

**FLAIR NEWCASTLE LIMITED**  
**COMPANY NO: 2913955**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MAY 2006**



**RAZAK & CO**  
**CHARTERED CERTIFIED ACCOUNTANTS**  
**6 HUTTON TERRACE**  
**JESMOND**  
**NEWCASTLE UPON TYNE**  
**NE2 1QT**

**FLAIR NEWCASTLE LIMITED**  
**REPORT OF THE DIRECTORS**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2006**

The directors have pleasure in enclosing their financial statements for the year ended 31 May 2006

**Principal activities**

The principal activities of the company throughout the year were those of wholesaling and retailing ready-made clothing

**Fixed assets**

Full disclosures of all matters relating to fixed assets are set out in the notes to financial statements

**Directors and their interests**

The directors who served the company throughout the year together with their interests (including family interests) in the shares of the company at the beginning and end of year, were as follows

	<b>Ordinary shares of £1 each</b>	
	<b>31 May 2006</b>	<b>31 May 2005</b>
F Ahmad	6	6
S Ahmad	5	5
	---	---
	11	11
	----	----

**Close company**

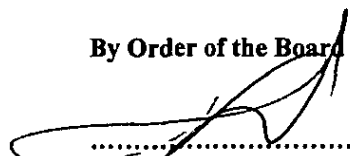
The company is a close company as defined by the Income and Corporation Taxes Act 1988

**Small company rules**

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

**58-60 Scotswood Road**  
**Newcastle upon Tyne**  
**NE4 9JE**

**By Order of the Board**

  
.....  
**F AHMAD**  
**DIRECTOR**

**Dated: 10 August 2007**

**FLAIR NEWCASTLE LIMITED**  
**ACCOUNTANTS' REPORT**

**Accountants' Report to the Members on the Unaudited Accounts of Flair Newcastle Limited**

We report on the accounts for the period ended 31 May 2006 set out on pages 3 to 9, which have been prepared in accordance with the Financial Standard for Smaller Entities (Effective from June 2002)

**Respective Responsibilities of Directors and Reporting Accountants**

As described on page 5, the company's directors are responsible for the preparation of the accounts, and they consider that the company is exempt from audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

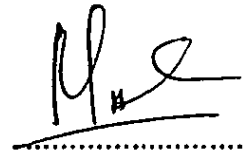
**Basis of Opinion**

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company, as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

**Opinion**

In our opinion:

- (a) the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985,
- (b) having regard only to, and on the basis of, the information contained in those accounting records:
  - (i) the accounts have been drawn up in the manner consistent with the provisions specified in section 249C(6) of the Act, and
  - (ii) the company satisfied the requirements for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B (a)-(f).



.....

**6 Hutton Terrace**  
**Newcastle upon Tyne**  
**NE2 1QT**

**RAZAK & CO**  
**CHARTERED CERTIFIED**  
**ACCOUNTANTS**

**Dated: 11 August 2007**

**FLAIR NEWCASTLE LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED**  
**31 MAY 2006**

	NOTES	2006 £	2005 £
<b><u>TURNOVER</u></b>	(2)	1,246,662	1,124,298
Cost of Sales		1,068,432	944,593
		-----	-----
<b><u>GROSS PROFIT</u></b>		178,230	179,705
Net operating expenses	(3)	146,824	138,393
		-----	-----
<b><u>OPERATING PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST</u></b>	(4)	31,406	41,312
Interest receivable		-	-
Interest payable and similar charges		16,020	13,606
		-----	-----
<b><u>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</u></b>		15,386	27,706
Taxation	(6)	2,118	1,545
		-----	-----
<b><u>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION &amp; RETAINED PROFIT FOR THE FINANCIAL YEAR</u></b>		13,268	26,161
<b><u>DIVIDENDS</u></b>		-	-
		-----	-----
<b><u>RETAINED PROFIT FOR YEAR</u></b>		13,268	26,161
		=====	=====

**FLAIR NEWCASTLE LIMITED**  
**BALANCE SHEET AS AT 31 MAY 2006**

	NOTES	2006 £	2005 £
<b><u>FIXED ASSETS</u></b>			
Intangible assets	(8)	-	-
Tangible assets	(9)	139,217	139,860
		-----	-----
		139,217	139,860
		-----	-----
<b><u>CURRENT ASSETS</u></b>			
Stock & Work in Progress	(10)	166,267	196,267
Debtors	(11)	192,297	153,522
Cash at Bank		11,438	9,084
Cash in Hand		848	1,613
		-----	-----
		370,850	360,486
		-----	-----
<b><u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u></b>			
	(12)	182,460	186,450
		-----	-----
<b><u>NET CURRENT ASSETS</u></b>			
		188,390	174,036
		-----	-----
<b><u>TOTAL ASSETS LESS CURRENT LIABILITIES</u></b>			
		327,607	313,896
<b><u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u></b>			
	(13)	121,428	120,985
		-----	-----
<b><u>NET ASSETS</u></b>			
		206,179	192,911
		=====	=====
<b><u>CAPITAL &amp; RESERVES</u></b>			
Called up share capital – equity interests	(7)	11	11
Profit and loss account	(7)	206,168	192,900
		-----	-----
		206,179	192,911
		=====	=====

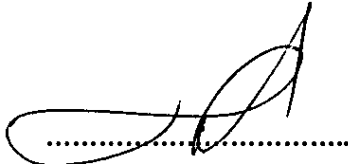
**FLAIR NEWCASTLE LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2006**

The directors confirm that

- (a) for the year in question the company was entitled to exemption under subsection (1) section 249A of the Companies Act 1985,
- (b) no notice has been deposited under the section 249B(2) in relation to its accounts for the financial year, and
- (c) they acknowledge their responsibilities for
  - (i) ensuring that the company keeps accounting records which comply this section 221, and
  - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for the financial period and in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the company

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

Approved by the Board on 10 August 2007.

A handwritten signature in black ink, appearing to be 'F Ahmad', is written over a horizontal dotted line.

**F AHMAD**  
**DIRECTOR**

**FLAIR NEWCASTLE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MAY 2006**

**1 ACCOUNTING POLICIES**

**(a) Accounting basis and standards**

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

**(b) Depreciation**

Depreciation on fixed assets is provided at rates estimated to write off the cost or re-valued amounts, less estimated residual value, of each asset over its expected useful life as follows -

Freehold Land	NIL
Freehold Buildings	2% straight Line
Plant & Machinery	15% reducing balance
Fixtures & Fittings	15% reducing balance
Motor Vehicles	25% reducing balance
Goodwill	20% straight line

**(c) Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition, including where appropriate, a proportion of manufacturing overheads

**(d) Turnover**

Turnover represents the invoiced value of goods net of value added tax

**(e) Deferred Taxation**

Deferred taxation is accounted for under the liability method in respect of the taxation effects of all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable

**(f) Goodwill**

Goodwill is determined by comparing the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets, and is written off over its estimated economic life

**(g) Leasing and hire purchase commitments**

Assets held under finance leases and hire purchase contracts are capitalised on the balance sheet and are depreciated over their useful lives

The interest element of the rental obligations is charged to profit and loss account over the period of the lease on a straight-line basis

**(h) Pension Scheme**

The company contributes to a defined contribution pension scheme for its directors. Contributions are charged to profit and loss account as made. The assets of the funds are administered independently and held separately from those of the company

**FLAIR NEWCASTLE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2006 CONT....**

**2. TURNOVER**

The company derived <1% (<1%) of its turnover from supplying geographical markets outside the UK

**3. NET OPERATING EXPENSES**

	<b>2006 Total £</b>	<b>2005 Total £</b>
<b>Turnover</b>	<b>1,246,662</b>	<b>1,124,298</b>
<b>Cost of Sales</b>	<b>1,068,432</b>	<b>944,593</b>
<b>Net operating Expenses:</b>		
Distribution costs	20,201	22,057
Administrative expenses	126,623	116,336
	<b>146,824</b>	<b>138,393</b>
<b>Operating profit/(Loss)</b>	<b>31,406</b>	<b>41,312</b>

**4. OPERATING PROFIT**

	<b>£</b>	<b>£</b>
The operating profit is stated after Charging		
Auditors' remuneration	-	-
Depreciation		
Owned tangible fixed assets	5,918	5,203
Assets held under hire purchase contract	-	-
Amortisation of goodwill	-	-

**5. DIRECTORS' EMOLUMENTS**

Directors Emoluments	<b>33,076</b>	<b>32,506</b>
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**6. TAXATION**

Corporation tax for period	2,118	1,545
	-	-
	<b>2,118</b>	<b>1,545</b>



**FLAIR NEWCASTLE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MAY 2006 CONT...**

**7. SHAREHOLDERS' FUNDS**

	<b><u>Called up Share Capital</u></b>	<b><u>Profit &amp; Loss Account</u></b>	<b><u>Total</u></b>
	£	£	£
Balance as at 1/6/05	11	192,900	192,911
Transfer from profit and loss account	-	13,268	13,268
	11	206,168	206,179

The movements in shareholders funds in the previous year are set out below -

	£
Profit and loss account balance as at 1/6/04	166,739
Transfer From Profit and Loss Account	26,161
	192,900

There were no movements in share capital in the previous year

The authorised share capital comprises

	£	£
Authorised 1,000 ordinary shares of £1 each	1,000	1,000
Called up, allotted and full paid 11 ordinary shares of £1 each	11	11

**FLAIR NEWCASTLE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MAY 2006 CONT....**

**8. INTANGIBLE ASSETS**

	£	£
	<u>Goodwill</u>	<u>Total</u>
<u>Cost</u>		
As at 1/6/05 & 31/5/06	9,000	9,000
	-----	-----
<u>Depreciation</u>		
As at 1/6/05 & 31/5/06	9,000	9,000
	-----	-----
<u>NET BOOK VALUE</u>		
As at 31/5/06	-	-
	=====	=====
Net Book Value as at 31/5/05	-	-
	=====	=====

**9. TANGIBLE ASSETS**

	<u>FREEHOLD PROPERTY</u>	<u>FIXTURES, &amp; FITTINGS</u>	<u>PLANT &amp; MACHINERY</u>	<u>MOTOR VEHICLES</u>	<u>TOTAL</u>
<u>Cost</u>					
As at 1/6/05	136,253	61,609	63,051	14,235	275,148
Disposal					
Add- itions		8,000	-		8,000
		-----			-----
As at 31/5/06	136,253	69,609	63,051	14,235	283,148
		-----			-----
<u>Depreciation</u>					
As at 1/6/05	27,446	40,335	53,873	13,634	135,288
Disposal					
Charge For Year	2,725	4,391	1,377	150	8,643
		-----			-----
As at 31/5/06	30,171	44,726	55,250	13,784	143,931
		-----			-----
<u>NBV</u>					
As at 31/5/06	106,082	24,883	7,801	451	139,217
		=====			=====
<u>NBV</u>					
As at 31/5/05	108,807	21,274	9,178	601	139,860
		=====			=====

**FLAIR NEWCASTLE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MAY 2006 CONT....**

**10. STOCKS**

Stated at the lower of cost or net realisable value if appropriate

	2006	2005
	£	£
Stock & work in progress	166,267	196,267
	=====	=====

**11. DEBTORS**

	£	£
Trade Debtors	188,998	146,375
Other Debtors & Prepayments	3,299	7,147
	-----	-----
	192,297	153,522
	=====	=====

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

	£	£
Bank Overdraft	129,127	100,019
Trade creditors	38,922	74,261
Other creditors & accruals	10,748	10,625
Corporation Tax	3,663	1,545
	-----	-----
	182,460	186,450
	=====	=====

**13. CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	£	£
Northern Rock Plc	118,741	118,741
Directors Loan Account	2,687	2,244
	-----	-----
	121,428	120,985
	=====	=====

**Amounts wholly repayable after five years**

	£	£
Northern Rock Plc	118,741	118,741
	=====	=====
Amounts repayable by instalments		
Between one and two years		-
Between two and five years	-	-
	-----	-----
		-
	=====	=====

**FLAIR NEWCASTLE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MAY 2006 CONT...**

**14. PROVISIONS FOR LIABILITIES AND CHARGES**

Provision for deferred taxation has not been made in these financial statements in accordance with the accounting policy described in Note 1

The full liability is as follows

	<b><u>2006</u></b> <b><u>Potential</u></b> <b><u>Liability</u></b>	<b><u>2005</u></b> <b><u>Potential</u></b> <b><u>Liability</u></b>
	£	£
Accelerated capital allowances	947	823
	====	====

**15. FUTURE FINANCIAL COMMITMENTS**

**Pension Contributions**

The company contributes to a defined contributions pension scheme for its directors. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £12,939 (£15,635)

**16. CONTINGENT LIABILITIES**

- (a) The banks overdraft is secured by a fixed charge over the book debts and a floating charge over all other assets of the company
- (b) The loan from Northern Rock Plc is secured upon the director's private residence at 10 Beechfield Road, Gosforth and maturity of Norwich Union Personal Pension Scheme with Temporary Insurance Plan Policy Number PP44510522

**17. RELATED PARTIES**

We draw to your attention to Note 16(b) regarding security for the Northern Rock Plc Loan

The director's current accounts, which are non-interest bearing, and not repayable over any predetermined length of time are reflected in note 13

**FLAIR NEWCASTLE LIMITED**  
**MANAGEMENT INFORMATION**  
**BASED UPON FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2006**

**FLAIR NEWCASTLE LIMITED**  
**TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED**  
**31 MAY 2006**

	2006	2005
	£	£
<b><u>SALES</u></b>	<u>1,246,662</u>	<u>1,124,298</u>
<b><u>LESS. COST OF SALES</u></b>		
Opening Stock	196,267	188,056
Purchases	995,210	897,618
Wages & NI	43,222	55,186
	<u>1,234,699</u>	<u>1,140,860</u>
<b><u>CLOSING STOCK</u></b>	<u>166,267</u>	<u>196,267</u>
	<u>1,068,432</u>	<u>944,593</u>
<b><u>GROSS PROFIT</u></b>	<u>178,230</u>	<u>179,705</u>
<b><u>OTHER INCOME</u></b> Interest receivable	-	-
<b><u>LESS: EXPENSES</u></b>		
Directors Remuneration (Including NI)	33,076	32,506
Rent, Rates & Water	12,906	13,812
Heat & Light	3,493	3,721
Insurances	6,530	6,138
Insurance – BUPA Adjustment	(7,557)	-
Repairs & Renewals	3,186	2,765
Equipment Rental	514	-
Telephone	3,666	4,385
Postage, Packaging, Printing & Stationary	2,124	1,541
Advertising	26,139	17,742
Motor Expenses	15,975	16,280
Travelling	4,226	5,777
Accountancy	1,800	1,600
Legal & Professional	3,306	2,649
Bank Charges & Interest	14,589	11,806
Cleaning & Sundries	1,318	1,253
Charitable Donations	1,900	3,500
Commission	3,048	2,263
Loan Interest	10,914	10,003
Bad Debts	13,048	9,055
Depreciation - Freehold Property	2,725	2,725
- Fixtures & Fittings	4,391	2,872
- Plant & Machinery	1,377	1,536
- Motor Vehicle	150	201
Profit/(Loss) on Motor Vehicle	-	(2,131)
	<u>162,844</u>	<u>151,999</u>
<b><u>NET PROFIT/(LOSS) FOR YEAR</u></b>	<u>15,386</u>	<u>27,706</u>