

Philpotts (Holdings) Limited
(formerly Crossco (963) Limited)

Directors' report and financial
statements

Registered number 5838607

31 March 2007

THURSDAY



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Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent auditors' report to the members of Philpotts (Holdings) Limited	4
Profit and Loss Account	6
Balance Sheet	7
Reconciliation of Movements in Shareholders' Funds	8
Notes	9

Directors' report

The directors present their first directors' report and financial statements for the period from incorporation to 31 March 2007

Principal activities

The company is a holding company

Business review

The business was incorporated on 6 June 2006. These accounts represent the results of the company for the period to 31 March 2007

Proposed dividend

The directors do not recommend the payment of a dividend

Directors

The directors who held office during the period were as follows

Prima Director Limited	(appointed 6 June 2006, resigned 24 July 2006)
M Kendall-Smith	(appointed 24 July 2006)
R Tonks	(appointed 24 July 2006)

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the period

Disclosure of information to auditors

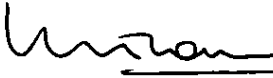
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Directors' report *(continued)*

Auditors

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

By order of the board



RG Tonks
Director

Wycliffe Hall
Barnard Castle
County Durham
DL12 9TS

30 October 2007

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditors' report to the members of Philpotts (Holdings) Limited

We have audited the financial statements of Philpotts (Holdings) Limited for the period ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditors' report to the members of Philpotts (Holdings) Limited
(formerly Crossco (963) Limited) (continued)**

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



KPMG LLP
Chartered Accountants
Registered Auditor

30 October 2007

Profit and Loss Account
for the period ended 31 March 2007

	<i>Note</i>	2007 £000
Administrative expenses		(18)
Pre-acquisition expenses	4	(146)
Operating loss	1-3	(164)
Interest payable and similar charges	5	(165)
Loss on ordinary activities before taxation	1-5	(329)
Tax on loss on ordinary activities	6	-
Loss for the financial period	11	(329)

The company was incorporated on 6 June 2006 and this is the first term of trading. Therefore there are no comparative figures.

All profit and loss categories are comprised from continuing operations.

The company has no recognised gains or losses other than those included in the profit and loss account.

Balance Sheet

at 31 March 2007

	Note	2007 £000
Fixed assets		
Investments	7	6,554
Creditors amounts falling due within one year	8	(2,383)
Total assets less current liabilities		4,171
Creditors amounts falling due after more than one year	9	(3,500)
Net assets		671
Capital and reserves		
Called up share capital	10	1,000
Profit and loss account	11	(329)
Shareholders' funds		671

These financial statements were approved by the board of directors on 30 October 2007 and were signed on its behalf by



MA Kendall-Smith
Director

Reconciliation of Movements in Shareholders' Funds
for the period ended 31 March 2007

	2007 £000
Loss for the financial period	(329)
Retained loss	(329)
New share capital subscribed (net of issue costs)	1,000
Net addition to shareholders' funds	671
Opening shareholders' funds	-
Closing shareholders' funds	671

Notes

(forming part of the financial statements)

1 Accounting policies

The financial statements cover the 298 day period from 6 June 2006, the date of incorporation, to 31 March 2007

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

Basis of preparation

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

The Company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off.

The carrying value of investments is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Taxation

The charge for taxation is based on the loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes (continued)

2 Notes to the profit and loss account

Auditors' remuneration

The audit fee for the company was borne by Philpotts Limited, a subsidiary undertaking

3 Remuneration of directors, staff numbers and costs

Directors' emoluments of £24,000 were incurred by the subsidiary, Philpotts Limited, in respect of services provided to the subsidiary by the common director. No remuneration was paid to the directors by the Company, in respect of their services to the Company, during the period.

The company had no other employees during the current financial period.

4 Pre-acquisition expenses

Expenses associated with the acquisition of Philpotts Limited have been capitalised from the point that the decision to acquire Philpotts Limited was taken. Prior to this point these expenses are considered to be research and as such have been expensed. The total professional cost expensed is £146,000.

5 Interest payable and similar charges

	2007 £000
On bank loans and overdrafts	165

Notes (continued)

6 Taxation

Analysis of charge in period

2007
£000

UK corporation tax

Current tax on income for the period

-

Factors affecting the tax charge for the current period

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

2007
£000

Current tax reconciliation

Loss on ordinary activities before tax

(329)

Current tax at 19%

(63)

Effects of

Utilisation of tax losses – group relief surrendered

60

Expenses not deductible for tax purposes

3

Total current tax charge (see above)

-

7 Fixed asset investments

Shares in
group
undertakings
£000

Cost

At beginning of period

-

Additions

6,554

At end of period

6,554

Provisions

At beginning and end of period

-

Net book value

At 31 March 2007

6,554

The companies in which the Company's interest at the year end is more than 20% are as follows

	Country of incorporation	Principal activity	Class and percentage of shares held %
<i>Subsidiary undertakings</i>			
Philpotts Limited	UK	Retailer	100% Ordinary shares

Notes (continued)

8 Creditors: amounts falling due within one year

	2007 £000
Bank loans and overdrafts	800
Amounts owed to group undertakings	1,549
Accruals and deferred income	34
	2,383

The repayment terms of £800,000 of bank loans and overdraft is subject to the Company and its subsidiary, Philpotts Limited, meeting certain financial covenants. These are secured by an omnibus guarantee and an unlimited debenture which both include Philpotts Limited.

9 Creditors: amounts falling due after more than one year

	2007 £000
Bank loans	3,500

The repayment terms of £1,400,000 of bank loans are subject to the Company and its subsidiary, Philpotts Limited, meeting certain financial covenants. These are secured by an omnibus guarantee and an unlimited debenture which both include Philpotts Limited.

Subject to the loan covenants being satisfied the analysis of debt is as follows

	2007 £000
Between one to two years	400
Between two to five years	3,100
	3,500

10 Called up share capital

	2007 £000
<i>Authorised</i>	
1,000,000 Ordinary shares of £1 each	1,000
<i>Allotted, called up and fully paid</i>	
1,000,000 Ordinary shares of £1 each	1,000
Shares classified in shareholders' funds	1,000

During the period the Company issued 1,000,000 £1 ordinary shares for a consideration of £1 each, settled in cash.

Notes *(continued)*

11 Reserves

	Profit and loss account £000
At beginning of period	-
Loss for the period	(329)
At end of period	(329)

12 Related party disclosures

During the period the company undertook transactions with its subsidiary, Philpotts Limited. At the period end there is an outstanding creditor of £1,549,000 in relation to this.