis of accounting

The accounts have been prepared under the historical cost convention, in accordance with the Companies Act 1985, and applicable accounting standards.

Changes in accounting policies

The company has adopted FRS 21 "Events after the Balance Sheet Date", FRS 22 "Earnings per Share", FRS 25 Financial Instruments: Disclosure and Presentation", and FRS 28 "Corresponding Amounts". The adoption of these standards has not had any impact on the loss for the year or the presentation of the financial statements.

Financial instruments

The company's exposure to financial risk is limited to exposure on group loans within the Huit Holdings Limited group, of which it is a member, and publicly traded preference shares. Details of these exposures are provided in note 9.

Taxation

Corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided on timing differences, arising from the different treatment for financial statements and taxation purposes of events and transactions recognised in the financial statements of the current and previous years. Deferred taxation is calculated at the rates at which it is estimated that it will arise. Deferred taxation balances are not discounted. Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that there will be suitable taxable profits against which deferred taxation assets can be recovered in future periods.

Capital instruments

The company has non-redeemable preference shares in issue. Under FRS 25 these meet the criteria of equity instruments. Preference dividends are paid twice yearly in March and September.

2 Operating loss

2006	2005
£ 000	£ 000

This is stated after charging:

Provision against amount owed by group undertaking	2,644	-
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The provision against a debtor due from a group undertaking has been established following the change in ownership of the company's parent, Courtaulds Clothing Brands Limited.

3 Directors' remuneration

None of the directors received any emoluments or accrued retirement benefits under defined contribution or defined benefit pension schemes in respect of their services to the company (2005: £nil).

The average number of employees during the year was nil (2005: nil).

Auditors' remuneration has been borne by other related companies.

Wilkinson & Riddell (Holdings) Limited
Notes to the Accounts
For the year ended 30 June 2006

4 Taxation

	30 June 2006 £ 000	30 June 2005 £ 000
UK corporation tax at 0.2% (2005: 0%).	6	-

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

	2006 £ 000	2005 £ 000
(Loss)/profit on ordinary activities before taxation	(2,608)	36
(Loss)/profit on ordinary activities at the UK standard rate of corporation tax of 30%	(782)	11
Provisions not deductible for tax	793	-
Transfer pricing adjustment	27	-
Group relief surrendered for no payment	(32)	(11)
Current tax charge for the period	6	-

5 Non-equity dividends

	2006 £ 000	2005 £ 000
Non-equity dividends on preference shares	6	7

6 Earnings per share

	2006 £ 000	2005 £ 000
Earnings for basic and diluted earnings per share	(2,620)	29
	2006 No.	2005 No.
Weighted average number of ordinary shares for basic and diluted basis	2,782,438	2,782,438

7 Debtors

	2006 £ 000	2005 £ 000
Amounts owed by group undertakings	-	2,614

8 Creditors: amounts falling due within one year

	2006 £ 000	2005 £ 000
Amounts owed to group undertakings	1,104	1,104
Corporation tax	6	-
	1,110	1,104

Wilkinson & Riddell (Holdings) Limited
Notes to the Accounts
For the year ended 30 June 2006

9 Financial instruments

a Approach to financial risk

The company has no exposure to fluctuations in exchange rates on currency.

Interest rate risk is insignificant and, as such, no derivative instruments are used to mitigate this exposure.

b Short term debtors and creditors

Short term debtors and creditors have been excluded from all the following disclosures, other than the currency risk disclosures.

c Interest rate risk profile of financial liabilities

The interest rate risk profile for the financial liabilities of the company was:

	Total	Fixed rate financial liabilities	Financial liabilities on which no interest is paid
Currency:	£ 000	£ 000	£ 000
Sterling			
- financial liabilities	1,104	-	1,104
- preference shares	130	130	-
At 30 June 2006 and 30 June 2005	<u>1,234</u>	<u>130</u>	<u>1,104</u>

The financial liabilities on which no interest is paid comprises an amount due to another Huit Holdings group undertaking. This loan is due on demand and has no fixed maturity date. The 5% cumulative preference shares have no redemption entitlement other than on a winding up of the company. As such no weighted average period for which the rate is fixed is provided.

d Interest rate risk profile of financial assets

The company held the following financial assets:

	Amounts owed by group undertakings	
Currency	2006	2005
	£ 000	£ 000
Assets - sterling	<u>2,644</u>	<u>2,614</u>

Within assets (against which a full provision has been made at 30 June 2006) is an interest-bearing loan of £500,000 at 7.2% (2004: £500,000 at 7.2%). All other amounts are interest free. All amounts are due on demand ie within one year.

Wilkinson & Riddell (Holdings) Limited

Notes to the Accounts

For the year ended 30 June 2006

9 Financial instruments (continued)

e Fair values of financial assets and liabilities

Set out below is a comparison by category of carrying values and fair values of the group's financial assets and financial liabilities:

	Carrying value £ 000	Fair value £ 000
Primary financial instruments held or issued to finance the Group's operations:		
At 30 June 2006		
Group loans - assets	-	-
Group loans - liabilities	(1,104)	(1,104)
Preference shares	(130)	(114)
At 30 June 2005		
Group loans - assets	2,614	2,614
Group loans - liabilities	(1,104)	(1,104)
Preference shares	(130)	(91)

The fair value of the group loans approximate to the carrying value due to the deemed short maturity of the instruments. The preference shares are listed on the London Stock Exchange, but the shares are rarely traded. The last publicly available valuation obtained at the financial year end was 88 pence (2005: 70 pence) and this has been used to calculate the fair value.

10 Share capital	2006 No.	2005 No.	2006 £ 000	2005 £ 000
Authorised :				
Ordinary shares of 25 pence each	2,880,000	2,880,000	720	720
5% cumulative preference shares of £1 each	130,000	130,000	130	130
			<u>850</u>	<u>850</u>
Allotted and fully paid :				
Ordinary shares of 25 pence each	2,782,438	2,782,438	696	696
5% cumulative preference shares of £1 each	130,000	130,000	130	130
			<u>826</u>	<u>826</u>

The preference shares are a non-equity interest and carry no voting rights. They are entitled to dividends half yearly provided the directors consider that the profits of the company justify such payment. On a winding up the surplus assets of the company available for distribution among the members shall be applied first in repaying the capital paid up on the preference shares together with any dividend arrears on those shares. The preference shares are not redeemable.

11 Profit and loss account	£ 000
At 30 June 2005	684
Loss for the year	(2,620)
	<u>(1,936)</u>
At 30 June 2006	<u>(1,936)</u>

Wilkinson & Riddell (Holdings) Limited**Notes to the Accounts****For the year ended 30 June 2006**

12 Reconciliation of movements in shareholders' funds	2006	2005
	£ 000	£ 000
(Loss) / profit for the year	(2,614)	36
Dividends paid	(6)	(7)
Net (reduction) / addition to shareholders' funds	(2,620)	29
Opening shareholders' funds	1,510	1,481
Closing shareholders' funds	(1,110)	1,510

13 Cash flow statement

As described in note 14, the results of the company are included in the consolidated accounts of Courtaulds Clothing Brands Limited, which are publicly available. These accounts include a consolidated cash flow statement. The company has taken advantage of the exemption set out in FRS 1 Cash Flow Statements (Revised 1996) and has not presented a cash flow statement.

14 Ultimate parent undertaking

Wilkinson & Riddell (Holdings) Limited is a wholly owned by Macanie (London) Limited, which in turn is a subsidiary undertaking of Courtaulds Clothing Brands Limited, registered in England and Wales. At the balance sheet date the ultimate controlling party was Huit Holdings Limited, incorporated in Hong Kong.

The company has taken advantage of the exemption conferred by FRS 8 Related Party Disclosures not to disclose transactions with fellow group undertakings, 90% or more of whose voting rights are controlled by the group.

The only group in which the results of the company are consolidated as at the balance sheet date is that headed by Courtaulds Clothing Brands Limited, registered in England and Wales. Copies of the group accounts of Courtaulds Clothing Brands Limited can be obtained from:

Courtaulds Clothing Brands Limited
PO Box 54
Haydn Road
Nottingham
NG5 1DH

15 Transactions with directors

No director has or has had during the year any material interest in any contract with the company requiring disclosure under section 232 of the Companies Act 1985.

16 Related party guarantee

A guarantee has been put in place between the Company and Kadima Properties (UK) Limited, a related company. Under the terms of this guarantee all future obligations arising in respect of dividend, redemption, buy back or interest thereon to the Company's preference shareholders will be met as they fall due to the extent that the Company has insufficient funds to make such payments.

The company has also received confirmation from Kadima Properties (UK) Limited that it will provide the necessary financial support for a period of 12 months from the date of signing of these accounts in order for the Company to meet its obligations to repay its liabilities as stated in the balance sheet as at 30 June 2006 should they fall due.