

Company Registration No. 1716002 (England and Wales)

PALMER HARGREAVES LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2006

THURSDAY



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PALMER HARGREAVES LIMITED

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PALMER HARGREAVES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2006

The directors present their report and financial statements for the year ended 31 March 2006.

Principal activities and review of the business

The principal activity of the company continued to be that of providing marketing services of every description and as trade and business consultants.

The company ceased to trade on 31 March 2006, though it will continue to be the holding company for Palmer Hargreaves Wallis Tomlinson Limited and Palmer Hargreaves Wallis Tomlinson GmbH.

Results and dividends

The results for the year are set out on page 4.

The directors' have recommended a final dividend payable of £29,629.

Directors

The following directors have held office since 1 April 2005:

P Cowley
A C Clift
J O Vize

Directors' interests

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

| | Ordinary shares of £ 1 each | |
|-----------|-----------------------------|--------------|
| | 31 March 2006 | 1 April 2005 |
| P Cowley | 1,000 | 1,000 |
| A C Clift | 4,500 | 4,500 |
| J O Vize | 4,500 | 4,500 |

Auditors

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

PALMER HARGREAVES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

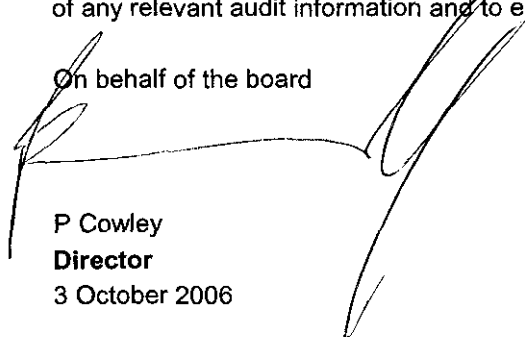
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



P Cowley
Director
3 October 2006

PALMER HARGREAVES LIMITED

INDEPENDENT AUDITORS' REPORT TO PALMER HARGREAVES LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 14, together with the financial statements of Palmer Hargreaves Limited for the year ended 31 March 2006 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state to them in an auditor's report on abbreviated accounts 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, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

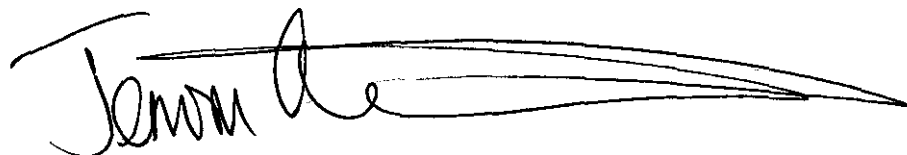
Basis of audit opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

"In our opinion the company is not entitled to the exemption from preparing group accounts conferred by section 248 of the Companies Act 1985."



Jerrom Associates

3 October 2006

**Chartered Certified Accountants
and Registered Auditors**

The Exchange, Haslucks Green Road
Shirley, Solihull
West Midlands
B90 2EL

PALMER HARGREAVES LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2006

| | Notes | 2006 £ | 2005 £ |
|---|-----------|-----------------|-----------------|
| Gross profit | | 944,328 | 805,807 |
| Administrative expenses | | (957,693) | (832,698) |
| Operating loss | 2 | (13,365) | (26,891) |
| Investment income | 3 | - | 225,000 |
| Other interest receivable and similar income | | 9,669 | - |
| (Loss)/profit on ordinary activities before taxation | | (3,696) | 198,109 |
| Tax on (loss)/profit on ordinary activities | 4 | (20,593) | (49,209) |
| (Loss)/profit for the year | 15 | (24,289) | 148,900 |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

PALMER HARGREAVES LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 MARCH 2006

| | Notes | 2006 £ | £ | 2005 £ | £ |
|---|-------|------------------|------------------|--------------------|------------------|
| Fixed assets | | | | | |
| Intangible assets | 6 | | 130,207 | | 215,490 |
| Tangible assets | 7 | | 35,844 | | 43,477 |
| Investments | 8 | | 15,803 | | 15,803 |
| | | | <u>181,854</u> | | <u>274,770</u> |
| Current assets | | | | | |
| Stocks | 9 | 28,812 | | 9,408 | |
| Debtors | 10 | 567,464 | | 921,077 | |
| Cash at bank and in hand | | 31,045 | | 129,419 | |
| | | <u>627,321</u> | | <u>1,059,904</u> | |
| Creditors: amounts falling due within one year | 11 | <u>(873,124)</u> | | <u>(1,345,751)</u> | |
| Net current liabilities | | | <u>(245,803)</u> | | <u>(285,847)</u> |
| Total assets less current liabilities | | | <u>(63,949)</u> | | <u>(11,077)</u> |
| Provisions for liabilities | 12 | | <u>(1,455)</u> | | <u>(409)</u> |
| | | | <u>(65,404)</u> | | <u>(11,486)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 14 | 10,000 | | 10,000 | |
| Profit and loss account | 15 | (75,404) | | (21,486) | |
| Shareholders' funds | 16 | <u>(65,404)</u> | | <u>(11,486)</u> | |

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

Approved by the Board and authorised for issue on 3 October 2006

P Cowley
Director

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|--------------------------------|----------------------------|
| Land and buildings Leasehold | over the term of the lease |
| Fixtures, fittings & equipment | 15% reducing balance |

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

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

1.7 Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value.

1.8 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.9 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

| 2 | Operating loss | 2006 | 2005 |
|----------|--|-------------------|-------------------|
| | | £ | £ |
| | Operating loss is stated after charging: | | |
| | Amortisation of intangible assets | 87,321 | 196,701 |
| | Depreciation of tangible assets | 7,634 | 8,451 |
| | Loss on foreign exchange transactions | 6,659 | - |
| | Operating lease rentals | | |
| | - Plant and machinery | 18,331 | 41,526 |
| | Auditors' remuneration | - | 2,500 |
| | | <u> </u> | <u> </u> |
| | | | |
| 3 | Investment income | 2006 | 2005 |
| | | £ | £ |
| | Income from shares in group undertakings | - | 225,000 |
| | Bank interest | 9,669 | - |
| | | <u> </u> | <u> </u> |
| | | <u>9,669</u> | <u>225,000</u> |

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

| 4 | Taxation | 2006 £ | 2005 £ |
|---|--|-----------|-----------|
| | Domestic current year tax | | |
| | U.K. corporation tax | 19,547 | 48,800 |
| | Current tax charge | 19,547 | 48,800 |
| | Deferred tax | | |
| | Origination and reversal of timing differences | 1,046 | 409 |
| | | 20,593 | 49,209 |
| | Factors affecting the tax charge for the year | | |
| | (Loss)/profit on ordinary activities before taxation | (3,696) | 198,109 |
| | (Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005 - 30.00%) | (1,109) | 59,433 |
| | Effects of: | | |
| | Non deductible expenses | (75) | 1,654 |
| | Depreciation add back | 28,487 | 61,546 |
| | Capital allowances | (3,100) | (4,133) |
| | Dividends and distributions received | - | (67,500) |
| | Marginal rate relief | (4,656) | (2,200) |
| | | 20,656 | (10,633) |
| | Current tax charge | 19,547 | 48,800 |
| 5 | Dividends | 2006 £ | 2005 £ |
| | Ordinary interim paid | 29,629 | - |

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

6 Intangible fixed assets

| | Goodwill £ |
|-----------------------|----------------------|
| Cost | |
| At 1 April 2005 | 692,229 |
| Additions | 2,038 |
| | <hr/> |
| At 31 March 2006 | 694,267 |
| | <hr/> |
| Amortisation | |
| At 1 April 2005 | 476,739 |
| Charge for the year | 87,321 |
| | <hr/> |
| At 31 March 2006 | 564,060 |
| | <hr/> |
| Net book value | |
| At 31 March 2006 | 130,207 |
| | <hr/> |
| At 31 March 2005 | 215,490 |
| | <hr/> |

7 Tangible fixed assets

| | Land and buildings Leasehold £ | Fixtures, fittings & equipment £ | Total £ |
|------------------------------------|--|--|-------------------|
| Cost | | | |
| At 1 April 2005 & at 31 March 2006 | 82,216 | 225,778 | 307,994 |
| | <hr/> | <hr/> | <hr/> |
| Depreciation | | | |
| At 1 April 2005 | 82,216 | 182,300 | 264,516 |
| Charge for the year | - | 7,634 | 7,634 |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2006 | 82,216 | 189,934 | 272,150 |
| | <hr/> | <hr/> | <hr/> |
| Net book value | | | |
| At 31 March 2006 | - | 35,844 | 35,844 |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2005 | - | 43,477 | 43,477 |
| | <hr/> | <hr/> | <hr/> |

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

8 Fixed asset investments

| | Shares in subsidiary undertakings £ |
|------------------------------------|--|
| Cost | |
| At 1 April 2005 & at 31 March 2006 | 15,803 |
| Net book value | |
| At 31 March 2006 | 15,803 |
| At 31 March 2005 | 15,803 |

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

| Company | Country of registration or incorporation | Class | Shares held % |
|--|--|-----------------|---------------|
| Subsidiary undertakings | | | |
| Palmer Hargreaves Wallis Tomlinson GMBH | Germany | Ordinary Shares | 100.00 |
| Palmer Hargreaves Wallis Tomlinson Limited | Great Britain | Ordinary Shares | 100.00 |

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

| | Capital and reserves 2006 £ | Profit for the year 2006 £ |
|--|-----------------------------------|----------------------------------|
| Principal activity | | |
| Palmer Hargreaves Wallis Tomlinson GMBH | 503,574 | 88,816 |
| Palmer Hargreaves Wallis Tomlinson Limited | 13,469 | 11,848 |

9 Work in progress

| | 2006 £ | 2005 £ |
|------------------|-----------|-----------|
| Work in progress | 28,812 | 9,408 |

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

| 10 Debtors | 2006 £ | 2005 £ |
|---|----------------|----------------|
| Trade debtors | 331,770 | 633,321 |
| Amounts owed by parent and fellow subsidiary undertakings | 104,067 | 202,293 |
| Other debtors | 131,627 | 85,463 |
| | <u>567,464</u> | <u>921,077</u> |

| 11 Creditors: amounts falling due within one year | 2006 £ | 2005 £ |
|---|----------------|------------------|
| Amounts owed to parent and fellow subsidiary undertakings | 847,944 | 1,187,377 |
| Corporation tax | 19,547 | 48,800 |
| Other taxes and social security costs | 5,631 | 4,382 |
| Accruals and deferred income | 2 | 105,192 |
| | <u>873,124</u> | <u>1,345,751</u> |

12 Provisions for liabilities and charges

Deferred tax liability £

| | |
|--------------------------|--------------|
| Balance at 1 April 2005 | 409 |
| Profit and loss account | 1,046 |
| | <u>1,455</u> |
| Balance at 31 March 2006 | |

The deferred tax liability is made up as follows:

| | 2006 £ | 2005 £ |
|--------------------------------|--------------|------------|
| Accelerated capital allowances | <u>1,455</u> | <u>409</u> |

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

13 Pension costs

Defined contribution

| | 2006 £ | 2005 £ |
|---|-----------|-----------|
| Contributions payable by the company for the year | 24,524 | 17,287 |

14 Share capital

| | 2006 £ | 2005 £ |
|---|-----------|-----------|
| Authorised | | |
| 20,000 Ordinary shares of £1 each | 20,000 | 20,000 |
| Allotted, called up and fully paid | | |
| 10,000 Ordinary shares of £1 each | 10,000 | 10,000 |

15 Statement of movements on profit and loss account

| | Profit and loss account £ |
|--------------------------|------------------------------------|
| Balance at 1 April 2005 | (21,486) |
| Loss for the year | (24,289) |
| Dividends paid | (29,629) |
| Balance at 31 March 2006 | (75,404) |

16 Reconciliation of movements in shareholders' funds

| | 2006 £ | 2005 £ |
|--|-----------|-----------|
| (Loss)/Profit for the financial year | (24,289) | 148,900 |
| Dividends | (29,629) | - |
| Net (depletion in)/addition to shareholders' funds | (53,918) | 148,900 |
| Opening shareholders' funds | (11,486) | (160,386) |
| Closing shareholders' funds | (65,404) | (11,486) |

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

17 Financial commitments

At 31 March 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2007:

| | Land and buildings 2006 £ | 2005 £ |
|--------------------------------|---------------------------------|----------------|
| Operating leases which expire: | | |
| Within one year | - | 83,538 |
| In over five years | 59,076 | 59,076 |
| | <u>59,076</u> | <u>142,614</u> |

18 Directors' emoluments

| | 2006 £ | 2005 £ |
|------------------------------------|----------------|----------------|
| Emoluments for qualifying services | <u>100,000</u> | <u>100,000</u> |

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

| | 2006 Number | 2005 Number |
|------------|----------------|----------------|
| Management | <u>2</u> | <u>2</u> |

Employment costs

| | 2006 £ | 2005 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 518,860 | 383,159 |
| Social security costs | 59,130 | - |
| Other pension costs | 24,524 | 17,287 |
| | <u>602,514</u> | <u>400,446</u> |

20 Auditors' Ethical Standards

In common with many businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

PALMER HARGREAVES LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2006

21 Ultimate parent company

The company is under the control of the directors, who jointly have a beneficial interest in 100% of the issued share capital of the company.

22 Post balance sheet events

The members' attention is drawn to the insolvent position of the balance sheet. The company will continue to trade with the support of the directors.