
STERLING RESOURCES PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

TUESDAY



A24 24/06/2008 244
COMPANIES HOUSE

STERLING RESOURCES PLC

COMPANY INFORMATION

DIRECTORS	D G Markscheffel D M Forsey M R Markscheffel R F Mellors
SECRETARY	R F Mellors
COMPANY NUMBER	01413254
REGISTERED OFFICE	Unit A Brook Park Meadow Lane Shirebrook Nottinghamshire NG20 8RY
AUDITORS	Barnes Roffe LLP Chartered Accountants Registered Auditors Leytonstone House Leytonstone London E11 1HR

STERLING RESOURCES PLC

CONTENTS

	Page
Directors' report	1 - 3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 10

STERLING RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2007

The directors present their report and the financial statements for the year ended 30 September 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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,
- 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 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 activity of the company during the year under review was that of a holding company. The principal activities of the Sterling Resources plc group was that of the importation and distribution of bicycles and associated goods.

BUSINESS REVIEW

This review aims to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. The review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties the company faces.

The directors consider the following to be the key performance indicators of the business:

	2007	2006
	£	£
Turnover	23,314,725	42,178,834
Gross profit	5,898,336	10,087,983
Loss on ordinary activities before taxation	(712,756)	(843,799)

The first six months of the year started positively and above budget. However, the second six months were below budget due to the bad weather in the UK and the increasing cost of goods.

The business continued to suffer from high price increases due to the increase in raw material costs, labour laws and exchange rate fluctuations in the countries where the goods are purchased. As a lot of the contracts the company has in place with its large customers are fixed for six months at a time, it was impossible to increase prices so the increase in margin was not as great as anticipated.

The Directors continue to look at the overheads and unprofitable sales and are confident of future prospects.

STERLING RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2007

DIRECTORS

The directors who served during the year were

D M Markscheffel (resigned 24/12/07)
B D Markscheffel (resigned 24/12/07)
D G Markscheffel
S C Markscheffel (resigned 24/12/07)

The directors are all directors of the parent company, Sterling Resources (Holdings) Limited

D M Forsey, M R Markscheffel, and R F Mellors were appointed directors on 24 December 2007

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

STERLING RESOURCES PLC

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2007**

AUDITORS

The auditors, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985

This report was approved by the board on **16.6.08** and signed on its behalf



D G Markscheffel
Director

STERLING RESOURCES PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF STERLING RESOURCES PLC

We have audited the financial statements of Sterling Resources plc for the year ended 30 September 2007, set out on pages 6 to 10. These financial statements have been prepared in accordance with 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

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

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.

STERLING RESOURCES PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF STERLING RESOURCES PLC

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007 and of its results for the year 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

Barnes Roffe LLP

BARNES ROFFE LLP
Chartered Accountants
Registered Auditors
Leytonstone House
Leytonstone
London
E11 1HR

Date *16 June 2008*

STERLING RESOURCES PLC

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2007**

The company has not traded during the year or the preceding financial year. During these periods, the company received no income and incurred no expenditure and therefore made neither profit or loss.

STERLING RESOURCES PLC

BALANCE SHEET
AS AT 30 SEPTEMBER 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Investments	4	<u>91,800</u>	<u>91,800</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£ 91,800</u>	<u>£ 91,800</u>
CAPITAL AND RESERVES			
Called up share capital	5	<u>100,000</u>	<u>100,000</u>
Profit and loss account	6	<u>(8,200)</u>	<u>(8,200)</u>
SHAREHOLDERS' FUNDS	7	<u>£ 91,800</u>	<u>£ 91,800</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

16.6.08



D G Markscheffel
Director

The notes on pages 8 to 10 form part of these financial statements

STERLING RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Group accounts

The company is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.3 Cashflow statement

The company, as a wholly owned subsidiary of a company preparing group accounts, is exempt from the requirement of preparing a cash flow statement under Financial Reporting Standard No 1.

1.4 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

2. STAFF COSTS

The company has no employees other than the directors, who did not receive any remuneration (2006 - £Nil).

3. DIRECTORS' REMUNERATION

	30 September 2007 £	Period ended 30 September 2006 £
Emoluments	£ 237,590	£ 505,032
Company pension contributions to money purchase pension schemes	£ -	£ 39,000

4. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
Cost or valuation	
At 1 October 2006 and 30 September 2007	£ 91,800

STERLING RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007**

4. FIXED ASSET INVESTMENTS (continued)

Subsidiary undertaking

The following was a subsidiary undertaking of the company

Universal Cycles plc 75% of the ordinary share capital

The aggregate of the share capital and reserves as at 30 September 2007 and of the profit or loss for the year ended on that date for the subsidiary undertaking was as follows

	Aggregate of share capital and reserves £	Profit/(loss) £
Universal Cycles plc	<u>3,759,551</u>	<u>(706,805)</u>

5. SHARE CAPITAL

	2007 £	2006 £
Authorised		
1,000,000 Ordinary shares of £1 each	<u>£ 1,000,000</u>	<u>£ 1,000,000</u>
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	<u>£ 100,000</u>	<u>£ 100,000</u>

6. RESERVES

	Profit and loss account £
At 1 October 2006 and 30 September 2007	<u>£ (8,200)</u>

7. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Shareholders' funds at 1 October 2006 and 30 September 2007	<u>£ 91,800</u>	<u>£ 91,800</u>

8. GUARANTEES

The company has given an unlimited guarantee to secure the bank facilities of certain group companies, being Universal Cycles plc and Sterling Resources (Holdings) Limited. The amount so guaranteed at the year end was £6,346,471 (2006 - £5,542,650)

STERLING RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007**

9. POST BALANCE SHEET EVENTS

On 24 December 2007 79% of the share capital of Sterling Resources (Holdings) Limited, the ultimate parent undertaking, was purchased by Brands Holdings Limited

10. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company regards Sterling Resources (Holdings) Limited as its parent undertaking and D M Markscheffel as its ultimate controlling party