

STRACHAN HOLDINGS LIMITED
(formerly WB NEWCO 5 LIMITED)

Abbreviated Accounts

30 June 2007

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STRACHAN HOLDINGS LIMITED (formerly WB NEWCO 5 LIMITED)

ABBREVIATED ACCOUNTS 2007

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STRACHAN HOLDINGS LIMITED (formerly WB NEWCO 5 LIMITED)

REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr D G Strachan

Mr A J Strachan

SECRETARY

Mr A J Strachan

REGISTERED OFFICE

2 Dolphin Court
Stanningley Road
Bramley
Leeds
West Yorkshire
LS13 4UN

BANKERS

Abbey National plc
Business Banking Centre
PO Box 126
Newport
Gwent
NP19 7UP

Royal Bank of Scotland
27 Park Row
Leeds
LS1 5QB

SOLICITORS

Watson Burton LLP
1 City Square
Leeds
LS1 2ES

AUDITORS

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Leeds

STRACHAN HOLDINGS LIMITED (formerly WB NEWCO 5 LIMITED)

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company together with the financial statements and auditors report for period 16 May 2006 to 30 June 2007

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company was incorporated on 16 May 2006. The company's principal activity is the management activities of a holding company.

On 27 June 2006 the company changed its name from WB Newco 5 Limited to Strachan Holdings Limited.

On 1 July 2006 the company acquired the entire share capital of Convert-A-Room Limited by way of a share for share exchange for a consideration of £1.540m.

On 1 July 2006 the company acquired the entire share capital of Strachan Furniture Makers Limited by way of a share for share exchange for a consideration of £7.440m.

The directors are not aware, at the date of this report, of any likely changes in the company's activities in the forthcoming year. The company's key measurement of effectiveness of its operations is dividend and rental income received.

PRINCIPAL RISKS AND UNCERTAINTIES

Market forecasts indicate a tightening in the retail market, which could pose a risk for the company's subsidiaries. This risk is managed by ensuring the continued high quality of its products is maintained and strong relationships are held with the subsidiary companies' customers.

RESULTS AND DIVIDENDS

The profit for the period after taxation was £4,015,547. The directors do not recommend payment of a dividend and propose that the retained profit for the year be transferred to reserves.

FUTURE PROSPECTS

The subsidiary company maintains a strong order book and the directors anticipate steady growth and an improved performance in the coming year.

DIRECTORS

The directors who served throughout the period were:

Mr A J Strachan (appointed 30 June 2006)

Mr D G Strachan (appointed 30 June 2006)

W B Company Directors Limited (appointed 16 May 2006, resigned 30 June 2006)

AUDITORS

In the case of each of the persons who are directors of the company at the date when this report is approved:

- (i) so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- (ii) each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined in the Companies Act 1985) and to establish that the company's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte & Touche LLP were appointed as auditors during the period and have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

STRACHAN HOLDINGS LIMITED (formerly WB NEWCO 5 LIMITED)

DIRECTORS' REPORT

Approved by the Board of Directors
and signed on behalf of the Board



A J Strachan

12/03/08

Director

**INDEPENDENT AUDITORS' REPORT TO
STRACHAN HOLDINGS LIMITED (formerly WB NEWCO 5 LIMITED)
PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts set out on pages 5 to 14 together with the financial statements of Strachan Holdings Limited for the period ended 30 June 2007 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 a special auditors' 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 for our work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

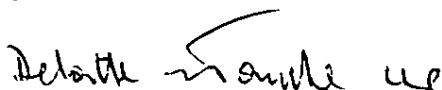
The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act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

Basis of opinion

We have 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



Deloitte & Touche LLP

Chartered Accountants
and Registered Auditors

Leeds, United Kingdom

13 March 2008

STRACHAN HOLDINGS LIMITED (formerly WB NEWCO 5 LIMITED)

ABBREVIATED PROFIT AND LOSS ACCOUNT

Period ended 30 June 2007

	Note	16 May 2006 to 30 June 2007 £
GROSS PROFIT		127,512
Administrative expenses		(18,216)
OPERATING PROFIT	3	109,296
Income from shares in group undertakings	4	3,912,905
Interest receivable and similar income	5	133,876
Interest payable and similar charges	6	(132,990)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,023,087
Tax on profit on ordinary activities	7	(7,540)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>4,015,547</u>

All activities derive from continuing operations

There have been no recognised gains and losses for the period other than as stated above. Therefore, no statement of total recognised gains and losses has been presented.

STRACHAN HOLDINGS LIMITED (formerly WB NEWCO 5 LIMITED)

BALANCE SHEET
30 June 2007

	Note	£	2007 £
FIXED ASSETS			
Tangible assets	8		2,197,512
Investments	9		7,648,732
			<u>9,846,244</u>
CURRENT ASSETS			
Debtors	10	3,950	
Deferred tax Asset	13	9,620	
Cash at bank and in hand		12,503	
		<u>26,073</u>	
CREDITORS amounts falling due within one year	11	<u>495,270</u>	
NET CURRENT LIABILITIES			<u>(469,197)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,377,047</u>
CREDITORS: amounts falling due after more than one year	12		(1,267,500)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u><u>8,109,547</u></u>
CAPITAL AND RESERVES			
Called up share capital	14		547,874
Share premium account	15		3,546,126
Profit and loss account	15		4,015,547
TOTAL EQUITY SHAREHOLDERS' FUNDS			<u><u>8,109,547</u></u>

These accounts have been prepared in accordance with the special provisions relating to medium sized companies under Section 246A of the Companies Act 1985 with respect to the delivery of individual accounts

These financial statements were approved by the Board of Directors on 12/03/08

Signed on behalf of the Board of Directors



A J Strachan
Director

STRACHAN HOLDINGS LIMITED (formerly WB NEWCO 5 LIMITED)

NOTES TO THE ACCOUNTS

Period ended 30 June 2007

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the current period.

Basis of Accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Consolidation

The financial statements present information about the company as an individual undertaking and not as a group. This is because the company has taken advantage of Section 248 of the Companies Act 1985 which exempts a company which heads a group classified as small or medium from the requirement to prepare group accounts.

Investments

Investments in subsidiary undertakings held as fixed assets are stated at cost less provision for any diminution in value.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold buildings	4.3% per annum
Plant and machinery	10% to 15% per annum

No depreciation is provided on the freehold land.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Cash flow statement

A cashflow statement does not form part of these financial statements as this company is a holding company. Strachan Furniture Makers Limited is a subsidiary which meets the definition of a medium sized company. A cashflow statement is shown in the financial statements of that subsidiary.

STRACHAN HOLDINGS LIMITED (formerly WB NEWCO 5 LIMITED)

NOTES TO THE ACCOUNTS

Period ended 30 June 2007

2 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

**16 May 2006 to
30 June 2007
£**

Directors emoluments

Remuneration

-

No pension contributions were made on behalf of directors during the current period

The only employees of the company are the directors noted in the directors' report

The directors of the company are also directors of Strachan Furniture Makers Limited and Convert-A-Room Limited. The directors received total emoluments of £176,961 (2006 £174,500) from Strachan Furniture Makers Limited during the year ended 30 June 2007

3. OPERATING PROFIT

**16 May 2006 to
30 June 2007
£**

Operating profit is after charging/(crediting)

Operating lease income

(180,000)

Depreciation

102,488

Auditors remuneration

4,100

4 INCOME FROM SHARES IN GROUP UNDERTAKINGS

**16 May 2006 to
30 June 2007
£**

Dividend received from Strachan Furniture Makers Limited

2,748,000

Dividend received from Convert-A-Room Limited

1,164,905

3,912,905

5 INTEREST RECEIVABLE AND SIMILAR INCOME

**16 May 2006 to
30 June 2007
£**

Bank deposit interest

133,876

STRACHAN HOLDINGS LIMITED (formerly WB NEWCO 5 LIMITED)

NOTES TO THE ACCOUNTS

Period ended 30 June 2007

6. INTEREST PAYABLE AND SIMILAR CHARGES

	16 May 2006 to 30 June 2007 £
Director's loan interest	110,982
Loan note interest	19,871
Mortgage interest	2,137
	<u>132,990</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	16 May 2006 to 30 June 2007 £
Current Taxation	
United Kingdom corporation tax	
Current tax on income for the period at small company rate	17,160
Total Current Taxation	17,160
Deferred Taxation	
Origin and reversal of timing differences	(9,620)
Tax on profit on ordinary activities	<u>7,540</u>

The rate of tax for the period, based on the UK small company rate of corporation tax is 20% from 1 April 2007 and 19% between the 16 May 2006 and 31 March 2007. The actual tax charge of the current period differs from the standard rate for the reasons set out in the following reconciliation

	16 May 2006 to 30 June 2007 £
Profit on ordinary activities before tax	4,023,087
Tax on profit on ordinary activities before tax at small company rate	774,444
Factors affecting current taxation charge for the period	
Capital allowances for the period in excess of depreciation	(4,050)
Income not taxable	(753,234)
Current tax charge for the period	<u>17,160</u>

STRACHAN HOLDINGS LIMITED (formerly WB NEWCO 5 LIMITED)

NOTES TO THE ACCOUNTS
Period ended 30 June 2007

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and Machinery £	Total £
Cost			
Additions	2,082,442	217,558	2,300,000
Disposals	-	-	-
At 30 June 2007	2,082,442	217,558	2,300,000
Accumulated depreciation			
Charge for the period	74,715	27,773	102,488
Eliminated on disposals	-	-	-
At 30 June 2007	74,715	27,773	102,488
Net book value			
At 30 June 2007	2,007,727	189,785	2,197,512

The value of land not depreciated was £364,000

9. FIXED ASSET INVESTMENTS

	£
Cost and net book value	
Additions	7,648,732
At 30 June 2007	7,648,732

The company owns more than 20% of the equity in the following companies

Name of subsidiary company	Country of incorporation	Holding	Proportion held	Nature of business
Strachan Furniture Makers Ltd	England & Wales	Ordinary shares	100%	Design, manufacture, distribution and retailing of bedroom and home study furniture
Convert-A-Room Ltd	England & Wales	Ordinary shares	100%	Dormant company

The profit for the period and capital and reserves at the period end for the above subsidiary companies are as follows

STRACHAN HOLDINGS LIMITED (formerly WB NEWCO 5 LIMITED)

NOTES TO THE ACCOUNTS

Period ended 30 June 2007

9 FIXED ASSET INVESTMENTS (continued)

	Profit for the year ended 30 June 2007	Capital and reserves as at 30 June 2007
Strachan Furniture Makers Limited	929,276	1,565,758
Convert-A-Room Limited	-	10,000
	<u>929,276</u>	<u>1,575,758</u>

Strachan Furniture Makers Limited

On 1 July 2006 the entire ordinary share capital of Strachan Furniture Makers Limited was acquired for the cost of £7,440,000 plus incidental acquisition expenses of £54,832. The acquisition was by way of a share for share exchange and purchase agreement, a cash payment of £3,125,000 and loan notes of £375,000, both to D G Strachan, a director.

Convert-A-Room Limited

On 1 July 2006 the entire ordinary share capital of Convert A Room Limited was acquired for the cost of £1,540,000. The investment has only been recognised as £153,900, as per Section 131 of the Companies Act the issuing company is not required to transfer any amount in excess of the minimum premium value to the share premium account, therefore the investment has only been recognised at the value of the shares issued.

10. DEBTORS

	2007 £
Related party debtor	-
Prepayments and accrued income	3,950
	<u>3,950</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £
Accruals and deferred income	23,007
Mortgage	120,000
Other creditors (note 16)	143,629
Corporation tax	17,160
Other taxation	3,974
Loan notes (note 16)	187,500
	<u>495,270</u>

STRACHAN HOLDINGS LIMITED (formerly WB NEWCO 5 LIMITED)

NOTES TO THE ACCOUNTS

Period ended 30 June 2007

12 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007 £
Mortgage	1,080,000
Loan notes	187,500
	<u>1,267,500</u>

The loan notes are repayable by 1 July 2009 with interest accruing at 2% above LIBOR until the loan principal has been repaid in full. The loan notes are unsecured.

On 21 June 2007, Strachan Holdings Limited took out a mortgage to acquire certain freehold land and buildings. Interest is charged at 1% over base rate and the mortgage is repayable by equal monthly instalments over a maximum period of ten years. The mortgage is secured as a fixed charge over the land and buildings and matures on 20 June 2017.

	2007 £
Analysis of mortgage repayments	
Within one year (note 11)	120,000
Between one and two years	120,000
Between two and five years	360,000
After five years	600,000
	<u>1,200,000</u>
Analysis of loan note repayments	
Within one year (note 11)	187,500
Between one and two years	187,500
	<u>375,000</u>

13. DEFERRED TAXATION

	£
Deferred taxation asset	
Balance at 16 May 2006	-
Current period movement	9,620
	<u>9,620</u>
Balance at 30 June 2007	<u>9,620</u>

The amount of the asset provided in the accounts is as follows

	£
Depreciation in excess of capital allowances	<u>9,620</u>

STRACHAN HOLDINGS LIMITED (formerly WB NEWCO 5 LIMITED)

NOTES TO THE ACCOUNTS

Period ended 30 June 2007

14. CALLED UP SHARE CAPITAL

	£
Authorised	
1,000,000 ordinary shares of £1 each	1,000,000
	<u> </u>
Called up, allotted and fully paid	
547,774 ordinary shares of £1 each	547,774
	<u> </u>
Called up, allotted and unpaid	
100 ordinary shares of £1 each	100
	<u> </u>
	<u>547,874</u>

On 16 May 2006, 1 subscriber £1 ordinary share was issued at par On 30 June 2006 the authorised share capital was increased to 1 million ordinary shares of £1 each from 1,000 shares

On 1 July 2006, 99 ordinary shares were issued at par

On 1 July 2006, 153,900 ordinary shares were issued at a premium of £9 01 per share

On 1 July 2006, 393,874 ordinary shares were issued at a premium of £9 00 per share

15 RESERVES

	Share premium account £	Profit and loss account £
Created on issue of shares	3,546,126	-
Profit for the period	-	4,015,547
	<u> </u>	<u> </u>
Balance at 30 June 2007	<u>3,546,126</u>	<u>4,015,547</u>

STRACHAN HOLDINGS LIMITED (formerly WB NEWCO 5 LIMITED)

NOTES TO THE ACCOUNTS

Period ended 30 June 2007

16. RELATED PARTY DISCLOSURES

On 1 July 2006 the company acquired the entire share capital of Convert-A-Room Limited by way of a share for share exchange for a consideration of £1 540m. The investment has only been recognised as £153,900, as per Section 131 of the Companies Act the issuing company is not required to transfer any amount in excess of the minimum premium value to the share premium account.

On 1 July 2006 the company acquired the entire share capital of Strachan Furniture Makers Limited by way of a share for share exchange for a consideration of £7 440m.

During the period, the company bought freehold land and buildings and some fixed plant and machinery from Strachan Furniture Makers Limited, a subsidiary, for £2,300,000. These assets were acquired at market value.

Following the acquisition of Convert-A-Room Limited by Strachan Holdings Limited, it was agreed that the balance of reserves in Convert-A-Room Limited of £64,905 be transferred by way of dividend to Strachan Holdings Limited. As Strachan Furniture Makers Limited owed Convert-A-Room Limited £64,905, it was agreed that these balances would be settled via the inter company accounts.

As at 30 June 2007, £143,629 was owed to Strachan Furniture Makers Limited. The loan is unsecured and interest free.

During the period the company issued loan notes of £375,000 to D G Strachan, these were unpaid at 30 June 2007. The company also paid D G Strachan £3,125,000 as part of the purchase agreement to acquire Strachan Furniture Makers Limited, this was held in a director's loan account until it was paid on the 28 February 2007 with interest of £110,982 accrued and paid on the same date.

The ultimate controlling parties are Mr A J Strachan and Mr D G Strachan.

17. POST BALANCE SHEET EVENTS

On 7 August 2007, the loan notes of £375,000 and interest accrued were repaid in full to Mr D G Strachan.