

STRACHAN HOLDINGS LIMITED

Abbreviated Accounts

30 June 2008

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STRACHAN HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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STRACHAN HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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

Bank Of Scotland
The Mound
Edinburgh
EH1 1YZ

Royal Bank of Scotland
27 Park Row
Leeds
LS1 5QB

SOLICITORS

Watson Burton LLP
1 City Square
Leeds
LS1 2ES

AUDITORS

Deloitte LLP
Chartered Accountants and Registered Auditors
Leeds

STRACHAN HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company together with the financial statements and auditors report for the year ending 30 June 2008.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company's principal activity is the management activities of a holding company. There have not been any significant changes in the company's principal activities in the year under review. 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, which can be seen on page 5.

PRINCIPAL RISKS AND UNCERTAINTIES

Market forecasts indicate a continued tightening in the retail market in a general economic downturn in the UK economy, which poses a risk for the company's subsidiaries and the level of income received from them. 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 year after taxation was £612,480 (2007: £4,015,547). The directors paid a dividend of £252,022 (2007: £nil) in the year and propose that the retained profit for the year be transferred to reserves.

FUTURE PROSPECTS

This is dependent upon the performance of the trading subsidiary company which continues to maintain a healthy order book. The directors remain confident of continued success.

DIRECTORS

The directors who served throughout the year were:

Mr A J Strachan

Mr D G Strachan

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 desired) 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.

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP. Accordingly, Deloitte LLP 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.

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



A J Strachan

Director

STRACHAN HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period 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;
- state whether applicable accounting standards have been followed;
- 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 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.

INDEPENDENT AUDITORS' REPORT TO STRACHAN HOLDINGS 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 year ended 30 June 2008 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 work has been undertaken so that we might state to the company those matters we are required to state to it 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. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

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 LLP

Deloitte LLP
Chartered Accountants
and Registered Auditors

Leeds, United Kingdom

22 December 2008

STRACHAN HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 30 June 2008

	Note	Year ended 30 June 2008 £	16 May 2006 to 30 June 2007 £
GROSS PROFIT		127,512	127,512
Administrative expenses		(7,182)	(18,216)
OPERATING PROFIT	3	120,330	109,296
Income from shares in group undertakings	4	500,000	3,912,905
Interest receivable and similar income	5	100,769	133,876
Interest payable and similar charges	6	(77,770)	(132,990)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		643,329	4,023,087
Tax on profit on ordinary activities	7	(30,849)	(7,540)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		612,480	4,015,547

All activities derive from continuing operations.

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

STRACHAN HOLDINGS LIMITED

BALANCE SHEET

30 June 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Tangible assets	9	2,095,024	2,197,512
Investments	10	7,648,732	7,648,732
		<u>9,743,756</u>	<u>9,846,244</u>
CURRENT ASSETS			
Debtors	11	7,153	3,950
Deferred tax asset	14	5,139	9,620
Cash at bank and in hand		15,382	12,503
		<u>27,674</u>	<u>26,073</u>
CREDITORS: amounts falling due within one year	12	<u>311,040</u>	<u>495,270</u>
NET CURRENT LIABILITIES		<u>(283,366)</u>	<u>(469,197)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,460,390</u>	<u>9,377,047</u>
CREDITORS: amounts falling due after more than one year	13	(990,385)	(1,267,500)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,470,005</u>	<u>8,109,547</u>
CAPITAL AND RESERVES			
Called up share capital	15	547,874	547,874
Share premium account	16	3,546,126	3,546,126
Profit and loss account	16	4,376,005	4,015,547
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>8,470,005</u>	<u>8,109,547</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

2008.

Signed on behalf of the Board of Directors



A J Strachan

Director

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2008

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

NOTES TO THE ACCOUNTS

Year ended 30 June 2008

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year ended 30 June 2008 £	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 £242,743 (2007: £206,961) from Strachan Furniture Makers Limited during the year ended 30 June 2008.

3. OPERATING PROFIT

	Year ended 30 June 2008 £	16 May 2006 to 30 June 2007 £
Operating profit is after charging/(crediting):		
Operating lease income	(180,000)	(180,000)
Depreciation	102,488	102,488
Auditors remuneration	3,585	4,100

4. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	Year ended 30 June 2008 £	16 May 2006 to 30 June 2007 £
Dividend received from Strachan Furniture Makers Limited	500,000	2,748,000
Dividend received from Convert-A-Room Limited	-	1,164,905
	<u>500,000</u>	<u>3,912,905</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 30 June 2008 £	16 May 2006 to 30 June 2007 £
Bank deposit interest	<u>100,769</u>	<u>133,876</u>

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2008

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 30 June 2008 £	16 May 2006 to 30 June 2007 £
Director's loan interest	-	104,190
Loan note interest	2,988	26,663
Mortgage interest	74,782	2,137
	<u>77,770</u>	<u>132,990</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 30 June 2008 £	16 May 2006 to 30 June 2007 £
Current Taxation:		
UK corporation tax charge in respect of current year	29,043	17,160
Adjustments in respect of prior period	(2,675)	-
Total Current Taxation	<u>26,368</u>	<u>17,160</u>
Deferred Taxation:		
Origination and reversal of timing differences	1,979	(9,620)
Adjustments in respect of prior period	2,771	-
Effect of changes in tax rates	(269)	-
	<u>4,481</u>	<u>(9,620)</u>
Tax on profit on ordinary activities	<u>30,849</u>	<u>7,540</u>

The rate of tax for the period, based on the UK small company rate of corporation tax is 20% to 31 March 2008 and 21% from 1 April 2008 (2007: 19% between 1 April 2006 and 31 March 2007 and 20% from 1 April 2007). The actual tax charge of the current period differs from the standard rate for the reasons set out in the following reconciliation.

	Year ended 30 June 2008 £	16 May 2006 to 30 June 2007 £
Profit on ordinary activities before tax	<u>643,329</u>	<u>4,023,087</u>
Tax on profit on ordinary activities before tax at small company rate	130,265	774,444
Factors affecting current taxation charge for the period:		
Capital allowances for the period in excess of depreciation	(1,979)	(4,050)
Income not taxable	(101,243)	(753,234)
Expenses not allowable for tax purposes	2,000	-
Adjustments in respect of prior periods	(2,675)	-
Current tax charge for the period	<u>26,368</u>	<u>17,160</u>

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2008

8. DIVIDENDS

	2008 £	2007 £
Dividends paid £0.46 per ordinary share (2007: £nil)	252,022	-

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and Machinery £	Total £
Cost			
At 1 July 2007	2,082,442	217,558	2,300,000
Additions	-	-	-
Disposals	-	-	-
At 30 June 2008	2,082,442	217,558	2,300,000
Accumulated depreciation			
At 1 July 2007	74,715	27,773	102,488
Charge for the year	74,715	27,773	102,488
Eliminated on disposals	-	-	-
At 30 June 2008	149,430	55,546	204,976
Net book value			
At 30 June 2008	1,933,012	162,012	2,095,024
At 30 June 2007	2,007,727	189,785	2,197,512

The value of land not depreciated was £364,000 (2007: £364,000).

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2008

10. FIXED ASSET INVESTMENTS

	2008 £	2007 £
Cost and net book value		
At 1 July	7,648,732	7,648,732
Additions	-	-
At 30 June	<u>7,648,732</u>	<u>7,648,732</u>

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 held
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 year end for the above subsidiary companies are as follows:

	Profit for the year ended 30 June 2008	Capital and reserves as at 30 June 2008	Profit for the year ended 30 June 2007	Capital and reserves as at 30 June 2007
Strachan Furniture Makers Limited	760,054	1,825,812	929,276	1,565,758
Convert-A-Room Limited	-	10,000	-	10,000

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2008

11. DEBTORS

	2008 £	2007 £
VAT	384	-
Prepayments and accrued income	6,769	3,950
	<u>7,153</u>	<u>3,950</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Accruals and deferred income	7,365	23,007
Mortgage	120,000	120,000
Other creditors (note 17)	157,307	143,629
Corporation tax	26,368	17,160
Other taxation	-	3,974
Loan notes (note 17)	-	187,500
	<u>311,040</u>	<u>495,270</u>

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2008

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008 £	2007 £
Mortgage	990,385	1,080,000
Loan notes	-	187,500
	<u>990,385</u>	<u>1,267,500</u>

The loan notes were repaid in full on 7 August 2007 with interest accruing at 2% above LIBOR.

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 installments 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.

	2008 £	2007 £
Analysis of mortgage repayments:		
Within one year (note 12)	120,000	120,000
Between one and two years	120,000	120,000
Between two and five years	360,000	360,000
After five years	510,385	600,000
	<u>1,110,385</u>	<u>1,200,000</u>
Analysis of loan note repayments:		
Within one year (note 12)	-	187,500
Between one and two years	-	187,500
	<u>-</u>	<u>375,000</u>

14. DEFERRED TAXATION

	£
Deferred taxation asset	
Balance at 1 July 2007	9,620
Current year charge	(4,481)
	<u>5,139</u>
Balance at 30 June 2008	<u>5,139</u>

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

	£
Depreciation in excess of capital allowances	<u>5,139</u>

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2008

15. CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Called up, allotted and fully paid		
547,774 (2007: 547,774) ordinary shares of £1 each	547,874	547,774
Called up, allotted and unpaid		
Nil (2007: 100) ordinary shares of £1 each	-	100
	<u>547,874</u>	<u>547,874</u>

16. RESERVES

	Share Premium Account £	Profit and loss account £	Total 2008 £	Total 2007 £
Balance at 1 July 2007	3,546,126	4,015,547	7,561,673	-
Profit for the year	-	612,480	612,480	4,015,547
Created on issue of shares	-	-	-	3,546,126
Dividends paid on equity shares	-	(252,022)	(252,022)	-
Balance at 30 June 2008	<u>3,546,126</u>	<u>4,376,005</u>	<u>7,922,131</u>	<u>7,561,673</u>

17. RELATED PARTY DISCLOSURES

As at 30 June 2008, £157,307 (2007: £143,629) was owed to Strachan Furniture Makers Limited. The loan is unsecured and interest free.

During the year the company repaid loan notes of £375,000 to D G Strachan, together with interest accruing of £9,780.

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