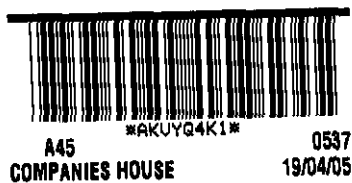


**The Parkwood Mills  
Company (Holdings) Limited**

**Directors' report and financial  
statements**

**Registered number 3505454**

**30 June 2004**



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## **Directors and company information**

### **Directors**

WES Gee  
JK Dickinson

### **Secretary**

DA Hayes FCCA

### **Registered office**

Parkwood Mills  
Longwood  
Huddersfield  
HD3 4TS

### **Bankers**

HSBC Bank plc  
Cloth Hall Street  
Huddersfield  
HD1 2ES

### **Solicitors**

Baxter Caulfield  
13 Station Street  
Huddersfield  
HD1 1LY

### **Auditors**

KPMG LLP  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

## Directors' report

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

### Directors' responsibilities

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 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;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have 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.

### Principal activities

The company has continued to be a holding company.

### Business review

The operating subsidiary ceased normal trade in 30 March 2001, with the majority of the employees being made redundant at that time. Assets are being sold and advice is being sought in relation to the future of the premises. Negotiations are currently taking place with a prospective purchaser but a firm completion date is not yet available.

### Proposed dividend and result for the year

The loss for the financial year amounted to £25 (2003: £149,975 profit). The directors propose the payment of a final dividend of £nil (2003: £nil), making a total dividend for the year of £nil (2003: £155,000).

## Directors' report *(continued)*

### Directors and directors' interests

The directors who held office during the year were as follows:

WES Gee  
JK Dickinson

The interests of the directors who held office at the end of the year in the share capital of the company were as follows:

	Ordinary shares of £1 each	
	At beginning of year	At end of year
JK Dickinson	25,000	25,000
WES Gee	25,000	25,000

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board



**JK Dickinson**  
*Director*

Parkwood Mills  
Longwood  
Huddersfield  
West Yorkshire

14 February 2005



1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

## **Report of the independent auditors to the members of Parkwood Mills Company (Holdings) Limited**

We have audited the financial statements on pages 5 to 9.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### ***Respective responsibilities of directors and auditors***

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

### ***Basis of audit opinion***

We conducted our audit in accordance with 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 the company's affairs as at 30 June 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

14 February 2005

**Profit and loss account**  
*for the year ended 30 June 2004*

	<i>Note</i>	<b>2004</b> <b>£</b>	2003 £
Administrative expenses		<b>(25)</b>	(25)
Income from shares in group undertakings		-	150,000
		<hr/>	<hr/>
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(25)</b>	149,975
Tax on (loss)/profit on ordinary activities	2	-	-
		<hr/>	<hr/>
<b>(Loss)/profit for the financial year</b>		<b>(25)</b>	149,975
Dividends paid and proposed	3	-	(155,000)
		<hr/>	<hr/>
<b>Retained loss for the financial year</b>	7	<b>(25)</b>	(5,025)
		<hr/> <hr/>	<hr/> <hr/>

There are no recognised gains or losses other than the result for the year stated above.

The result for the year reported above is the historical cost result.

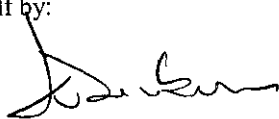
## Balance sheet

at 30 June 2004

	Note	2004	2003
		£	£
<b>Fixed assets</b>			
Investments	4	461,500	461,500
<b>Current assets</b>			
Debtors	5	22	17
Cash at bank and in hand		882	912
<b>Net current assets</b>		<u>904</u>	<u>929</u>
<b>Net assets</b>		<u>462,404</u>	<u>462,429</u>
<b>Capital and reserves</b>			
Called up share capital	6	125,000	125,000
Other reserves	7	336,500	336,500
Profit and loss account	7	904	929
<b>Equity shareholders' funds</b>	7	<u>462,404</u>	<u>462,429</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

These financial statements were approved by the board of directors on 14 February 2005 and were signed on its behalf by:



**JK Dickinson**  
Director



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

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

#### *Consolidated 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 small-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.

#### *Cash flow statement*

The company has not presented a cash flow statement on the grounds of its size.

#### *Investments*

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

### 2 Taxation

There is no tax charge arising on the result for the year.

#### *Factors affecting the tax charge for the current period*

The current tax charge for the period is lower (2003: lower) than the standard rate of corporation tax in the UK (30%, 2003: 30%). The differences are explained below.

	2004 £	2003 £
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before tax	(25)	149,975
	<hr/>	<hr/>
Current tax at 19% (2003: 30%)	(5)	44,993
<i>Effects of:</i>		
Income not included for tax purposes	-	(45,000)
Other	5	7
	<hr/>	<hr/>
Total current tax charge	-	-
	<hr/>	<hr/>

**Notes (continued)**

**3 Dividends**

	2004 £	2003 £
Interim dividend paid	-	155,000

**4 Fixed asset investments**

Shares in group undertakings	£
<i>Cost and net book value</i>	
At beginning and end of year	<b>461,500</b>

The company owns 100% of the ordinary share capital of The Parkwood Mills Company Limited which is registered in England and Wales. The company ceased to trade in March 2001.

**5 Debtors**

	2004 £	2003 £
Other debtors	22	17

**6 Called up share capital**

	2004 £	2003 £
<i>Authorised, allotted, called up and fully paid</i>		
100,000 ordinary shares of £1 each	100,000	100,000
25,000 cumulative convertible participating preferred ordinary shares of £1 each	25,000	25,000
	<b>125,000</b>	<b>125,000</b>

**Notes** *(continued)*

**7 Reconciliation of movements in shareholders' funds**

	Share capital £	Capital reserve £	Profit and loss account £	2004 Total £	2003 Total £
At beginning of year	125,000	336,500	929	462,429	467,454
Loss for the year	-	-	(25)	(25)	(5,025)
At end of year	<u>125,000</u>	<u>336,500</u>	<u>904</u>	<u>462,404</u>	<u>462,429</u>

**8 Dividends**

The company is in arrears for payment of dividends to 3i on their preference shares. The company does not have sufficient reserves to pay the dividends due on 31 December 2003 and 30 June 2004, being a total of £5,000.