

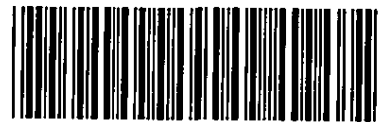
Company Registration No. 1493031 (England and Wales)

**THE MARVELLOUS GROUP LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2007**

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# THE MARVELLOUS GROUP LIMITED

## DIRECTORS AND ADVISERS

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<b>Directors</b>	R S Cheema	(Appointed 17 August 2007)
	S W Pomfret	(Appointed 17 August 2007)
	J D Eeles	(Appointed 17 August 2007)
	S W Bedford	(Appointed 17 August 2007)
	J Shonn	(Appointed 26 September 2007)
<b>Secretary</b>	J Shonn	
<b>Company number</b>	1493031	
<b>Registered office</b>	5th Floor Free Trade Exchange 37 Peter Street Manchester Greater Manchester M2 5GB	
<b>Registered auditors</b>	Nyman Libson Paul Chartered Accountants Regina House 124 Finchley Road London NW3 5JS	
<b>Business address</b>	2 Albion Court Albion Place London W6 0QT	

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# THE MARVELLOUS GROUP LIMITED

## CONTENTS

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	Page
Directors' report	1 - 3
Independent auditors' report	4 - 5
Consolidated profit and loss account	6
Balance sheets	7
Consolidated cash flow statement	8
Notes to the consolidated cash flow statement	9
Notes to the financial statements	10 - 21

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# THE MARVELLOUS GROUP LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2007

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The directors present their report and financial statements of the company and the group for the year ended 30 June 2007

### Directors

The following directors have held office since 1 July 2006

J B Lever	(Resigned 17 August 2007)
V E Pringle	(Resigned 17 August 2007)
S S Kumar	(Resigned 17 August 2007)
J Carroll	(Resigned 13 August 2007)
W R Lewis	(Resigned 17 August 2007)
R S Cheema	(Appointed 17 August 2007)
S W Pomfret	(Appointed 17 August 2007)
J D Eeles	(Appointed 17 August 2007)
S W Bedford	(Appointed 17 August 2007)
J Shonn	(Appointed 26 September 2007)

### Principal activities and review of the business

The principal activities of the group continued to be that of marketing and selling maternity wear, childrens' wear and related products. There have not been any significant changes in the group's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely changes in the group's activities in the next year.

The results for the group show a pre-tax loss of £288,309 (2006 £145,267) for the year and turnover of £18,068,983 (2006 £18,535,535). The group has net assets of £1,006,131 (2006 £1,294,440) as at 30 June 2007.

On 17 August 2007 there was a change in ownership and control of the group. The change is disclosed in Note 21 to the Financial Statements.

### Principal risks and uncertainties

The key business risks affecting the group are considered to be competitor activity and supply chain dependencies.

The group continually reviews its strategic proposition to ensure that a high level of customer service is maintained and that product flows through the supply chain to the customer in the most efficient route.

The group'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 group is exposed to liquidity and cash flow risk which is actively managed by ensuring sufficient liquidity is available to meet ongoing liabilities and operational requirements.

# THE MARVELLOUS GROUP LIMITED

## **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2007**

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### **Key Performance indicators**

#### **Turnover, Gross and Net Profit Margin**

Turnover reduced by 2.5% compared to the previous year and the gross profit margin has reduced from 55.7% to 54.3%

This performance resulted in an increase to operating losses of £124,149 compared to the previous year

It is the intention of the group to continue to strengthen its performance by monitoring, closely, all costs and identifying and implementing new strategies to continue to deliver efficiencies

### **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

It is proposed that the retained loss of £288,309 is transferred to the group's reserves

### **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

### **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

# THE MARVELLOUS GROUP LIMITED

## **DIRECTORS' REPORT (CONTINUED)** **FOR THE YEAR ENDED 30 JUNE 2007**

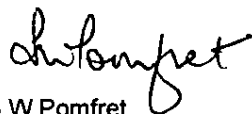
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### **Statement of disclosure to auditor**

(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



S W Pomfret

**Director**

29 February 2008

**Nyman Libson Paul**

Chartered accountants

Regina House, 124 Finchley Road, London NW3 5JS

t 020 7433 2400 f 020 7433 2401

e mail@nlpca.co.uk dx 38864 Swiss Cottage

www.nlpca.co.uk

**NYman**  
**LIBSON**  
**PAUL**

**THE MARVELLOUS GROUP LIMITED**

**INDEPENDENT AUDITORS' REPORT**

**TO THE SHAREHOLDERS OF THE MARVELLOUS GROUP LIMITED**

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We have audited the financial statements of The Marvellous Group Limited for the year ended 30 June 2007 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

Regina House, 124 Finchley Road, London NW3 5JS

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e mail@nlpca.co.uk dx 38864 Swiss Cottage

www.nlpca.co.uk

**NYman**  
**LIBSON**  
**PAUL**

**THE MARVELLOUS GROUP LIMITED**

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**TO THE SHAREHOLDERS OF THE MARVELLOUS GROUP LIMITED**

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**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 2007 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*

**Nyman Libson Paul**

29 February 2008

Chartered Accountants  
& Registered Auditors



# THE MARVELLOUS GROUP LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 £	2006 £
Turnover	2	18,068,983	18,535,535
Cost of sales		(8,261,730)	(8,205,932)
<b>Gross profit</b>		9,807,253	10,329,603
Distribution costs		(6,070,775)	(6,791,143)
Administrative expenses		(4,004,744)	(3,683,032)
Other operating income		-	455
<b>Operating loss</b>	3	(268,266)	(144,117)
Other interest receivable and similar income		3,259	5,922
Interest payable and similar charges	4	(23,302)	(7,072)
<b>Loss on ordinary activities before taxation</b>		(288,309)	(145,267)
Tax on loss on ordinary activities	5	-	10,407
<b>Loss on ordinary activities after taxation</b>	15	(288,309)	(134,860)

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 2007

	Notes	Group 2007 £	2006 £	Company 2007 £	2006 £
<b>Fixed assets</b>					
Tangible assets	7	809,345	1,056,103	157,861	214,622
Investments	8	-	-	100	100
		<u>809,345</u>	<u>1,056,103</u>	<u>157,961</u>	<u>214,722</u>
<b>Current assets</b>					
Stocks	9	1,858,951	2,013,563	1,858,951	2,013,563
Debtors	10	764,196	713,749	900,331	692,621
Cash at bank and in hand		271,481	228,426	1,600	156,477
		<u>2,894,628</u>	<u>2,955,738</u>	<u>2,760,882</u>	<u>2,862,661</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(2,653,320)</u>	<u>(2,611,245)</u>	<u>(2,462,492)</u>	<u>(2,391,345)</u>
<b>Net current assets</b>		<u>241,308</u>	<u>344,493</u>	<u>298,390</u>	<u>471,316</u>
<b>Total assets less current liabilities</b>		<u>1,050,653</u>	<u>1,400,596</u>	<u>456,351</u>	<u>686,038</u>
<b>Creditors: amounts falling due after more than one year</b>	12	<u>(44,522)</u>	<u>(106,156)</u>	<u>(2,792)</u>	<u>(6,142)</u>
		<u>1,006,131</u>	<u>1,294,440</u>	<u>453,559</u>	<u>679,896</u>
<b>Capital and reserves</b>					
Called up share capital	14	500	500	500	500
Profit and loss account	15	1,005,631	1,293,940	453,059	679,396
<b>Shareholders' funds</b>	16	<u>1,006,131</u>	<u>1,294,440</u>	<u>453,559</u>	<u>679,896</u>

The financial statements were approved by the Board on 29 February 2008 and signed on its behalf by



S W Pomfret  
Director



J Shonn  
Director

# THE MARVELLOUS GROUP LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	2007		2006	
	£	£	£	£
<b>Net cash inflow from operating activities</b>		294,851		403,748
<b>Returns on investments and servicing of finance</b>				
Interest received	3,259		5,922	
Interest paid	(23,302)		(7,072)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(20,043)		(1,150)
<b>Taxation</b>		(25,498)		(133,595)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(106,993)		(765,266)	
<b>Net cash outflow for capital expenditure</b>		(106,993)		(765,266)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		142,317		(496,263)
<b>Financing</b>				
New long term bank loan	-		244,072	
Repayment of long term bank loan	(100,646)		(44,548)	
Capital element of finance lease contracts	(3,351)		(8,284)	
<b>Net cash (outflow)/inflow from financing</b>		(103,997)		191,240
<b>Increase/(decrease) in cash in the year</b>		38,320		(305,023)

# THE MARVELLOUS GROUP LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

1	Reconciliation of operating loss to net cash inflow from operating activities	2007	2006
		£	£
	Operating loss	(268,266)	(144,117)
	Depreciation of tangible assets	353,751	317,077
	Loss on disposal of tangible assets	-	2,224
	Decrease/(increase) in stocks	154,612	(323,779)
	(Increase)/decrease in debtors	(25,947)	122,421
	Increase in creditors within one year	80,701	429,922
	Net cash inflow from operating activities	294,851	403,748

2	Analysis of net funds	1 July 2006	Cash flow	Other non-cash changes	30 June 2007
		£	£	£	£
	Net cash				
	Cash at bank and in hand	228,426	43,055	-	271,481
	Bank overdrafts	-	(4,735)	-	(4,735)
		228,426	38,320	-	266,746
	Finance leases	(9,492)	3,351	-	(6,141)
	Debts falling due within one year	(99,510)	42,362	-	(57,148)
	Debts falling due after one year	(100,014)	58,284	-	(41,730)
		(209,016)	103,997	-	(105,019)
	Net funds	19,410	142,317		161,727

3	Reconciliation of net cash flow to movement in net debt	2007	2006
		£	£
	Increase/(decrease) in cash in the year	38,320	(305,023)
	Cash outflow/(inflow) from decrease/(increase) in debt	103,997	(191,240)
	Change in net debt resulting from cash flows	142,317	(496,263)
	New finance lease	-	(10,050)
	Movement in net funds in the year	142,317	(506,313)
	Opening net funds	19,410	525,723
	Closing net funds	161,727	19,410

# THE MARVELLOUS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

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### 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 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 2007. 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.

#### 1.3 Turnover

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

#### 1.4 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

#### 1.5 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.

#### 1.6 Investments

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

#### 1.7 Stock

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

#### 1.8 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.

#### 1.9 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.

# THE MARVELLOUS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2007

### 1 10 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	2007 £	2006 £
Operating loss is stated after charging		
Depreciation of tangible assets	353,751	317,076
Loss on disposal of tangible assets	-	2,224
Loss on foreign exchange transactions	-	909
Operating lease rentals	713,567	657,887
Auditors' remuneration (company £18,000, 2006 £18,031)	29,000	28,031
Profit on foreign exchange transactions	-	(455)

4 Interest payable	2007 £	2006 £
On bank loans and overdrafts	16,440	2,112
Hire purchase interest	6,862	3,727
Other interest	-	1,233
	<u>23,302</u>	<u>7,072</u>

# THE MARVELLOUS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2007

<b>5</b>	<b>Taxation</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U K corporation tax	-	(24,500)
	Adjustment for prior years	-	14,093
		<u>-</u>	<u>14,093</u>
	<b>Current tax charge</b>	<u>-</u>	<u>(10,407)</u>
	<b>Factors affecting the tax charge for the year</b>		
	Loss on ordinary activities before taxation	(288,309)	(145,267)
		<u>(288,309)</u>	<u>(145,267)</u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 30.00%)	(86,493)	(43,580)
		<u>(86,493)</u>	<u>(43,580)</u>
	<b>Effects of</b>		
	Non deductible expenses	1,232	18,243
	Depreciation add back	97,046	94,390
	Capital allowances	(60,735)	(53,511)
	Tax losses not utilised	48,950	-
	Adjustments to previous periods	-	14,093
	Other tax adjustments (loss relief)	-	(40,042)
		<u>86,493</u>	<u>33,173</u>
	<b>Current tax charge</b>	<u>-</u>	<u>(10,407)</u>

No charge is made for Corporation Tax as a result of losses incurred

## **6 Loss 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 for the financial year is made up as follows:

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Holding company's loss for the financial year	(226,337)	(252,276)
	<u>(226,337)</u>	<u>(252,276)</u>

# THE MARVELLOUS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2007

### 7 Tangible fixed assets Group

	Short leasehold premises £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>			
At 1 July 2006	1,459,878	843,331	2,303,209
Additions	17,615	89,378	106,993
At 30 June 2007	1,477,493	932,709	2,410,202
<b>Depreciation</b>			
At 1 July 2006	710,173	536,933	1,247,106
Charge for the year	192,700	161,051	353,751
At 30 June 2007	902,873	697,984	1,600,857
<b>Net book value</b>			
At 30 June 2007	574,620	234,725	809,345
At 30 June 2006	749,705	306,398	1,056,103

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

	Fixtures, fittings & equipment £	Total £
<b>Net book values</b>		
At 30 June 2007	5,744	5,744
At 30 June 2006	7,537	7,537
<b>Depreciation charge for the year</b>		
30 June 2007	2,513	2,513
30 June 2006	2,513	2,513



# THE MARVELLOUS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2007

### 7 Tangible fixed assets (continued) Company

	Short leasehold premises £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>			
At 1 July 2006	43,074	566,069	609,143
Additions	-	79,830	79,830
At 30 June 2007	43,074	645,899	688,973
<b>Depreciation</b>			
At 1 July 2006	35,649	358,872	394,521
Charge for the year	2,729	133,862	136,591
At 30 June 2007	38,378	492,734	531,112
<b>Net book value</b>			
At 30 June 2007	4,696	153,165	157,861
At 30 June 2006	7,425	207,197	214,622

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

	Fixtures, fittings & equipment £	Total £
<b>Net book values</b>		
At 30 June 2007	5,744	5,744
At 30 June 2006	7,537	7,537
<b>Depreciation charge for the year</b>		
30 June 2007	2,513	2,513
30 June 2006	2,513	2,513

# THE MARVELLOUS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2007

### 8 Fixed asset investments Company

	Shares in group undertakings £
<b>Cost</b>	
At 1 July 2006 & at 30 June 2007	<u>100</u>

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	Class	Shares held %
<b>Subsidiary undertakings</b>			
Blooming Marvellous Limited	England and Wales	Ordinary	100

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

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

### 9 Stocks

	Group 2007 £	2006 £	Company 2007 £	2006 £
Finished goods and goods for resale	<u>1,858,951</u>	<u>2,013,563</u>	<u>1,858,951</u>	<u>2,013,563</u>

# THE MARVELLOUS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2007

### 10 Debtors

	Group 2007 £	2006 £	Company 2007 £	2006 £
Trade debtors	31,608	40,579	31,608	40,579
Amounts owed by group undertakings	-	-	324,877	166,427
Other debtors	31,502	33,450	31,502	29,491
Prepayments and accrued income	701,086	639,720	512,344	456,124
	<u>764,196</u>	<u>713,749</u>	<u>900,331</u>	<u>692,621</u>

### 11 Creditors : amounts falling due within one year

	Group 2007 £	2006 £	Company 2007 £	2006 £
Bank loans and overdrafts	61,883	99,510	4,735	-
Net obligations under finance lease and hire purchase contracts	3,349	3,350	3,349	3,350
Trade creditors	1,787,496	1,748,334	1,758,956	1,688,452
Corporation tax	-	998	-	998
Taxes and social security costs	358,422	333,893	340,785	318,619
Other creditors	-	641	-	-
Accruals and deferred income	342,170	324,519	254,667	279,926
Preference shares classified as financial liabilities	100,000	100,000	100,000	100,000
	<u>2,653,320</u>	<u>2,611,245</u>	<u>2,462,492</u>	<u>2,391,345</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 2007

### 12 Creditors : amounts falling due after more than one year

	Group 2007 £	2006 £	Company 2007 £	2006 £
Bank loan	41,730	100,014	-	-
Net obligations under finance leases and hire purchase agreements	2,792	6,142	2,792	6,142
	<u>44,522</u>	<u>106,156</u>	<u>2,792</u>	<u>6,142</u>
<b>Analysis of loans</b>				
Wholly repayable within five years	98,878	199,524	-	-
Included in current liabilities	(57,148)	(99,510)	-	-
	<u>41,730</u>	<u>100,014</u>	<u>-</u>	<u>-</u>
<b>Net obligations under finance leases and hire purchase contracts</b>				
Repayable within one year	3,349	102,860	3,349	3,350
Repayable between one and five years	2,792	106,156	2,792	6,142
	<u>6,141</u>	<u>209,016</u>	<u>6,141</u>	<u>9,492</u>
Included in liabilities falling due within one year	(3,349)	(3,350)	(3,349)	(3,350)
	<u>2,792</u>	<u>205,666</u>	<u>2,792</u>	<u>6,142</u>

### 13 Pension costs

#### Defined contribution

	2007 £	2006 £
Contributions payable by the group for the year	<u>6,599</u>	<u>122,814</u>

# THE MARVELLOUS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2007

14 Share capital	2007 £	2006 £
<b>Authorised</b>		
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>
 <b>Allotted, called up and fully paid</b>		
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. On 17 August 2007 Mr Kumar exercised his share option for 25 'C' ordinary shares at the price of £1 per share and on the same date Mr Lewis exercised his share option for 15 'C' ordinary shares at the price of £3,000 per share.

On 17 August 2007, following its sale to The Marvellous Parent Limited, the company has by Special Resolution, reclassified the Ordinary 'A', 'B' and 'C' shares and the Preference Shares as Ordinary shares.

# THE MARVELLOUS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2007

### 15 Statement of movements on profit and loss account Group

	Profit and loss account £
Balance at 1 July 2006	1,293,940
Loss for the year	(288,309)
Balance at 30 June 2007	<u>1,005,631</u>

### Company

	Profit and loss account £
Balance at 1 July 2006	679,396
Loss for the year	(226,337)
Balance at 30 June 2007	<u>453,059</u>

### 16 Reconciliation of movements in shareholders' funds Group

	2007 £	2006 £
Loss for the financial year	(288,309)	(134,860)
Opening shareholders' funds	<u>1,294,440</u>	<u>1,429,300</u>
Closing shareholders' funds	<u>1,006,131</u>	<u>1,294,440</u>

	2007 £	2006 £
Loss for the financial year	(226,337)	(252,276)
Opening shareholders' funds	<u>679,896</u>	<u>932,172</u>
Closing shareholders' funds	<u>453,559</u>	<u>679,896</u>

# THE MARVELLOUS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2007

### 17 Financial commitments

At 30 June 2007 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2007	2006
	£	£
Expiry date		
Within one year	56,250	29,250
Between two and five years	249,184	401,805
In over five years	593,348	503,637
	<u>898,782</u>	<u>934,692</u>

### 18 Directors' emoluments

	2007	2006
	£	£
Emoluments for qualifying services	612,547	636,540
Company pension contributions to money purchase schemes	6,599	122,814
	<u>619,146</u>	<u>759,354</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2006- 3) Following the sale of the group to The Marvellous Parent Limited on 17 August 2007, no further contributions have been or will be made to the pension scheme

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

Emoluments for qualifying services	176,736	168,378
Company pension contributions to money purchase schemes	6,599	61,053
	<u>183,335</u>	<u>229,431</u>

### 19 Transactions with directors

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

	Amount outstanding		Maximum
	2007	2006	in year
	£	£	£
J E Lever	891	2,484	2,484
V E Pringle	1,939	1,509	1,939

# THE MARVELLOUS GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2007

### 20 Employees

#### Number of employees

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

	2007 Number	2006 Number
Management	5	7
Administration	18	17
Production	14	14
Sales	134	135
	<u>171</u>	<u>173</u>

#### Employment costs

	£	£
Wages and salaries	2,971,511	2,861,005
Social security costs	275,879	254,154
Other pension costs	6,599	122,814
	<u>3,253,989</u>	<u>3,237,973</u>

### 21 Control

The company was under the control of Ms J B Lever and Mrs V E Pringle, two of the directors, by virtue of their shareholdings until 17 August 2007. On 17 August 2007, Ms J B Lever and Mrs V E Pringle disposed of their shareholdings and the company is now controlled by The Marvellous Parent Limited, a company registered in England and Wales. The ultimate controlling party is KCAJ LLP, a limited liability partnership registered in England and Wales.

### 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.