

Company Registration No. 1493031 (England and Wales)

THE MARVELLOUS GROUP LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2006



NLP.

THE MARVELLOUS GROUP LIMITED

DIRECTORS AND ADVISERS

Directors	J B Lever V E Pringle S S Kumar J Carroll W R Lewis	(Appointed 1 February 2006)
Secretary	V E Pringle	
Company number	1493031	
Registered office	Regina House 124 Finchley Road London NW3 5JS	
Registered auditors	Nyman Libson Paul Chartered Accountants Regina House 124 Finchley Road London NW3 5JS	
Business address	2 Albion Court Albion Place London W6 0QT	

THE MARVELLOUS GROUP LIMITED

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THE MARVELLOUS GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2006

The directors present their report and financial statements of the company and the group for the year ended 30 June 2006

Directors

The following directors have held office since 1 July 2005

J B Lever

V E Pringle

S S Kumar

J Carroll

(Appointed 1 February 2006)

W R Lewis

Principal activities

The principal activities of the group continued to be that of marketing and selling maternity wear, childrens' wear and related products

Business review

During the year the company made significant investment in its operating structure as well as incurring various exceptional expenses associated with the relocation of its warehouse operations. It is expected that the benefits of these changes will be reaped in the coming years.

Financial risk management

The company's financial instruments include cash, trade debtors and trade creditors all arising in the normal course of business and preference shares used as a source of funding. The main financial risks to which the company is exposed include liquidity risk, cash flow risk and credit risk. These risks are managed by ensuring sufficient liquidity is available to meet foreseeable needs.

Results and dividends

The consolidated profit and loss account for the year is set out on page 6.

The directors do not propose the payment of a final dividend.

THE MARVELLOUS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

Directors' interests

The directors' interests in the shares of the company were as stated below

	'A' ordinary shares of £1 each	
	30 June 2006	1 July 2005
J B Lever	275	275
V E Pringle	-	-
S S Kumar	-	-
W R Lewis	-	-

	'B' ordinary shares of £1 each	
	30 June 2006	1 July 2005
J B Lever	-	-
V E Pringle	225	225
S S Kumar	-	-
W R Lewis	-	-

	Preference shares of £1 each	
	30 June 2006	1 July 2005
J B Lever	55,000	55,000
V E Pringle	45,000	45,000
S S Kumar	-	-
W R Lewis	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Nyman Libson Paul be reappointed as auditors of the company will be put to the Annual General Meeting

THE MARVELLOUS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

Directors' responsibilities

The directors are responsible for preparing 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 group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the Board


J B Lever
Director

26 April 2007

Nyman Libson Paul

Chartered accountants

Regina House, 124 Finchley Road, London NW3 5JS

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NYman
LIBSON
PAUL

THE MARVELLOUS GROUP LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF THE MARVELLOUS GROUP LIMITED

We have audited the financial statements of The Marvellous Group Limited for the year ended 30 June 2006 set out on pages 6 to 21. These financial statements have been prepared under 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.

Nyman Libson Paul

Chartered accountants

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THE MARVELLOUS GROUP LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF THE MARVELLOUS GROUP LIMITED

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group'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.

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 and the group's affairs as at 30 June 2006 and of the group's loss 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.



Nyman Libson Paul

26 April 2007

Chartered Accountants
& Registered Auditors

THE MARVELLOUS GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 £	2005 £
Turnover	2	18,535,535	15,856,809
Cost of sales		(8,205,932)	(7,121,121)
Gross profit		10,329,603	8,735,688
Distribution costs		(6,791,143)	(5,227,384)
Administrative expenses		(3,683,032)	(3,022,191)
Other operating income		455	-
Operating (loss)/profit	3	(144,117)	486,113
Other interest receivable and similar income		5,922	23,477
Interest payable and similar charges	4	(7,072)	(2,636)
(Loss)/profit on ordinary activities before taxation		(145,267)	506,954
Tax on (loss)/profit on ordinary activities	5	10,407	(118,047)
(Loss)/profit on ordinary activities after taxation		(134,860)	388,907

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

THE MARVELLOUS GROUP LIMITED

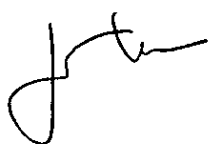
BALANCE SHEETS AS AT 30 JUNE 2006

		Group 2006	2005 As restated	Company 2006	2005 As restated
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7	1,056,103	600,088	214,622	172,392
Investments	8	-	-	100	100
		<u>1,056,103</u>	<u>600,088</u>	<u>214,722</u>	<u>172,492</u>
Current assets					
Stocks	9	2,013,563	1,689,784	2,013,563	1,689,784
Debtors	10	713,749	811,670	692,621	770,530
Cash at bank and in hand		228,426	533,449	156,477	256,638
		<u>2,955,738</u>	<u>3,034,903</u>	<u>2,862,661</u>	<u>2,716,952</u>
Creditors: amounts falling due within one year	11	(2,611,245)	(2,205,691)	(2,391,345)	(1,957,272)
Net current assets		<u>344,493</u>	<u>829,212</u>	<u>471,316</u>	<u>759,680</u>
Total assets less current liabilities		<u>1,400,596</u>	<u>1,429,300</u>	<u>686,038</u>	<u>932,172</u>
Creditors: amounts falling due after more than one year	12	(106,156)	-	(6,142)	-
		<u>1,294,440</u>	<u>1,429,300</u>	<u>679,896</u>	<u>932,172</u>
Capital and reserves					
Called up share capital	14	500	500	500	500
Profit and loss account	15	1,293,940	1,428,800	679,396	931,672
Shareholders' funds	16	<u>1,294,440</u>	<u>1,429,300</u>	<u>679,896</u>	<u>932,172</u>

The financial statements were approved by the Board on 26 April 2007 and signed on its behalf by

J B Lever
Director

V E Pringle
Director




THE MARVELLOUS GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	2006		2005	
	£	£	£	£
Net cash inflow from operating activities		403,748		430,100
Returns on investments and servicing of finance				
Interest received	5,922		23,477	
Interest paid	(7,072)		(2,636)	
Net cash (outflow)/inflow for returns on investments and servicing of finance		(1,150)		20,841
Taxation		(133,595)		(225,547)
Capital expenditure				
Payments to acquire tangible assets	(765,266)		(315,955)	
Net cash outflow for capital expenditure		(765,266)		(315,955)
Net cash (outflow) before management of liquid resources and financing		(496,263)		(90,561)
Financing				
New long term bank loan	244,072		-	
Repayment of long term bank loan	(44,548)		-	
Repayment of other short term loans	-		(68,554)	
Capital element of finance lease contracts	(8,284)		(6,819)	
Net cash inflow/(outflow) from financing		191,240		(75,373)
(Decrease) in cash in the year		(305,023)		(165,934)

THE MARVELLOUS GROUP LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

1	Reconciliation of operating (loss)/profit to net cash inflow from operating activities	2006	2005
		£	£
	Operating (loss)/profit	(144,117)	486,113
	Depreciation of tangible assets	317,077	187,257
	Loss on disposal of tangible assets	2,224	12,117
	Increase in stocks	(323,779)	(84,751)
	Decrease/(increase) in debtors	122,421	(305,804)
	Increase in creditors within one year	429,922	135,168
	Net cash inflow from operating activities	403,748	430,100

2	Analysis of net funds	1 July 2005	Cash flow	Other non-cash changes	30 June 2006
		£	£	£	£
	Net cash				
	Cash at bank and in hand	533,449	(305,023)	-	228,426
	Finance leases	(7,726)	8,284	(10,050)	(9,492)
	Debts falling due within one year	-	(99,510)	-	(99,510)
	Debts falling due after one year	-	(100,014)	-	(100,014)
		(7,726)	(191,240)	(10,050)	(209,016)
	Net funds	525,723	(496,263)	(10,050)	19,410

3	Reconciliation of net cash flow to movement in net debt	2006	2005
		£	£
	Decrease in cash in the year	(305,023)	(165,934)
	Cash (inflow)/outflow from (increase)/decrease in debt	(191,240)	109,039
	Change in net debt resulting from cash flows	(496,263)	(56,895)
	New finance lease	(10,050)	-
	Movement in net funds in the year	(506,313)	(56,895)
	Opening net funds	525,723	582,618
	Closing net funds	19,410	525,723

THE MARVELLOUS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

1 Accounting policies

1.1 Accounting convention

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

1.2 Change in accounting policies

The group has adopted FRS25 Financial instruments Disclosure and presentation The adoption of this standard represents a change in accounting policy and the comparative figures have been restated accordingly There is no prior year adjustment to reserves resulting from adopting this standard, as its provisions relate to disclosure

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertaking made up to 30 June 2006 Intra-group sales and profits are eliminated fully on consolidation The company has taken advantage of the exemption conferred by s230 of The Companies Act 1985 and has not included its own profit and loss account in these consolidated accounts

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Short leasehold premises (retail outlets)	25% on written down value
Short leasehold premises	25% on cost
Fixtures, fittings & equipment (retail outlets)	25% on written down value
Fixtures, fittings & equipment	25% on cost
Motor vehicles	25% on cost

1.6 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives Obligations under such agreements are included in creditors net of the finance charge allocated to future periods The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.7 Investments

Fixed asset investments are stated at cost less provision for impairment in value

1.8 Stock

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items

THE MARVELLOUS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

1 9 Pensions

Contributions in respect of the group's defined contribution scheme or to an individual employee's personal pension plan are charged to the profit and loss account for the year in which they are payable to the scheme

1 10 Deferred taxation

Deferred tax is provided in full, where material, in respect of taxation deferred as a result of timing differences arising from the differing treatment of certain costs for taxation and accounting purposes

1 11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom

3	Operating (loss)/profit	2006 £	2005 £
	Operating (loss)/profit is stated after charging		
	Depreciation of tangible assets	317,076	187,257
	Loss on disposal of tangible assets	2,224	12,117
	Loss on foreign exchange transactions	909	1,335
	Operating lease rentals	657,887	622,479
	Auditors' remuneration (company £18,031, 2005 £14,885)	28,031	22,885
	Profit on foreign exchange transactions	(455)	-

4	Interest payable	2006 £	2005 £
	On bank loans and overdrafts	2,112	456
	Hire purchase interest	3,727	2,180
	Other interest	1,233	-
		7,072	2,636

THE MARVELLOUS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

5	Taxation	2006 £	2005 £
	Domestic current year tax		
	U K corporation tax	(24,500)	120,500
	Adjustment for prior years	14,093	(2,453)
	Current tax charge	<u>(10,407)</u>	<u>118,047</u>
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	<u>(145,267)</u>	<u>506,954</u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005: 30.00%)	<u>(43,580)</u>	<u>152,086</u>
	Effects of		
	Non deductible expenses	18,243	6,101
	Depreciation add back	94,390	48,668
	Capital allowances	(53,511)	(62,602)
	Adjustments to previous periods	14,093	(2,453)
	Other tax adjustments (loss relief)	(40,042)	(23,753)
		<u>33,173</u>	<u>(34,039)</u>
	Current tax charge	<u>(10,407)</u>	<u>118,047</u>

6 (Loss)/profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The (loss)/profit for the financial year is made up as follows:

	2006 £	2005 £
Holding company's (loss)/profit for the financial year	<u>(252,276)</u>	<u>240,104</u>

THE MARVELLOUS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

7 Tangible fixed assets Group

	Short leasehold premises £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 July 2005	890,642	705,886	1,596,528
Additions	569,236	206,080	775,316
Disposals	-	(68,635)	(68,635)
At 30 June 2006	1,459,878	843,331	2,303,209
Depreciation			
At 1 July 2005	536,915	459,525	996,440
On disposals	-	(66,411)	(66,411)
Charge for the year	173,258	143,819	317,077
At 30 June 2006	710,173	536,933	1,247,106
Net book value			
At 30 June 2006	749,705	306,398	1,056,103
At 30 June 2005	353,727	246,361	600,088

Included above are assets held under finance leases or hire purchase contracts as follows

	Fixtures, fittings & equipment £	Total £
Net book values		
At 30 June 2006	7,537	7,537
At 30 June 2005	9,770	9,770
Depreciation charge for the year		
30 June 2006	2,513	2,513
30 June 2005	25,036	26,325

THE MARVELLOUS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

7 Tangible fixed assets (continued)

Company

	Short leasehold premises £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 July 2005	34,497	475,957	510,454
Additions	8,577	158,747	167,324
Disposals	-	(68,635)	(68,635)
At 30 June 2006	43,074	566,069	609,143
Depreciation			
At 1 July 2005	30,028	308,034	338,062
On disposals	-	(66,411)	(66,411)
Charge for the year	5,621	117,249	122,870
At 30 June 2006	35,649	358,872	394,521
Net book value			
At 30 June 2006	7,425	207,197	214,622
At 30 June 2005	4,469	167,923	172,392

Included above are assets held under finance leases or hire purchase contracts as follows

	Fixtures, fittings & equipment £	Total £
Net book values		
At 30 June 2006	7,537	7,537
At 30 June 2005	9,770	9,770
Depreciation charge for the year		
30 June 2006	2,513	2,513
30 June 2005	25,036	26,325

THE MARVELLOUS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

8 Fixed asset investments

Company

Shares in
group
undertakings
£

Cost

At 1 July 2005 & at 30 June 2006

100

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Blooming Marvellous Limited	England and Wales	Ordinary	100

The principal activity of this undertaking for the last relevant financial year was as follows

	Principal activity
Blooming Marvellous Limited	Retailing of maternity wear, children's clothing and related products

9 Stocks

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Finished goods and goods for resale	2,013,563	1,689,784	2,013,563	1,689,784

THE MARVELLOUS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

10 Debtors

	Group 2006 £	2005 £	Company 2006 £	2005 £
Trade debtors	40,579	49,413	40,579	49,413
Amounts owed by group undertakings	-	-	166,427	110,606
Other debtors	33,450	44,002	29,491	19,019
Prepayments and accrued income	639,720	718,255	456,124	591,492
	<u>713,749</u>	<u>811,670</u>	<u>692,621</u>	<u>770,530</u>

11 Creditors - amounts falling due within one year

	Group 2006 £	2005 £	Company 2006 £	2005 £
		As restated		As restated
Bank loans	99,510	-	-	-
Net obligations under finance lease and hire purchase contracts	3,350	7,726	3,350	7,726
Trade creditors	1,748,334	1,556,946	1,688,452	1,420,356
Corporation tax	998	120,500	998	75,500
Taxes and social security costs	333,893	264,266	318,619	250,605
Directors current accounts	-	1,203	-	1,203
Other creditors	641	20	-	-
Accruals and deferred income	324,519	155,030	279,926	101,882
Preference shares classified as financial liabilities	100,000	100,000	100,000	100,000
	<u>2,611,245</u>	<u>2,205,691</u>	<u>2,391,345</u>	<u>1,957,272</u>

The bank loan is secured by a fixed and floating charge over the assets of the group

Holders of preference shares do not have the right to receive a dividend nor to vote at general meetings of the company. The company may redeem the shares at any time. Preference shareholders may redeem the whole or any part of their shareholding at any time. There is no premium payable upon redemption.

THE MARVELLOUS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

12 Creditors . amounts falling due after more than one year

	Group 2006 £	2005 £	Company 2006 £	2005 £
Bank loan	100,014	-	-	-
Net obligations under finance leases and hire purchase agreements	6,142	-	6,142	-
	<u>106,156</u>	<u>-</u>	<u>6,142</u>	<u>-</u>
Analysis of loans				
Wholly repayable within five years	199,524	-	-	-
Included in current liabilities	(99,510)	-	-	-
	<u>100,014</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loan maturity analysis				
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	102,860	7,726	3,350	7,726
Repayable between one and five years	106,156	-	6,142	-
	<u>209,016</u>	<u>7,726</u>	<u>9,492</u>	<u>7,726</u>
Included in liabilities falling due within one year	(3,350)	(7,726)	(3,350)	(7,726)
	<u>205,666</u>	<u>-</u>	<u>6,142</u>	<u>-</u>

13 Pension costs

Defined contribution

	2006 £	2005 £
Contributions payable by the group for the year	<u>122,814</u>	<u>110,260</u>

THE MARVELLOUS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

14 Share capital	2006 £	2005 £ As restated
Authorised		
525 'A' Ordinary shares of £1 each	525	525
475 'B' Ordinary shares of £1 each	475	475
100 'C' Ordinary shares of £1 each	100	100
250,000 Preference shares of £1 each	250,000	250,000
	<u>251,100</u>	<u>251,100</u>
 Allotted, called up and fully paid		
275 'A' Ordinary shares of £1 each	275	275
225 'B' Ordinary shares of £1 each	225	225
100,000 Preference shares of £1 each (disclosed as financial liabilities)	100,000	100,000
	<u>100,500</u>	<u>100,500</u>

Rights attached to each class of shares are detailed below

(i) The 'A', 'B' and 'C' Ordinary shares rank pari passu with each other in all respects. Shareholders may vote at general meetings and each share carries one vote, they may appoint and remove a director at any time

(ii) On a return of capital on winding up, the preference shareholders have the right to repayment of capital in priority to any payment to ordinary shareholders. Upon winding up, any surplus assets will be distributed between the 'A' and 'B' shareholders in proportion to their issued share capital

On 29 July 2003 share options were granted to Messrs Kumar and Lewis to acquire up to 40 'C' ordinary shares at prices varying between £1 and £3,000 per share, to be exercised no later than 29 July 2013

THE MARVELLOUS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

15 Statement of movements on profit and loss account

Group

Profit and
loss account
£

Balance at 1 July 2005	1,428,800
Loss for the year	(134,860)
Balance at 30 June 2006	<u>1,293,940</u>

Company

Profit and
loss account
£

Balance at 1 July 2005	931,672
Loss for the year	(252,276)
Balance at 30 June 2006	<u>679,396</u>

16 Reconciliation of movements in shareholders' funds

Group

2006
£

2005
£

As restated

(Loss)/Profit for the financial year	(134,860)	388,907
Opening shareholders' funds	<u>1,429,300</u>	<u>1,040,393</u>
Closing shareholders' funds	<u>1,294,440</u>	<u>1,429,300</u>

Company

2006
£

2005
£

(Loss)/Profit for the financial year	(252,276)	240,104
Opening shareholders' funds	<u>932,172</u>	<u>692,068</u>
Closing shareholders' funds	<u>679,896</u>	<u>932,172</u>

THE MARVELLOUS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

17 Financial commitments

At 30 June 2006 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2006	2005
	£	£
Expiry date		
Within one year	29,250	24,500
Between two and five years	401,805	347,262
In over five years	503,637	274,637
	<u>934,692</u>	<u>646,399</u>

18 Directors' emoluments

	2006	2005
	£	£
Emoluments for qualifying services	636,540	595,463
Company pension contributions to money purchase schemes	122,814	110,260
	<u>759,354</u>	<u>705,723</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2005- 3)

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	168,378	172,746
Company pension contributions to money purchase schemes	61,053	52,483
	<u>229,431</u>	<u>225,229</u>

19 Transactions with directors

The following directors had interest free loans during the year The movement on these loans are as follows

	Amount outstanding		Maximum
	2006	2005	in year
	£	£	£
J E Lever	2,484	-	-
V E Pringle	1,509	7,519	7,519
S S Kumar	-	11,500	11,500

THE MARVELLOUS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2006 Number	2005 Number
Management	7	4
Administration	17	10
Production	14	16
Sales	135	124
	<u>173</u>	<u>154</u>

Employment costs

	£	£
Wages and salaries	2,861,005	2,521,535
Social security costs	254,154	235,346
Other pension costs	122,814	110,260
	<u>3,237,973</u>	<u>2,867,141</u>

21 Control

For the whole of the year the group was under the control of Ms J B Lever and Mrs V E Pringle, two of the directors

22 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company