

STRACHAN HOLDINGS LIMITED

Report and Financial Statements

30 June 2012



STRACHAN HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

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STRACHAN HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

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

Santander 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' RESPONSIBILITIES STATEMENT

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 2012

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 tough economic climate impacted on sales orders during the year. Although sales orders increased in the fourth quarter it was too late to influence turnover which reduced 14.9% in the year. Whilst variable overheads were contained, recovery of fixed production overheads impacted on the gross margin which decreased 2.0 percentage points. Distribution and Administration costs were kept under tight control but as a percentage of turnover saw relative increases of 0.7% and 2.9% respectively. These together with the gross margin reduction inevitably impacted on the operating profit which reduced by 5.3 percentage points.

The company anticipates an improved performance in the forthcoming year which is reflected in an increase in the level of turnover and its order book.

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 £311,819 (2011: £623,132). The directors propose to pay a dividend of £400,000 (2011: £nil) in respect of the year and propose that the retained loss 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

7 February 2013



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 2012 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 2012 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.

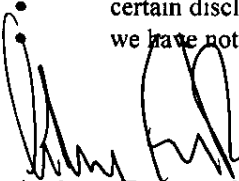
Opinion on other matter prescribed by the Companies Act 2006

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

07 February 2013

STRACHAN HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 30 June 2012

	Note	2012 £	2011 £
TURNOVER	2	6,189,416	7,269,397
Cost of sales		(3,043,300)	(3,430,806)
Gross profit		3,146,116	3,838,591
Distribution costs		(284,264)	(282,592)
Administrative expenses		(2,449,819)	(2,669,400)
Other operating income		18,416	10,419
OPERATING PROFIT	4	430,449	897,018
Interest receivable and similar income	5	57,076	40,529
Interest payable and similar charges	6	(9,770)	(11,684)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		477,755	925,863
Tax on profit on ordinary activities	7	(165,936)	(302,731)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	20	311,819	623,132

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 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Intangible assets	10	2,162,543	2,317,010
Tangible assets	11	2,182,438	2,351,887
		<u>4,344,981</u>	<u>4,668,897</u>
CURRENT ASSETS			
Stocks	13	206,804	189,235
Debtors	14	180,911	229,746
Cash at bank and in hand		3,348,358	3,018,416
		<u>3,736,073</u>	<u>3,437,397</u>
CREDITORS: amounts falling due within one year	16	<u>(2,076,223)</u>	<u>(1,842,334)</u>
NET CURRENT ASSETS		<u>1,659,850</u>	<u>1,595,063</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,004,831</u>	<u>6,263,960</u>
CREDITORS: amounts falling due after more than one year	17	<u>(412,944)</u>	<u>(566,739)</u>
PROVISIONS FOR LIABILITIES AND CHARGES	18	<u>(195,713)</u>	<u>(212,866)</u>
NET ASSETS		<u>5,396,174</u>	<u>5,484,355</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	2,552,174	2,640,355
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>5,396,174</u>	<u>5,484,355</u>

The financial statements of Strachan Holdings Limited, registered number 5818607, were approved by the Board of Directors on 7 February 2013

Signed on behalf of the Board of Directors



A J Strachan
Director

STRACHAN HOLDINGS LIMITED

COMPANY BALANCE SHEET 30 June 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Tangible assets	11	1,685,070	1,787,558
Investments	12	7,648,732	7,648,732
		<u>9,333,802</u>	<u>9,436,290</u>
CURRENT ASSETS			
Debtors	14	2,469	673
Deferred tax asset	15	15,536	12,740
Cash at bank and in hand		602,321	1,956
		<u>620,326</u>	<u>15,369</u>
CREDITORS: amounts falling due within one year	16	<u>(886,608)</u>	<u>(190,243)</u>
NET CURRENT LIABILITIES		<u>(266,282)</u>	<u>(174,874)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,067,520	9,261,416
CREDITORS: amounts falling due after more than one year	17	<u>(412,944)</u>	<u>(566,739)</u>
NET ASSETS		<u>8,654,576</u>	<u>8,694,677</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	5,810,576	5,850,677
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>8,654,576</u>	<u>8,694,677</u>

The financial statements of Strachan Holdings Limited, registered number 5818607, were approved by the Board of Directors on 7 February 2013.

Signed on behalf of the Board of Directors



A J Strachan
Director

STRACHAN HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT 30 June 2012

	Note	2012 £	2011 £
Net cash inflow from operating activities	22	717,846	1,133,761
Returns on investments and servicing of finance			
Interest paid	(9,770)	(11,684)	
Interest received	57,076	40,529	
Net cash inflow from returns on investments and servicing of finance		47,306	28,845
Net cash outflow from taxation		(196,235)	(320,588)
Capital expenditure			
Payments to acquire tangible fixed assets	(119,030)	(131,844)	
Proceeds from disposal of fixed assets	33,850	23,925	
Net cash outflow from capital expenditure		(85,180)	(107,919)
Net cash inflow before financing	23	483,737	734,099
Financing			
Capital reduction payment	-	-	
Repayment of borrowings	(153,795)	(151,466)	
Net cash outflow from financing		(153,795)	(151,466)
Increase in cash	23, 24	329,942	582,633

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2012

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 2012

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 2012

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Group	2012 £	2011 £
Directors' emoluments		
Salary	197,018	284,959
Benefits in kind	5,309	19,374
Pension costs	30,000	15,000
	<u>232,327</u>	<u>319,333</u>
Emoluments of the highest paid director		
Salary	120,128	99,000
Benefits in kind	122	10,714
Pension costs	-	15,000
	<u>120,250</u>	<u>124,714</u>
Staff costs during the year (including directors)		
Wages and salaries	1,718,457	1,909,713
Social security costs	170,624	189,195
Pension costs	30,000	15,000
	<u>1,919,081</u>	<u>2,113,908</u>
	No.	No.
Average number of persons employed		
Production	33	39
Administration	41	42
	<u>74</u>	<u>81</u>

The group made contributions to a pension scheme on behalf of one director (2011 nil) At 30 June 2012, £nil (2011 £20,000) of pension contributions were outstanding

4. OPERATING PROFIT

	2012 £	2011 £
Operating profit is after charging/(crediting)		
Depreciation of owned assets	275,304	282,016
Amortisation of goodwill	154,467	154,467
Rentals under operating leases.		
Land and Buildings	-	-
Other	46,547	43,417
Profit on sale of fixed assets (net)	(20,675)	(4,417)
Auditor's remuneration	11,600	11,300
audit services		
non-audit services	1,400	1,400

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2012

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £	2011 £
Bank deposit interest	57,076	40,529

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Other interest payable	391	-
Mortgage interest	9,379	11,684
	9,770	11,684

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2012 £	2011 £
Current Taxation:		
UK corporation tax charge in respect of current year	170,096	315,059
Adjustments in respect of prior periods	93	465
Total Current Taxation	170,189	315,524
Deferred Taxation:		
Origination and reversal of timing differences	(396)	(8,752)
Adjustments in respect of prior periods	1	-
Effect of changes in tax rates	(3,858)	(4,041)
	(4,253)	(12,793)
Tax on profit on ordinary activities	165,936	302,731

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 26% to 31 March 2012 and 24% from 1 April 2012 (2011 28% to 31 March 2011 and 26% from 1 April 2011) The actual tax charge varies from the standard rate due to the reasons set out in the following reconciliation

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2012

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

	2012 £	2011 £
Profit on ordinary activities before tax	477,755	925,863
Tax on profit on ordinary activities before tax	121,843	254,612
Factors affecting current taxation charge for the year:		
Capital allowances for the period in excess of depreciation	5,497	4,626
Expenses not allowable for tax purposes	58,728	60,817
Movement in short term timing differences	(5,101)	4,125
Effects of other tax rates / credits	(10,873)	(9,121)
Adjustments in respect of prior periods	93	465
Current tax charge for the year	170,187	315,524

The reduction in the main rate of corporation tax from 26% to 24% effective from 1 April 2012, was substantively enacted on 21 March 2012

The Government has also indicated that it intends to enact future reductions in the main tax rate of 1% each year to 22% by 1 April 2014. As these further reductions in UK corporate tax rates have not been substantively 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 £359,899 (2011: £683,770).

9. DIVIDENDS

	2012 £	2011 £
Dividends proposed £0.7301 per ordinary share (2011: £nil per ordinary share)	400,000	-

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2012

10. INTANGIBLE FIXED ASSETS

Group

Goodwill arising on consolidation £

Cost

At 1 July 2011

3,089,345

Additions

-

At 30 June 2012

3,089,345

Amortisation

At 1 July 2011

772,335

Charge for the year

154,467

At 30 June 2012

926,802

Net book value

At 30 June 2012

2,162,543

At 30 June 2011

2,317,010

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2012

11. TANGIBLE FIXED ASSETS

Group	Freehold Land and Buildings £	Plant And Machinery £	Motor Vehicles £	Fixtures and Fittings £	Total £
Cost					
At 1 July 2011	2,082,442	1,094,144	315,728	456,915	3,949,229
Additions	-	18,542	64,682	35,806	119,030
Disposals	-	(2,758)	(70,995)	(42,467)	(116,220)
At 30 June 2012	2,082,442	1,109,928	309,415	450,254	3,952,039
Accumulated depreciation					
At 1 July 2011	373,575	659,868	169,638	394,261	1,597,342
Charge for the year	74,715	110,409	64,216	25,964	275,304
Eliminated on disposals	-	(2,528)	(58,119)	(42,398)	(103,045)
At 30 June 2012	448,290	767,749	175,735	377,827	1,769,601
Net book value					
At 30 June 2012	1,634,152	342,179	133,680	72,427	2,182,438
At 30 June 2011	1,708,867	434,276	146,090	62,654	2,351,887

The value of land not depreciated was £364,000 (2011 £364,000).

Company	Freehold land and buildings £	Plant and Machinery £	Total £
Cost			
At 1 July 2011	2,082,442	217,558	2,300,000
Additions	-	-	-
Disposals	-	-	-
At 30 June 2012	2,082,442	217,558	2,300,000
Accumulated depreciation			
At 1 July 2011	373,575	138,867	512,442
Charge for the year	74,715	27,773	102,488
Eliminated on disposals	-	-	-
At 30 June 2012	448,290	166,640	614,930
Net book value			
At 30 June 2012	1,634,152	50,918	1,685,070
At 30 June 2011	1,708,867	78,691	1,787,558

The value of land not depreciated was £364,000 (2011 £364,000)

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2012

12. INVESTMENTS HELD AS FIXED ASSETS

	2012 £	2011 £
Cost and net book value		
At 1 July	7,648,732	7,648,732
Additions	-	-
	<u>7,648,732</u>	<u>7,648,732</u>
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 2012	Capital and reserves as at 30 June 2012	Profit for the year ended 30 June 2011	Capital and reserves as at 30 June 2011
Strachan Furniture Makers Limited	406,388	2,217,788	693,829	2,111,400
Convert-A-Room Limited	-	10,000	-	10,000
	<u>406,388</u>	<u>2,227,788</u>	<u>693,829</u>	<u>2,121,400</u>

13. STOCKS

Group	2012 £	2011 £
Raw materials	195,225	173,935
Work in progress	1,772	4,401
Finished goods and goods for resale	9,807	10,899
	<u>206,804</u>	<u>189,235</u>

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2012

14. DEBTORS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	43,267	97,739	-	-
Other debtors	75,849	52,243	386	673
Prepayments and accrued income	61,795	79,764	2,083	-
	<u>180,911</u>	<u>229,746</u>	<u>2,469</u>	<u>673</u>

Included in other debtors is a director's loan balance of £9,028 (2011 £497) with D G Strachan and A J Strachan. The highest balance outstanding during the year was £9,028 (2011 £497). The loan is repayable on demand and does not attract interest.

15. DEFERRED TAXATION ASSET

	Group	Company
	£	£
Deferred taxation asset		
Balance at 1 July 2011	-	12,740
Current year credit	-	2,796
Balance at 30 June 2012	<u>-</u>	<u>15,536</u>

The amount of asset provided in the accounts is as follows

	£	£
Depreciation in excess of capital allowances	-	15,536

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Payments received on account	439,252	358,292	-	-
Trade creditors	344,368	479,540	598	1,200
Accruals and deferred income	322,365	453,500	7,390	5,415
Mortgage (note 17)	120,000	120,000	120,000	120,000
Other creditors	-	-	318,229	15,413
Corporation tax	168,263	194,309	40,391	48,215
Other taxation and social security	280,975	235,693	-	-
Other creditors	401,000	1,000	400,000	-
	<u>2,076,223</u>	<u>1,842,334</u>	<u>886,608</u>	<u>190,243</u>

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2012

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

	Group 2012 £	2011 £	Company 2012 £	2011 £
Mortgage	412,944	566,739	412,944	566,739
	<u>412,944</u>	<u>566,739</u>	<u>412,944</u>	<u>566,739</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 2012 £	2011 £	Company 2012 £	2011 £
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	292,944	360,000	292,944	360,000
After five years	-	86,739	-	86,739
	<u>532,944</u>	<u>686,739</u>	<u>532,944</u>	<u>686,739</u>

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation £	Other provisions £	Total 2012 £	Total 2011 £
Group				
Balance at 1 July 2011	50,466	162,400	212,866	193,259
(Credited)/charged to profit and loss account	(4,253)	(12,900)	(17,153)	19,607
Balance at 30 June 2012	<u>46,213</u>	<u>149,500</u>	<u>195,713</u>	<u>212,866</u>

Other provisions relate to amounts provided for potential warranty claims.

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

	Provided 2012 £	Provided 2011 £
Group		
Capital allowances in excess of depreciation	46,213	55,666
Short term timing differences	-	(5,200)
Capital allowances in excess of depreciation	<u>46,213</u>	<u>50,466</u>

There is no unprovided deferred taxation at 30 June 2012 or 30 June 2011.

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2012

19. CALLED UP SHARE CAPITAL

Group and company	2012 £	2011 £
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 2012 £	Total 2011 £
Balance at 1 July	2,296,126	2,640,355	4,936,481	4,313,349
Profit for the year	-	311,819	311,819	623,132
Dividends payable on equity shares	-	(400,000)	(400,000)	-
Balance at 30 June	2,296,126	2,552,174	4,848,300	4,936,481

Company	Share Premium Account £	Profit and loss account £	Total 2012 £	Total 2011 £
Balance at 1 July	2,296,126	5,850,677	8,146,803	7,463,033
Profit for the year	-	359,899	359,899	683,770
Dividends payable on equity shares	-	(400,000)	(400,000)	-
Balance at 30 June	2,296,126	5,810,576	8,106,702	8,146,803

21. FINANCIAL COMMITMENTS

Operating leases

At 30 June 2012, the group was committed to making the following payments during the next year in respect of operating leases

	Land and buildings 2012 £	Other 2012 £	Land and buildings 2011 £	Other 2011 £
Leases which expire				
Within one year	-	-	-	18,628
Between one and two years	-	37,394	-	-
Between two and five years	-	-	-	-
After five years	-	-	-	-
	-	37,394	-	18,628

STRACHAN HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2012

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

	2012 £	2011 £
Operating profit	430,449	897,018
Depreciation charges	275,304	282,016
Amortisation of goodwill	154,467	154,467
Profit on disposal of fixed assets	(20,675)	(4,417)
(Increase)/decrease in stock	(17,569)	39,557
Decrease in debtors	48,835	132,730
Decrease in creditors and provisions	(152,965)	(367,610)
Net cash inflow from operating activities	<u>717,846</u>	<u>1,133,761</u>

23. RECONCILIATION OF NET CASH INFLOW TO MOVEMENT IN NET DEBT

	2012 £	2011 £
Increase/ (decrease) in cash in the period	329,942	582,633
Repayment of mortgage	153,795	151,466
Changes in net cash resulting from cash flows	<u>483,737</u>	<u>734,099</u>
Net funds brought forward	<u>2,331,677</u>	<u>1,597,578</u>
Net funds at 30 June	<u>2,815,414</u>	<u>2,331,677</u>

24. ANALYSIS OF CHANGES IN NET DEBT

	At 30 June 2011 £	Cash flows £	Non-cash items £	At 30 June 2012 £
Cash at bank and in hand	<u>3,018,416</u>	<u>329,942</u>	<u>-</u>	<u>3,348,358</u>
Debt due within one year				
Bank loans	<u>(120,000)</u>	<u>-</u>	<u>-</u>	<u>(120,000)</u>
	<u>2,898,416</u>	<u>329,942</u>	<u>-</u>	<u>3,228,358</u>
Debt due greater than one year				
Bank loans	<u>(566,739)</u>	<u>153,795</u>	<u>-</u>	<u>(412,944)</u>
	<u>2,331,677</u>	<u>483,737</u>	<u>-</u>	<u>2,815,414</u>

25. RELATED PARTY DISCLOSURES

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