

Company Registration No. 5818607

STRACHAN HOLDINGS LIMITED

Report and Financial Statements

30 June 2011

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STRACHAN HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

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STRACHAN HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

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 PLC
27 Park Row
Leeds
LS1 5QB

Yorkshire Bank PLC
2 Infirmary Street
Leeds
LS1 2UL

SOLICITORS

Watson Burton LLP
1 City Square
Leeds
LS1 2ES

AUDITOR

Deloitte LLP
Chartered Accountants and Registered Auditor
Leeds

STRACHAN HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the group together with the financial statements and auditor's report for the year ending 30 June 2011

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company's principal activity is the management activities of a holding company. The principal activities of the group are the design, manufacture and installation of high quality bedroom, home study and lounge furniture. The group's key measurements of effectiveness of its operations are calculating its gross margin and operating profit.

The gross margin decreased during the year by 0.2 percentage points due to a slight increase in production costs. This impacted on the underlying operating profit which decreased by 1.3 percentage points during the year as a result of increased distribution and administration costs.

PRINCIPAL RISKS AND UNCERTAINTIES

The current economic climate remains challenging, which poses a risk. The group manages this risk by ensuring the continued high quality of its products is maintained and strong relationships are held with the group's diverse customer base.

RESULTS AND DIVIDENDS

The group's profit for the year after taxation was £623,132 (2010: £702,079). The directors paid a dividend of £nil (2010: £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 and the directors remain confident of continued success.

DIRECTORS

The directors who served throughout the year were:

Mr A J Strachan
Mr D G Strachan

AUDITOR

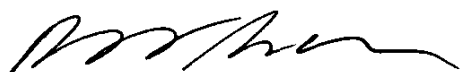
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor 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
10 January 2012

STRACHAN HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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 AUDITOR'S REPORT TO THE MEMBERS OF STRACHAN HOLDINGS LIMITED

We have audited the financial statements of Strachan Holdings Limited for the year ended 30 June 2011 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

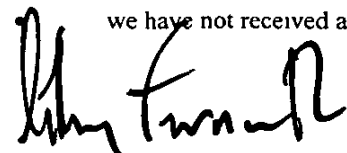
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Anthony Farnworth BA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom
10 January 2012

STRACHAN HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 30 June 2011

	Note	2011 £	2010 £
TURNOVER	2	7,269,397	7,408,393
Cost of sales		(3,430,806)	(3,478,990)
Gross profit		3,838,591	3,929,403
Distribution costs		(282,592)	(270,806)
Administrative expenses		(2,669,400)	(2,664,926)
Other operating income		10,419	16,894
OPERATING PROFIT	4	897,018	1,010,565
Interest receivable and similar income	5	40,529	46,424
Interest payable and similar charges	6	(11,684)	(13,983)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		925,863	1,043,006
Tax on profit on ordinary activities	7	(302,731)	(340,927)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	20	623,132	702,079

All activities derive from continuing operations

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

STRACHAN HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET 30 June 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Intangible assets	10	2,317,010	2,471,477
Tangible assets	11	2,351,887	2,521,567
		<u>4,668,897</u>	<u>4,993,044</u>
CURRENT ASSETS			
Stocks	13	189,235	228,792
Debtors	14	229,746	362,476
Cash at bank and in hand		3,018,416	2,435,783
		<u>3,437,397</u>	<u>3,027,051</u>
CREDITORS: amounts falling due within one year	16	<u>(1,842,334)</u>	<u>(2,247,408)</u>
NET CURRENT ASSETS		<u>1,595,063</u>	<u>779,643</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,263,960</u>	<u>5,772,687</u>
CREDITORS: amounts falling due after more than one year	17	<u>(566,739)</u>	<u>(718,205)</u>
PROVISIONS FOR LIABILITIES AND CHARGES	18	<u>(212,866)</u>	<u>(193,259)</u>
NET ASSETS		<u>5,484,355</u>	<u>4,861,223</u>
CAPITAL AND RESERVES			
Called up share capital	19	547,874	547,874
Share premium account	20	2,296,126	2,296,126
Profit and loss account	20	2,640,355	2,017,223
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>5,484,355</u>	<u>4,861,223</u>

The financial statements of Strachan Holdings Limited, registered number 5818607, were approved by the Board of Directors on 10 January 2012

Signed on behalf of the Board of Directors



A J Strachan
Director

STRACHAN HOLDINGS LIMITED

COMPANY BALANCE SHEET 30 June 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	11	1,787,558	1,890,047
Investments	12	<u>7,648,732</u>	<u>7,648,732</u>
		9,436,290	9,538,779
CURRENT ASSETS			
Debtors	14	673	5,908
Deferred tax asset	15	12,740	10,261
Cash at bank and in hand		<u>1,956</u>	<u>2,743</u>
		15,369	18,912
CREDITORS: amounts falling due within one year	16	<u>(190,243)</u>	<u>(828,579)</u>
NET CURRENT LIABILITIES		<u>(174,874)</u>	<u>(809,667)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,261,416	8,729,112
CREDITORS: amounts falling due after more than one year	17	<u>(566,739)</u>	<u>(718,205)</u>
NET ASSETS		<u>8,694,677</u>	<u>8,010,907</u>
CAPITAL AND RESERVES			
Called up share capital	19	547,874	547,874
Share premium account	20	2,296,126	2,296,126
Profit and loss account	20	<u>5,850,677</u>	<u>5,166,907</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>8,694,677</u>	<u>8,010,907</u>

The financial statements of Strachan Holdings Limited, registered number 5818607, were approved by the Board of Directors on 10 January 2012

Signed on behalf of the Board of Directors



A J Strachan
Director

STRACHAN HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT 30 June 2011

	Note	2011 £	2010 £
Net cash inflow from operating activities	22	1,133,761	1,449,047
Returns on investments and servicing of finance			
Interest paid	(11,684)	(13,983)	
Interest received	40,529	46,424	
Net cash inflow from returns on investments and servicing of finance		28,845	32,441
Net cash outflow from taxation		(320,588)	(317,878)
Capital expenditure			
Payments to acquire tangible fixed assets	(131,844)	(178,489)	
Proceeds from disposal of fixed assets	23,925	14,963	
Net cash outflow from capital expenditure		(107,919)	(163,526)
Net cash inflow before financing	23	734,099	1,000,084
Financing			
Capital reduction payment	-	(1,250,000)	
Repayment of borrowings	(151,466)	(149,170)	
Net cash outflow from financing		(151,466)	(1,399,170)
Increase /(decrease) in cash	23, 24	582,633	(399,086)

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2011

1. ACCOUNTING POLICIES

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

Basis of Accounting

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

Preparation of accounts – going concern basis

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report.

The group has considerable cash reserves, a healthy order book and continues to supply a high quality product to a diverse customer base. The directors have reviewed the group's forecasts, taking into account possible changes in trading performance, and believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of preparing the annual report and accounts.

Investments

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all of its subsidiaries. The subsidiaries are consolidated from the date on which control passes.

Acquisitions and disposals

On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the group's share of net separable assets. Where the cost of acquisition exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill and capitalised in the balance sheet in the year of acquisition.

The profit or loss on the disposal or closure of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business not previously charged through the profit and loss account.

The results and cash flows relating to a business are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of acquisition or up to the date of disposal.

Goodwill and intangible fixed assets

For acquisitions of a business, including an interest in an associated undertaking, purchased goodwill is capitalised in the year in which it arises and amortised over its estimated useful life up to a maximum of 20 years. The directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period.

Capitalised purchased goodwill in respect of subsidiaries is included within intangible fixed assets and amortised over a period of 20 years.

Related party disclosures

The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Strachan Holdings Limited group of companies.

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2011

1. ACCOUNTING POLICIES (continued)

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 25% per annum
Motor vehicles	20% to 33% per annum
Short leasehold improvements	25% per annum
Fixtures and fittings	25% 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.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production.

Warranty provisions

A provision is included in the accounts in respect of the estimated future costs of remedial work under warranties provided by the company.

The warranty given on sales is for five to ten years from the date of sale, and the provision in the accounts represents the estimated liability based upon actual costs incurred since warranties were first given.

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 the profit and loss account.

Pension

The group does not administer a pension scheme. The pension cost charges represent contributions made by the group on behalf of employees towards personal pensions administered by other parties.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. The turnover, all of which arises in the United Kingdom, is wholly attributable to the continuing principal activities.

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2011

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Group	2011 £	2010 £
Directors' emoluments		
Salary	284,959	264,565
Benefits in kind	19,374	20,188
Pension costs	15,000	-
	<u>319,333</u>	<u>284,753</u>
Emoluments of the highest paid director		
Salary	99,000	115,764
Benefits in kind	10,714	252
Pension costs	15,000	-
	<u>124,714</u>	<u>116,016</u>
Staff costs during the year (including directors)		
Wages and salaries	1,909,713	1,925,161
Social security costs	189,195	180,103
Pension costs	15,000	-
	<u>2,113,908</u>	<u>2,105,264</u>
	No.	No.
Average number of persons employed		
Production	39	36
Administration	42	41
	<u>81</u>	<u>77</u>

The group made contributions to a pension scheme on behalf of one director (2010 nil) At 30 June 2011, £20,000 (2010 £5,000) of pension contributions were outstanding

4. OPERATING PROFIT

	2011 £	2010 £
Operating profit is after charging/(crediting)		
Depreciation of owned assets	282,016	269,717
Amortisation of goodwill	154,467	154,467
Rentals under operating leases		
Land and Buildings	-	-
Other	43,417	49,237
Profit on sale of fixed assets (net)	(4,417)	(9,847)
Auditor's remuneration audit services	11,300	11,050
non-audit services	1,400	1,400
	<u></u>	<u></u>

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2011

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £	2010 £
Bank deposit interest	40,529	46,424

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Other interest payable	-	-
Mortgage interest	11,684	13,983
	11,684	13,983

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2011 £	2010 £
Current Taxation:		
UK corporation tax charge in respect of current year	315,059	332,216
Adjustments in respect of prior periods	465	(680)
Total Current Taxation	315,524	331,536
Deferred Taxation:		
Origination and reversal of timing differences	(8,752)	8,711
Adjustments in respect of prior periods	-	680
Effect of changes in tax rates	(4,041)	-
	(12,793)	9,391
Tax on profit on ordinary activities	302,731	340,927

The rate of tax for the period, based on the UK standard company rate of corporation tax is 28% to 31 March 2011 and 26% from 1 April 2011 (2010 28%) The actual tax charge of the current period differs from the standard rate for the reasons set out in the following reconciliation

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2011

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

	2011 £	2010 £
Profit on ordinary activities before tax	925,863	1,043,006
Tax on profit on ordinary activities before tax	254,612	292,042
Factors affecting current taxation charge for the year:		
Capital allowances for the period in excess of depreciation	4,626	2,490
Expenses not allowable for tax purposes	60,817	58,584
Movement in short term timing differences	4,125	(11,200)
Effects of other tax rates / credits	(9,121)	(9,700)
Adjustments in respect of prior periods	465	(680)
Current tax charge for the year	315,524	331,536

The reduction in the main rate of corporation tax from 28% to 26% effective from 1 April 2011, was substantively enacted on 29 March 2011. Since that date, further legislation has been enacted which has reduced the corporation tax rate to 25% with effect from 1 April 2012. Accordingly, deferred tax balances have been revalued to the lower rate of 25% in these accounts.

The Government has also indicated that it intends to enact future reductions in the main tax rate of 1% each year to 23% by 1 April 2014. As these further reductions in UK corporate tax rates have not been substantially enacted at the balance sheet date, they are considered non-adjusting events and no adjustments have been made. The impact of these future reductions will be taken into account at subsequent reporting dates, once the change has been substantively enacted.

8. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit after tax for the financial period amounted to £683,770 (2010: £691,357).

9. DIVIDENDS

	2011 £	2010 £
Dividends paid £nil per ordinary share (2010: £nil per ordinary share)	-	-

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2011

10. INTANGIBLE FIXED ASSETS

Group	Goodwill arising on consolidation £
Cost	
At 1 July 2010	3,089,345
Additions	-
At 30 June 2011	<u>3,089,345</u>
Amortisation	
At 1 July 2010	617,868
Charge for the year	154,467
At 30 June 2011	<u>772,335</u>
Net book value	
At 30 June 2011	<u>2,317,010</u>
At 30 June 2010	<u>2,471,477</u>

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2011

11. TANGIBLE FIXED ASSETS

Group	Freehold Land and Buildings £	Plant And Machinery £	Motor Vehicles £	Fixtures and Fittings £	Total £
Cost					
At 1 July 2010	2,082,442	1,087,760	370,355	426,579	3,967,136
Additions	-	70,923	30,585	30,336	131,844
Disposals	-	(64,539)	(85,212)	-	(149,751)
At 30 June 2011	2,082,442	1,094,144	315,728	456,915	3,949,229
Accumulated depreciation					
At 1 July 2010	298,860	595,572	186,202	364,935	1,445,569
Charge for the year	74,715	110,549	67,426	29,326	282,016
Eliminated on disposals	-	(46,253)	(83,990)	-	(130,243)
At 30 June 2011	373,575	659,868	169,638	394,261	1,597,342
Net book value					
At 30 June 2011	1,708,867	434,276	146,090	62,654	2,351,887
At 30 June 2010	1,783,582	492,188	184,153	61,644	2,521,567

The value of land not depreciated was £364,000 (2010 £364,000)

Company	Freehold land and buildings £	Plant and Machinery £	Total £
Cost			
At 1 July 2010	2,082,442	217,558	2,300,000
Additions	-	-	-
Disposals	-	-	-
At 30 June 2011	2,082,442	217,558	2,300,000
Accumulated depreciation			
At 1 July 2010	298,860	111,093	409,953
Charge for the year	74,715	27,774	102,489
Eliminated on disposals	-	-	-
At 30 June 2011	373,575	138,867	512,442
Net book value			
At 30 June 2011	1,708,867	78,691	1,787,558
At 30 June 2010	1,783,582	106,465	1,890,047

The value of land not depreciated was £364,000 (2010 £364,000)

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2011

12. INVESTMENTS HELD AS FIXED ASSETS

	2011 £	2010 £
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
Strachan Furniture Makers Ltd	England & Wales	Ordinary shares	100%	Design, manufacture, distribution and retailing of bedroom, home study and lounge 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 2011	Capital and reserves as at 30 June 2011	Profit for the year ended 30 June 2010	Capital and reserves as at 30 June 2010
Strachan Furniture Makers Limited	693,829	2,111,400	765,189	2,017,571
Convert-A-Room Limited	-	10,000	-	10,000

13. STOCKS

	2011 £	2010 £
Raw materials	173,935	223,066
Work in progress	4,401	2,026
Finished goods and goods for resale	10,899	3,700
	<u>189,235</u>	<u>228,792</u>

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2011

14. DEBTORS

	Group 2011 £	2010 £	Company 2011 £	2010 £
Trade debtors	97,739	47,549	-	-
Other debtors	52,243	73,282	673	2,408
Prepayments and accrued income	79,764	241,645	-	3,500
	<u>229,746</u>	<u>362,476</u>	<u>673</u>	<u>5,908</u>

Included in other debtors is a director's loan balance of £497 (2010 £ nil) with D G Strachan. The highest balance outstanding during the year was £497 (2010 £8,231). The loan is repayable on demand and does not attract interest.

15. DEFERRED TAXATION ASSET

	Group £	Company £
Deferred taxation asset		
Balance at 1 July 2010	-	10,261
Current year credit	-	2,479
	<u>-</u>	<u>12,740</u>
Balance at 30 June 2011	-	12,740

The amount of asset provided in the accounts is as follows

	£	£
Depreciation in excess of capital allowances	-	12,740

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2011 £	2010 £	Company 2011 £	2010 £
Payments received on account	358,292	632,420	-	-
Trade creditors	479,540	485,714	1,200	16,141
Accruals and deferred income	453,500	505,574	5,415	4,414
Mortgage (note 17)	120,000	120,000	120,000	120,000
Other creditors	-	-	15,413	642,926
Corporation tax	194,309	199,373	48,215	45,098
Other taxation and social security	235,693	299,615	-	-
Other creditors	1,000	4,712	-	-
	<u>1,842,334</u>	<u>2,247,408</u>	<u>190,243</u>	<u>828,579</u>

Included in other creditors is a director's loan balance of £nil (2010 £3,712) with D G Strachan.

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2011

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

	Group 2011 £	2010 £	Company 2011 £	2010 £
Mortgage	566,739	718,205	566,739	718,205
	<u>566,739</u>	<u>718,205</u>	<u>566,739</u>	<u>718,205</u>

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.

	Group 2011 £	2010 £	Company 2011 £	2010 £
Analysis of mortgage repayments				
Within one year (note 16)	120,000	120,000	120,000	120,000
Between one and two years	120,000	120,000	120,000	120,000
Between two and five years	360,000	360,000	360,000	360,000
After five years	86,739	238,205	86,739	238,205
	<u>686,739</u>	<u>838,205</u>	<u>686,739</u>	<u>838,205</u>

18. PROVISIONS FOR LIABILITIES AND CHARGES

Group	Deferred Taxation £	Other provisions £	Total 2011 £	Total 2010 £
Balance at 1 July 2010	63,259	130,000	193,259	183,868
(Credited)/charged to profit and loss account	(12,793)	32,400	19,607	9,391
Balance at 30 June 2011	<u>50,466</u>	<u>162,400</u>	<u>212,866</u>	<u>193,259</u>

Other provisions relate to amounts provided for potential warranty claims.

The amount of deferred taxation provided in the accounts is as follows:

Group	Provided 2011 £	Provided 2010 £
Capital allowances in excess of depreciation	55,666	64,659
Short term timing differences	(5,200)	(1,400)
Capital allowances in excess of depreciation	<u>50,466</u>	<u>63,259</u>

There is no unprovided deferred taxation at 30 June 2011 or 30 June 2010.

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2011

19. CALLED UP SHARE CAPITAL

Group and company	2011 £	2010 £
Authorised		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Called up, allotted and fully paid		
547,874 ordinary shares of £1 each	547,874	547,874

20. RESERVES

Group	Share Premium Account £	Profit and loss account £	Total 2011 £	Total 2010 £
Balance at 1 July	2,296,126	2,017,223	4,313,349	4,861,270
Profit for the year	-	623,132	623,132	702,079
Capital reduction	-	-	-	(1,250,000)
Dividends paid on equity shares	-	-	-	-
Balance at 30 June	2,296,126	2,640,355	4,936,481	4,313,349

Company	Share Premium Account £	Profit and loss account £	Total 2011 £	Total 2010 £
Balance at 1 July	2,296,126	5,166,907	7,463,033	8,021,676
Profit for the year	-	683,770	683,770	691,357
Capital reduction	-	-	-	(1,250,000)
Dividends paid on equity shares	-	-	-	-
Balance at 30 June	2,296,126	5,850,677	8,146,803	7,463,033

21. FINANCIAL COMMITMENTS

Operating leases

At 30 June 2011, the group was committed to making the following payments during the next year in respect of operating leases

	Land and buildings 2011 £	Other 2011 £	Land and buildings 2010 £	Other 2010 £
Leases which expire				
Within one year	-	18,628	-	-
Between one and two years	-	-	-	43,289
Between two and five years	-	-	-	-
After five years	-	-	-	-
	-	18,628	-	43,289

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2011

22 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Operating profit	897,018	1,010,565
Depreciation charges	282,016	269,717
Amortisation of goodwill	154,467	154,467
Profit on disposal of fixed assets	(4,417)	(9,847)
Decrease in stock	39,557	59,403
(Increase)/decrease in debtors	132,730	(138,014)
Increase/(decrease) in creditors and provisions	(367,610)	102,756
Net cash inflow from operating activities	<u>1,133,761</u>	<u>1,449,047</u>

23 RECONCILIATION OF NET CASH INFLOW TO MOVEMENT IN NET DEBT

	2011 £	2010 £
Increase/ (decrease) in cash in the period	582,633	(399,086)
Repayment of mortgage	151,466	149,170
Changes in net cash resulting from cash flows	<u>734,099</u>	<u>(249,916)</u>
Net funds brought forward	1,597,578	1,847,494
Net funds at 30 June	<u>2,331,677</u>	<u>1,597,578</u>

24 ANALYSIS OF CHANGES IN NET DEBT

	At 30 June 2010 £	Cash flows £	Non-cash items £	At 30 June 2011 £
Cash at bank and in hand	2,435,783	582,633	-	3,018,416
Debt due within one year				
Bank loans	(120,000)	-	-	(120,000)
	<u>2,315,783</u>	<u>582,633</u>	<u>-</u>	<u>2,898,416</u>
Debt due greater than one year				
Bank loans	(718,205)	151,466	-	(566,739)
	<u>1,597,578</u>	<u>734,099</u>	<u>-</u>	<u>2,331,677</u>

25 RELATED PARTY DISCLOSURES

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