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Company Registration No. FC17454

DIRECTORS' REPORT AND  
UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2006

FOR

QUEENSWOOD LIMITED



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COMPANIES HOUSE 30/11/2006

QUEENSWOOD LIMITED

INDEX TO THE UNAUDITED FINANCIAL STATEMENTS

	Page
Company Information	1
Directors' Report	2
Profit and Loss Account	3
Balance Sheet	4 - 5
Notes to the Financial Statements	6 -10

QUEENSWOOD LIMITED

COMPANY INFORMATION

DIRECTORS :

Mr. Frank W. Milne  
Mrs. Kathleen A. Milne  
Mr. Anthony F. Milne  
Mr. Eric J. Milne  
Mrs. K. Alexandra Rees

SECRETARY :

Langtry Secretaries Ltd

REGISTERED OFFICE :

Second Floor  
16 New Street  
St. Peter Port  
Guernsey GY1 2PF  
Channel Islands

REGISTERED NUMBER :

FC17454

ACCOUNTANTS AND TAXATION  
ADVISORS:

Smith & Williamson Limited  
Old Library Chambers  
21 Chipper Lane  
Salisbury  
Wiltshire SP1 1BG

QUEENSWOOD LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the Company for the year ended 30 September 2006.

INCORPORATION :

The Company is incorporated in Guernsey, Channel Islands.

PRINCIPAL ACTIVITIES :

The principal activities of the Company during the year continued to be that of trading in garden and home products by Mail Order.

The Company continued to trade throughout the financial year until 22 September 2006 when the directors gave notice to its employees that their contracts of employment would cease on 31 October 2006. Therefore, the directors consider it appropriate to prepare these accounts on the going concern basis.

Subsequent to the year end, the Company's directors have set in place procedures to close the Company's operations during the year to 30 September 2007 and consequently all operations in these accounts have been classed as discontinued.

DIRECTORS :

The directors of the Company are as stated on page 1. There have been no changes in the composition of the Board during the year or to the date of this report. No director held any beneficial interest in the issued share capital of the Company during the year. The directors are discretionary beneficiaries of the Castor & Pollux Trust which is the beneficial owner of the Company.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with Companies (Guernsey) Law.

ON BEHALF OF THE BOARD:



Langtry Secretaries Limited

Secretary

Dated

25 November 2006

QUEENSWOOD LIMITED

UNAUDITED PROFIT AND LOSS ACCOUNT  
For The Year Ended 30 September 2006

	Notes	£	<u>2006</u> £	£	<u>2005</u> £
Turnover - discontinued operations			951,428		956,985
Change in Stocks of Finished Goods			(38,579)		(49,758)
			<u>912,849</u>		<u>907,227</u>
Raw Materials and Consumables			(403,414)		(398,327)
			<u>509,435</u>		<u>508,900</u>
Staff Costs		(174,557)		(180,665)	
Depreciation	2	(124)		(273)	
Other Operating Charges (including exceptional professional fees of £21,886)		(511,770)		(510,783)	
		<u></u>	(686,451)	<u></u>	(691,721)
Operating loss - discontinued operations	2		(177,016)		(182,821)
Exceptional item: Redundancy costs	2		(24,654)		0
Other interest receivable and similar income			2,734		593
Interest payable and similar charges			(10,884)		(10,322)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			<u>(209,820)</u>		<u>(192,550)</u>
Tax on Loss on Ordinary Activities	3		0		0
LOSS FOR THE YEAR			<u>(209,820)</u> =====		<u>(192,550)</u> =====

There were no recognised gains or losses other than those passing through the profit and loss account.

The notes on pages 6 to 10 form part of these financial statements.

QUEENSWOOD LIMITED

UNAUDITED BALANCE SHEET  
As At 30 September 2006

	Notes	£	<u>2006</u> £	£	<u>2005</u> £
FIXED ASSETS:					
Tangible Assets	4		328		197
CURRENT ASSETS:					
Stocks		78,533		117,112	
Debtors	5	5,776		47,488	
Cash at Bank and in Hand		7,924		19,548	
			<u>92,233</u>	<u>184,148</u>	
CREDITORS:					
Amounts falling due within one year	6	56,746		91,590	
NET CURRENT ASSETS:			<u>35,487</u>	<u>92,558</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>35,815</u>	<u>92,755</u>	
CREDITORS:					
Amounts falling due after more than one year	7		(358,561)	(230,335)	
PROVISIONS FOR LIABILITIES AND CHARGES	8		(24,654)	0	
			<u>(347,400)</u>	<u>(137,580)</u>	
			=====	=====	
CAPITAL AND RESERVES:					
Called Up Share Capital	9		1,742,805	1,742,805	
Profit & Loss Account	10		(2,090,205)	(1,880,385)	
SHAREHOLDERS' FUNDS	11		<u>(347,400)</u>	<u>(137,580)</u>	
			=====	=====	

QUEENSWOOD LIMITED

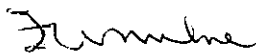
UNAUDITED BALANCE SHEET  
As At 30 September 2006

In preparing these financial statements:

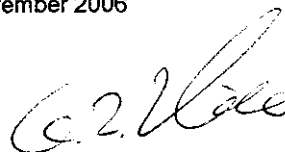
- (a) The directors are of the opinion that the Company is entitled to the exemption from audit conferred by Section 249 A (1) of the Companies Act 1985;
- (b) No notice has been deposited under Section 249 B (2) of the Companies Act 1985, and
- (c) The directors acknowledge their responsibilities for:
  - (i) ensuring that the Company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
  - (ii) preparing financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of this act relating to accounts, so far as applicable to the Company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board of Directors and authorised for issue on 25 November 2006



F.W. Milne, Director



A.F. Milne, Director

The notes on pages 6 to 10 form part of these financial statements.

## QUEENSWOOD LIMITED

### NOTES TO THE UNAUDITED FINANCIAL STATEMENTS For The Year Ended 30 September 2006

#### 1 ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Company's financial statements.

(a) Basis of Accounting:

The financial statements have been prepared under the historical cost convention, on the going concern basis and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

At 30 September 2006, the company had net liabilities of £347,400 which include a loan from the shareholder totalling £358,561. The financial statements have been prepared on the going concern basis on the assumption that the shareholder will not withdraw its financial support for the foreseeable future and will not seek repayment of its loan until such time as the company has adequate financial resources to do so. The financial statements do not include any adjustments that would result from a withdrawal of the shareholder's support.

The Company has taken advantage of the exemption conferred in Financial Reporting Standard No. 1 from requirements to produce a cash flow statement on the grounds that it qualifies as a small company.

(b) Revenue Recognition:

Turnover represents the value of garden and home products sold by Mail Order to customers relating to the year, exclusive of value added tax.

(c) Tangible Fixed Assets and Depreciation:

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful lives. The rates applicable are:

Plant and equipment	20% straight line
Furniture, fittings and fixtures	20% and 33.33% straight line
Motor vehicles	20% straight line
Computer equipment	20% to 33.33% straight line

(d) Stocks:

Stocks are valued at the lower of cost and net realisable value.

(e) Deferred Taxation:

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Any deferred tax asset is recognised to the extent that the asset is regarded as recoverable. Any recognised deferred tax asset or liability has not been discounted.



QUEENSWOOD LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
For The Year Ended 30 September 2006

	<u>2006</u>	<u>2005</u>
	£	£
2 OPERATING LOSS		
The operating loss is stated after charging:		
Depreciation	124	273
Directors' remuneration (including estimated monetary value of benefits in kind)	43,131	41,470
	=====	=====
The exceptional item of £24,654 relates to redundancy payments and payments in lieu of notice payable in the year ended 30 September 2007 following the directors' decision prior to the year ended 30 September 2006 to cease the Company's operations in the 2007 financial year.		
3 TAXATION		
Domestic current year tax:		
Current tax charge	0	0
	===	===
Factors affecting the tax charge for the year:		
Loss on ordinary activities before taxation	(209,820)	(192,550)
	=====	=====
Loss on ordinary activities before taxation multiplied by UK corporation tax at 19%	(39,866)	(36,585)
	=====	=====
Effects of:		
Non deductible expenses	4,158	489
Depreciation	24	52
Capital allowances	0	(1,192)
Tax losses carried forward	35,684	37,236
	-----	-----
	39,866	36,585
	-----	-----
Current tax charge	0	0
	=====	=====
The Company is exempt from taxation in Guernsey. At 30 September 2006, there were UK tax adjusted losses available for carry forward of approximately	1,994,394	1,817,110
	=====	=====

The computation of the Company's deferred tax position gives rise to an asset balance which the directors consider should not be recognised on the basis that the tax losses available are unlikely to be reversed in the foreseeable future.

QUEENSWOOD LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
For The Year Ended 30 September 2006

4 TANGIBLE FIXED ASSETS

	Plant and Equipment	Furniture Fittings & Fixtures	Motor Vehicles	Computer Equipment	Total
	£	£	£	£	£
COST:					
At 1 October 2005	4,250	1,320	6,849	15,219	27,638
Additions	0	0	0	255	255
30 September 2006	4,250	1,320	6,849	15,474	27,893
DEPRECIATION:					
At 1 October 2005	4,250	1,123	6,849	15,219	27,441
Charge for the Year	0	74	0	50	124
At 30 September 2006	4,250	1,197	6,849	15,269	27,565
NET BOOK VALUES:					
At 30 September 2006	0	123	0	205	328
	===	===	===	===	===
At 30 September 2005	0	197	0	0	197
	===	===	===	===	===

	2006 £	2005 £
5 DEBTORS		
Other Debtors	5,776 =====	47,488 =====
6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade Creditors	39,190	61,760
Other Creditors	0	17,329
Taxation and Social Security	17,556	12,501
	56,746 =====	91,590 =====
7 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Shareholder's Loan	358,561 =====	230,335 =====

QUEENSWOOD LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
For The Year Ended 30 September 2006

8 PROVISIONS FOR LIABILITIES AND CHARGES

	Redundancy Provision
Charge for the year	24,654
Balance at 30 September 2006	<u>24,654</u> =====

	<u>2006</u> £	<u>2005</u> £
9 SHARE CAPITAL		
Authorised:		
10,000 Ordinary Shares of £1 Each	10,000	10,000
1,990,000 Preference Shares of £1 Each	1,990,000	1,990,000
	<u>2,000,000</u> =====	<u>2,000,000</u> =====
Allotted, Called Up and Fully Paid:		
2 Ordinary Shares Of £1 Each	2	2
1,742,803 Preference Shares of £1 Each	1,742,803	1,742,803
	<u>1,742,805</u> =====	<u>1,742,805</u> =====

The 1,742,803 redeemable non-cumulative preference shares are subject to the following rights and privileges:

- (a) to be classisfied as redeemable non-cumulative preference shares without a fixed coupon.  
Dividends to be entirely at the discretion of the Board of Directors.
- (b) to receive notices of and attend at general meetings of the company but not to vote thereat.
- (c) the shares may be redeemed entirely at the company's discretion.
- (d) in a winding up situation to receive a repayment of capital before any distributions to ordinary shareholders.
- (e) not to participate in any other capital or income of the company.

QUEENSWOOD LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS  
For The Year Ended 30 September 2006

10 STATEMENT OF MOVEMENTS ON RESERVES

Profit & Loss  
Account

Balance at 1 October 2005	(1,880,385)
Loss for the Year	(209,820)
Balance at 30 September 2006	<u>(2,090,205)</u>

11 RECONCILIATION OF MOVEMENTS  
IN SHAREHOLDERS' FUNDS

	<u>2006</u> £	<u>2005</u> £
Opening Shareholders' Funds	(137,580)	54,970
Loss for the Financial Year	(209,820)	(192,550)
	<u>(347,400)</u>	<u>(137,580)</u>
Closing Shareholders' Funds	<u>(347,400)</u>	<u>(137,580)</u>
All in respect of equity interests.		

12 RELATED PARTY TRANSACTIONS

The shareholders of Queenswood Limited are the Trustees of the Castor & Pollux Trust.  
At the year end the loan outstanding was £358,561 (2005: £230,335) per note 7.

13 CONTROL

The ultimate controlling parties are the Trustees of the Castor & Pollux Trust.