Company Registration No. 1180514

# MULBERRY GROUP PLC

## Interim Accounts as at 30 September 2005

MULBERRY GROUP PLC

**PROFIT AND LOSS ACCOUNT**
**Period ended 30 September 2005**

| | Note | 2005 £'000 |
|---|---|---|
| **TURNOVER** | 2 | 763 |
| Cost of sales | | - |
| **GROSS PROFIT** | | 763 |
| Operating expenses (net) | | (655) |
| **OPERATING PROFIT** | | 108 |
| Income from shares in group undertakings | | 850 |
| Interest payable and similar charges | | (9) |
| Interest on preference shares | | (98) |
| Finance costs on preference shares | | (27) |
| **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION** | | 824 |
| Tax on profit on ordinary activities | | 18 |
| **PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION, BEING RETAINED PROFIT FOR THE PERIOD** | | 842 |
| Accumulated deficit, beginning of year | | (607) |
| **ACCUMULATED SURPLUS, END OF PERIOD** | | 235 |

There are no recognised gains and losses for the current period other than as stated in the profit and loss account.

MULBERRY GROUP PLC

## BALANCE SHEET
**At 30 September 2005**

| | Notes | 2005 £'000 | £'000 |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Tangible assets | 3 | | 1,821 |
| Investments | 4 | | 9,122 |
| | | | 10,943 |
| **CURRENT ASSETS** | | | |
| Debtors | 5 | 1,907 | |
| Cash at bank and in hand | | 44 | |
| | | 1,951 | |
| **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR** | 6 | (1,511) | |
| **NET CURRENT ASSETS** | | | 440 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | 11,383 |
| **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR** | 7 | | (2,489) |
| Provisions for liabilities and charges | 8 | | (43) |
| **NET ASSETS** | | | 8,851 |
| **CAPITAL AND RESERVES** | | | |
| Called-up share capital | 9 | | 2,464 |
| Share premium account | 10 | | 4,527 |
| Revaluation Reserve | 10 | | 94 |
| Capital redemption reserve | 10 | | 154 |
| Special Reserve | 10 | | 1,467 |
| Profit and loss account | 10 | | 145 |
| **SHAREHOLDERS' FUNDS** | 10 | | 8,851 |

These financial statements were approved by the Board of Directors on 7 December 2005

Signed on behalf of the Board of Directors

**G P Davis**
Director

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2005

## 1. ACCOUNTING POLICIES

The principal accounting policies are set out below. They have all been applied consistently throughout the period.

FRS25 'Financial Instruments: disclosure and presentation' has been adopted whereby the 'B' preference shares are defined as compound financial instruments and are disclosed partly as equity and partly as financial liability. As a result of this change the net assets of the Company as at 30 September 2005 have been reduced by £2,489,000. In addition, the dividends payable on the preference shares have been reclassified in the profit and loss account from dividends to interest. The effect of this on the figures to 30 September 2005 is the reclassification of £98,000.

On the basis of the Company having sufficient distributable reserves at the end of the period the arrears of preference dividends from prior periods of £638,000 becomes payable and has been moved from reserves to short term creditors pending payment.

### Basis of accounting

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

### Turnover

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

### Tangible fixed assets

The company has taken advantage of the transitional provisions of FRS 15 'Tangible Fixed Assets' and retained the book amounts of freehold and leasehold properties which were revalued prior to implementation of that standard. The properties were last revalued at November 1989 and the valuations have not subsequently been updated.

Tangible fixed assets are shown at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets other than land, at rates calculated to write off the cost or valuation of fixed assets to their estimated residual value, over expected useful lives, using the following annual rates, on a straight-line basis:

| | |
|---|---|
| Freehold buildings | 5% |
| Short Leasehold land and buildings | over the term of the lease |
| Fixtures, fittings and equipment | 10% to 33% per annum |

The revaluation reserve is amortised to the profit and loss account at similar rates to the depreciation of the related properties.

### Fixed asset investments

Fixed asset investments are shown at cost less any provisions for impairment in value.

### Operating leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

**NOTES TO THE FINANCIAL STATEMENTS**
**Period ended 30 September 2005**

## 1. ACCOUNTING POLICIES (continued)

### 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 substantially 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 company's taxable profits and its 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 when, 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 recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

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.

The taxation liabilities are reduced wholly or in part by the surrender of tax losses by fellow group undertakings for which payment is made.

### Foreign currency

Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

## 2. TURNOVER

All the turnover arises in the UK.

**NOTES TO THE FINANCIAL STATEMENTS**
**Period ended 30 September 2005**

## 3. TANGIBLE FIXED ASSETS

| | Freehold land and buildings £'000 | Short leasehold land and buildings £'000 | Fixtures fittings and equipment £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| Beginning of Year | 2,515 | 144 | 528 | 3,187 |
| Additions | - | 195 | - | 195 |
| Disposals | - | (57) | - | (57) |
| At 31 March 2005 | 2,515 | 282 | 528 | 3,325 |
| **Depreciation** | | | | |
| Beginning of Year | 963 | 105 | 349 | 1,417 |
| Charge for Year | 31 | 10 | 66 | 107 |
| Disposals | - | (20) | - | (20) |
| End of Period | 994 | 95 | 415 | 1,504 |
| **Net book value** | | | | |
| Beginning of Year | 1,552 | 39 | 179 | 1,770 |
| End of Period | 1,521 | 187 | 113 | 1,821 |

## 4. FIXED ASSET INVESTMENTS

| | Shares £'000 | Loans £'000 | 2005 Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| Beginning and end of year | 1,498 | 11,804 | 13,302 |
| **Provision for impairment** | | | |
| Beginning and end of period | (1,460) | (2,720) | (4,180) |
| **Net book value** | 38 | 9,084 | 9,122 |

A full list of the principal subsidiary companies is filed with the annual report and financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Period ended 30 September 2005

## 5. DEBTORS

| | 2005 £'000 |
|---|---|
| Amounts owed by group undertakings | 1,907 |
| | 1,907 |

## 6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2005 £'000 |
|---|---|
| Dividends payable on B preference shares | 736 |
| Amounts owed to group undertakings | 380 |
| Accruals and deferred income | 351 |
| Other | 44 |
| | 1,511 |

## 7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2005 £'000 |
|---|---|
| B Preference Shares | 2,489 |

## 8. PROVISIONS FOR LIABILITIES AND CHARGES

| Deferred taxation | 2005 £'000 |
|---|---|
| At the beginning of the period | 61 |
| Credit to profit and loss account | (18) |
| At the end of the period | 43 |

## 9. CALLED-UP SHARE CAPITAL

| | 2005 £'000 |
|---|---|
| **Authorised** | |
| 57,000,000 Ordinary shares of 5p each | 2,850 |
| 8,000,000 7% convertible redeemable B preference shares of 5p each | 400 |
| | 3,250 |
| **Allotted, called-up and fully paid** | |
| 48,817,524 Ordinary shares of 5p each | 2,441 |
| 8,000,000 7% convertible redeemable B preference shares of 5p each | 400 |
| | 2,841 |

The adoption of FRS25 and the reclassification of the 'B' preference shares has resulted in £374,000 being moved from share capital to long term creditors on the balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS**
**Period ended 30 September 2005**

## 10. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENT ON RESERVES

| | Called up share capital £'000 | Share premium account £'000 | Revaluation reserve £'000 | Capital redemption reserve £'000 | Preference dividend reserve £'000 | Special reserve £'000 | Profit and loss account £'000 | 2005 Total £'000 |
|---|---|---|---|---|---|---|---|---|
| At the beginning of the period | 2,839 | 6,495 | 111 | 154 | 638 | 1,467 | (607) | 11,097 |
| Profit for the year | - | - | - | - | - | - | 842 | 842 |
| FRS25 reclassification of preference shares | (377) | (1,981) | - | - | - | - | (106) | (2,464) |
| Reclassification of preference dividend reserve as a liability | - | - | - | - | (638) | - | - | (638) |
| Issue of new shares net of costs | 2 | 10 | - | - | - | - | - | 12 |
| Amortisation of revaluation surplus | - | - | (16) | - | - | - | 16 | - |
| Non-equity finance costs | - | 2 | - | - | - | - | - | 2 |
| At the end of the period | 2,464 | 4,526 | 95 | 154 | - | 1,467 | 145 | 8,851 |

## 11. CONTROLLING PARTY

The ultimate controlling party is Challice Ltd, which controls Mulberry Group plc as a result of controlling directly 52.7% of the issued share capital of the company.