

LEATHER WORKSHOP LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2005

REGISTERED NUMBER 03327427



A25  
COMPANIES HOUSE

\*AJ9JXD72\*

194  
24/02/2006

**LEATHER WORKSHOP LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2005**

**DIRECTORS**

C E L Ridgwell  
T G Ridgwell  
S A Ridgwell  
P R Harris  
A Cogbill  
C Collins

**SECRETARY**

L Woodland

**REGISTERED OFFICE**

Viaduct Works  
Crumlin  
Newport NP11 3PL

**COMPANY NUMBER**

03327427

**BANKERS**

HSBC Plc  
127-128 High Street  
Merthyr Tydfil CF47 8DN

**AUDITORS**

Clyne & Co Limited  
Chartered Accountants  
3 Mountain Road  
Caerphilly CF83 1HG

**LEATHER WORKSHOP LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 APRIL 2005**

**CONTENTS**

Pages	3	Directors' Report
	5	Auditors' Report
	7	Profit and Loss Account
	8	Balance Sheet
	9	Cash Flow Statement
	10	Reconciliation of Movements in Shareholders' Funds
	11 to 18	Notes to the Financial Statements

The following do not form part of the statutory financial statements:

19	Trading and Profit and Loss Account
20 to 21	Profit and Loss Account Summaries

**LEATHER WORKSHOP LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 APRIL 2005**

The directors present their report and the audited financial statements of the company for the year ended 30 April 2005.

**DIRECTORS RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:-

- 1) select suitable accounting policies and then apply them consistently.
- 2) make judgements and estimates that are reasonable and prudent.
- 3) 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.

**PRINCIPAL ACTIVITIES**

The principal activities of the company continue to be the manufacture of upholstered leather furniture and its sale by mail order.

**BUSINESS REVIEW**

The directors consider the results for the year to be very satisfactory considering the high level of competition within the industry.

**RESULTS AND DIVIDENDS**

	2005	2004
	£	£
Profit after tax for the year	740,401	420,608
Final dividends	650,000	420,000
Transfer to reserves	£ 90,401	£ 608

**FIXED ASSETS**

Acquisition and disposal of fixed assets during the year are shown in the notes to the accounts.

LEATHER WORKSHOP LIMITED  
DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 APRIL 2005

**DIRECTORS**

The directors who served during the year are shown below:

C E L Ridgwell  
T G Ridgwell  
S A Ridgwell  
P R Harris  
A Cogbill  
C Collins

The directors' beneficial interests in the issued ordinary share capital were as follows:

	2005	2004
	No.	No.
C E L Ridgwell	25	25
T G Ridgwell	25	25

**AUDITORS**

The auditors, Clyne & Co Limited, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 14 October 2005 and signed on their behalf.

*L Woodland*

Signed  
L Woodland

**INDEPENDENT AUDITORS' REPORT**  
**TO THE SHAREHOLDERS OF**  
**LEATHER WORKSHOP LIMITED**  
**FOR THE YEAR ENDED 30 APRIL 2005**

We have audited the financial statements of Leather Workshop Limited for the year ended 30 April 2005 which comprise Profit and Loss Account, Balance Sheet, Cash Flow Statement, Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the historical cost convention and 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 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 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**

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 opinion**

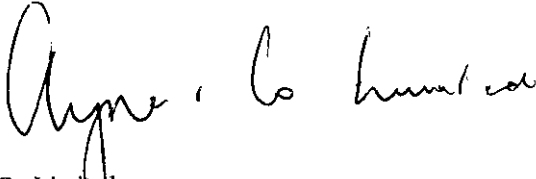
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 (CONTINUED)  
TO THE SHAREHOLDERS OF  
LEATHER WORKSHOP LIMITED  
FOR THE YEAR ENDED 30 APRIL 2005

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Clyne & Co Limited  
Chartered Accountants  
Registered Auditors

3 Mountain Road  
Caerphilly CF83 1HG

17 October 2005

**LEATHER WORKSHOP LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 APRIL 2005**

	Notes	2005 £	2004 £
<b>TURNOVER</b>	2		
Continuing operations		6,479,863	5,230,050
Cost of sales	3	3,879,128	3,238,069
<b>GROSS PROFIT</b>		<u>2,600,735</u>	<u>1,991,981</u>
Net operating expenses	3	<u>1,626,916</u>	<u>1,436,998</u>
<b>OPERATING PROFIT</b>	4		
Continuing operations		973,819	554,983
Interest receivable and similar income	6	<u>71,835</u>	<u>54,607</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>1,045,654</u>	<u>609,590</u>
Tax on ordinary activities	7	<u>305,253</u>	<u>188,982</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>740,401</u>	<u>420,608</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>740,401</u>	<u>420,608</u>
Dividends	8	<u>650,000</u>	<u>420,000</u>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<u>£ 90,401</u>	<u>£ 608</u>

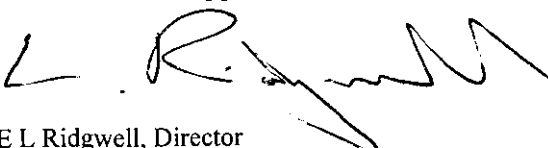
The company made no recognised gains and losses other than those reported in the profit and loss account.

**DIVANI MAIL ORDER LIMITED**  
**BALANCE SHEET**  
**AT 30 APRIL 2005**

	Note	2005 £	2004 £
<b>FIXED ASSETS</b>			Nil
<b>CURRENT ASSETS</b>			
Stock	10	220,833	221,554
Debtors	11	232,415	156,913
Cash at bank and in hand		238,340	302,193
		<b>691,588</b>	<b>680,660</b>
<b>CREDITORS: Amounts falling due within one year</b>	12	<b>656,149</b>	<b>655,481</b>
<b>NET CURRENT ASSETS</b>		<b>35,439</b>	<b>25,179</b>
<b>NET ASSETS</b>		<b>£ 35,439</b>	<b>£ 25,179</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	100	100
Profit and loss account	14	35,339	25,079
<b>SHAREHOLDERS FUNDS</b>		<b>£ 35,439</b>	<b>£ 25,179</b>

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The accounts were approved by the board of directors on 14 October 2005

  
C E L Ridgwell, Director

The notes on pages 9 to 13 form part of these financial statements

**LEATHER WORKSHOP LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 APRIL 2005**

	Note	2005 £	2004 £
Net cash inflow from operating activities	16	506,690	932,595
Returns on investments and servicing of finance			
Interest received		40,831	23,067
		40,831	23,067
Taxation			
UK Corporation tax		(264,982)	(270,750)
		(264,982)	(270,750)
Capital expenditure			
Purchase of tangible fixed assets		(143,928)	(1,437)
Sale of tangible fixed assets		21,200	-
		(122,728)	(1,437)
		159,811	683,475
Dividends paid		(650,000)	(420,000)
(Decrease)/Increase in cash in the year		(490,189)	263,475
<b>Reconciliation of net cash flow to movement in net debt</b>			
(Decrease)/Increase in cash in the year		(490,189)	263,475
Movement in net (debt)/funds		(490,189)	263,475
Net funds at 1 May 2004		658,710	395,235
Net funds at 30 April 2005		168,521	658,710

The notes on pages 11 to 18 form part of these financial statements

**LEATHER WORKSHOP LIMITED**  
**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
**FOR THE YEAR ENDED 30 APRIL 2005**

	2005 £	2004 £
Profit for the financial year	740,401	420,608
Dividends	650,000	420,000
	<u>90,401</u>	<u>608</u>
Net addition to shareholders' funds	90,401	608
Opening shareholders' funds	<u>62,614</u>	<u>62,006</u>
Closing shareholders' funds	<u>£ 153,015</u>	<u>£ 62,614</u>

The notes on pages 11 to 18 form part of these financial statements

**LEATHER WORKSHOP LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 30 APRIL 2005**

**1. ACCOUNTING POLICIES**

**1a. Basis of accounting**

The financial statements have been prepared under the historical cost convention.

**1b. Tangible fixed assets**

Fixed assets are shown at historical cost.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life. Depreciation is calculated using the straight line basis (on cost).

	2005	2004
	%	%
Plant and equipment	33	33
Motor vehicles	25	25
Fixtures and fittings	20	20
Computers	33	33

**1c. Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition is based on purchase cost on a first-in, first-out basis, including transport.

**1d. Taxation**

Corporation tax payable is provided on taxable profits at the current rate.

The charge for taxation takes into account taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes. In general, deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. However, deferred tax assets are recognised only to the extent that the directors consider that it is 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 taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**1e. Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in the year.

**1f. Turnover**

Turnover comprises the value of sales (excluding VAT and similar taxes and trade discounts) of goods and services in the normal course of business.

**LEATHER WORKSHOP LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 APRIL 2005**

**2. TURNOVER**

Turnover and profit on ordinary activities before taxation are attributable to the manufacture and sale of furniture by mail order.

**3. COST OF SALES AND NET OPERATING EXPENSES**

	2005 £	2004 £
Cost of sales	£ 3,879,128	£ 3,238,069
Net operating expenses:		
Distribution and selling expenses	1,116,160	1,034,197
Administrative expenses	495,082	367,382
Depreciation	15,674	35,419
Other operating income	(31,004)	(31,540)
	<u>£ 1,595,912</u>	<u>£ 1,405,458</u>

**4. OPERATING PROFIT**

	2005 £	2004 £
Operating profit is stated after charging:		
Auditors' remuneration		
Audit services	4,000	4,000
Depreciation and amortisation		
Tangible assets: owned	36,874	35,419
Staff costs - (note5)	1,219,134	1,186,598
and after crediting:		
Sundry income	<u>31,004</u>	<u>31,540</u>

**LEATHER WORKSHOP LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 APRIL 2005**

**5. DIRECTORS AND EMPLOYEES**

Particulars of employees (including directors) are shown below:

Employee costs during the year included:	2005	2004
	£	£
Wages and salaries	1,101,812	1,075,015
Social security costs	104,863	98,477
Pensions - defined contribution costs	5,520	5,680
	<u>£ 1,212,195</u>	<u>£ 1,179,172</u>

The average weekly number of employees during the year were as follows:

	2005	2004
	No.	No.
Management ,administration and sales	15	14
Production and distribution	45	41
	<u>60</u>	<u>55</u>

Directors' remuneration:

	2005	2004
	£	£
Emoluments	122,500	116,667
Company payments to money purchase pension schemes	480	480
	<u>122,980</u>	<u>117,147</u>

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2005	2004
	£	£
Bank interest receivable	40,831	23,067
	<u>£ 40,831</u>	<u>£ 23,067</u>

**LEATHER WORKSHOP LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 APRIL 2005**

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2005 £	2004 £
UK Corporation tax	299,392	188,982
Deferred taxation	5,861	-
	<u>£ 305,253</u>	<u>£ 188,982</u>

The tax assessed for the period is lower than the standard rate of UK taxation applicable to the company of 30% (2004 - 30%). The differences are explained below:

Profit on ordinary activities before tax	1,045,654	609,590
Fixed asset sale proceeds not taxable	(21,197)	-
Depreciation for the period in excess of capital allowances	(26,484)	20,350
	<u>997,973</u>	<u>629,940</u>
Adjusted profit for tax purposes		
Deferred tax movements:		
Capital allowances in excess of depreciation	19,538	-
	<u>£ 1,017,511</u>	<u>£ 629,940</u>
Tax on profit on ordinary activities	<u>305,253</u>	<u>188,982</u>

**8. DIVIDENDS**

	2005 £	2004 £
Ordinary dividends:-		
Final paid	650,000	420,000
	<u>£ 650,000</u>	<u>£ 420,000</u>

**LEATHER WORKSHOP LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 APRIL 2005**

**9. TANGIBLE FIXED ASSETS**

	Plant & Machinery £	Fixtures & Equipment £	Total £
<b>Cost</b>			
At 1 May 2004	170,598	11,582	182,180
Additions	143,928	-	143,928
Disposals	(122,784)	-	(122,784)
At 30 April 2005	<u>191,742</u>	<u>11,582</u>	<u>203,324</u>
<b>Depreciation</b>			
At 1 May 2004	156,463	9,518	165,981
Disposals	(122,784)	-	(122,784)
For the year	35,924	950	36,874
At 30 April 2005	<u>69,603</u>	<u>10,468</u>	<u>80,071</u>
<b>Net Book Amounts</b>			
At 30 April 2005	<u>£ 122,139</u>	<u>£ 1,114</u>	<u>£ 123,253</u>
At 30 April 2004	<u>£ 14,135</u>	<u>£ 2,064</u>	<u>£ 16,199</u>

**10. STOCK**

	2005 £	2004 £
Stock comprises:		
Raw materials	135,148	99,597
Work in progress	22,399	23,452
Finished goods	54,893	51,475
Brochure stock	19,124	20,417
	<u>£ 231,564</u>	<u>£ 194,941</u>

**11. DEBTORS**

	2005 £	2004 £
Trade debtors	20,354	46,845
Amounts owed by related companies	46,644	51,972
Social security and other taxes	22,805	19,238
Other debtors and prepayments	853	420
	<u>£ 90,656</u>	<u>£ 118,475</u>

**LEATHER WORKSHOP LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 APRIL 2005**

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2005	2004
	£	£
Trade creditors	32,235	70,645
Corporation tax	108,391	73,981
Other creditors including taxation and social security	37,757	144,228
Amounts owed to related companies	76,523	63,200
Customer deposits	200,212	573,657
	<u>£ 455,118</u>	<u>£ 925,711</u>

**13. PROVISIONS FOR LIABILITIES AND CHARGES**

	2005	2004
	£	£
Deferred Taxation	5,861	-
	<u>£ 5,861</u>	<u>£ -</u>

Deferred taxation

Deferred tax has been provided in respect of accelerated capital allowances.

	2005	2004
	£	£
Excess of tax allowances over book depreciation of fixed assets	5,861	-
	<u>£ 5,861</u>	<u>£ -</u>

The movement on deferred taxation comprises:

Charged to the profit and loss, in respect of:  
capital allowances

End of year

5,861	-
<u>£ 5,861</u>	<u>£ -</u>

**14. CALLED UP SHARE CAPITAL**

	2005	2004
	£	£
Authorised:		
100 Ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>
Allotted, issued and fully paid:		
100 Ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>

**LEATHER WORKSHOP LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 APRIL 2005**

**15. RESERVES**

	Profit & loss account £
At 1 May 2004	62,514
Profit for the year	90,401
	<hr/>
At 30 April 2005	£ 152,915
	<hr/>

**16. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2005 £	2004 £
Operating profit	1,004,823	586,523
Depreciation	36,874	35,419
Profit on sale of tangible fixed assets	(20,837)	-
(Increase)/Decrease in stocks	(36,623)	291
Decrease/(Increase) in debtors	27,819	(73,089)
(Decrease)/Increase in creditors	(505,003)	383,451
	<hr/>	<hr/>
Net cash inflow from operating activities	£ 507,053	£ 932,595
	<hr/>	<hr/>

**17. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET**

	2005 £	2004 £	Change in 2005 £	Change in 2004 £
Cash at bank and in hand	7,039	2,771	4,268	2,771
Short-term investments	161,482	655,939	(494,457)	260,670
	<hr/>	<hr/>	<hr/>	<hr/>
	£ 168,521	£ 658,710	£ (490,189)	£ 263,441
	<hr/>	<hr/>	<hr/>	<hr/>

**18. CAPITAL COMMITMENTS**

At the end of the year, capital commitments were:

	2005 £	2004 £
Contracted for but not provided for	-	100,000
	<hr/>	<hr/>
	£ -	£ 100,000
	<hr/>	<hr/>

**LEATHER WORKSHOP LIMITED**  
**NOTES TO THE ACCOUNTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 APRIL 2005**

**19. RELATED PARTY TRANSACTIONS**

A number of other companies are related by way of a combination of ownership and common control. The following transactions took place between the company and these related parties:

<u>Amounts paid</u>	£
For goods and services received	
Kirkdale Mail Order Ltd	1,930,560
Divani Mail Order Ltd	145,257
Oakridge Direct Ltd	464,546
Thomas Lloyd Mail Order Ltd	210,967
Odeon Furniture Company Ltd	52,673

Amounts received

For goods and services supplied

Kirkdale Mail Order Ltd	73,142
Divani Mail Order Ltd	265,951

All goods and services are recharged at cost and no profit arises on any of the transactions. Goods and services are recharged on a monthly basis and are settled immediately.

The only material amounts outstanding at the year end were as follows:

Kirkdale Mail Order Ltd - due to	51,459
----------------------------------	--------

**20. CONTROLLING INTEREST**

The company is under the control of the Ridgwell family.