

Spa Solutions Limited

Financial statements

For the year ended 31 December 2005

Grant Thornton 



Company No. 1780767

Company information

Company registration number	1780767
Registered office	One London Wall London EC2Y 5AB
Directors	Mr R Corsie Mr D McArthur
Secretary	Mr D McArthur
Bankers	Bank of Scotland plc 1 Bothwell Street Dunfermline KY11 3AG
Solicitors	Maclay Murray & Spens 3 Glenfinlas Street Edinburgh EH3 6AQ
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors 1-4 Atholl Crescent EDINBURGH EH3 8LQ

Index

Report of the directors	3 - 4
Report of the independent auditor	5 - 6
Principal accounting policies	7 - 8
Profit and loss account	9
Balance sheet	10
Notes to the financial statements	11 - 13

Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2005.

Principal activities and business review

The principal activity of the company is the supply of sauna products and services. On 1 January 2005 the company changed its name from Prohawk Limited to Spa Solutions Limited.

There was a profit for the year after taxation amounting to £38,448 (2004 - £5,683).

The directors do not recommend payment of a dividend.

Directors

The directors who served the company during the year were as follows:

Mr R Corsie
Mr G Robertson

Neither of the directors held any direct interest in the company. However Mr R Corsie is a director of Company 91 Limited (formerly Corsie Group Limited) and the interests of this director are disclosed in that company's financial statements.

Mr D McArthur was appointed as a director on 17 February 2006.
Mr G Robertson resigned as a director on 17 February 2006.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

United Kingdom company law requires the directors to prepare financial statements for each financial year which 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 year. 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
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.


Auditor

Grant Thornton UK LLP offers themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

ON BEHALF OF THE BOARD


Mr R Corsie

Director

7 July 2006

Report of the independent auditor to the members of Spa Solutions Limited

We have audited the financial statements of Spa Solutions Limited for the year ended 31 December 2005 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 13. 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 auditor's 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 auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and 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 if, in our opinion, the Report of the Directors is not consistent with the financial statements, if 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 circumstances, consistently applied and adequately disclosed.

Report of the independent auditor to the members of Spa Solutions Limited (continued)

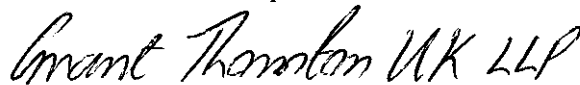
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS



EDINBURGH

31 July 2006

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis which assumes that the company can meet its liabilities as and when they fall due for payment. Corsie Group plc, which was formed on 28 February 2006, have confirmed that they will provide financial assistance as is necessary for at least a period of 12 months from the date of approval of these financial statements.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. Revenue in respect of maintenance contracts, is recognised over the period of the contract. All other revenue is recognised when the sale is made.

Stocks

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

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2005 £	2004 £
Turnover		262,958	37,043
Cost of sales		174,297	15,102
Gross profit		88,661	21,941
Other operating charges	1	33,736	15,249
Other operating income	2	–	(101)
Operating profit	3	54,925	6,793
Interest payable and similar charges		–	1,110
Profit on ordinary activities before taxation		54,925	5,683
Tax on profit on ordinary activities	5	16,477	–
Retained profit for the financial year		38,448	5,683
Balance brought forward		23,018	17,335
Balance carried forward		61,466	23,018

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

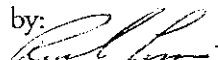
The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2005 £	2004 £
Current assets			
Stocks		6,776	–
Debtors	6	29,011	57,255
Cash at bank and in hand		63,741	863
		<u>99,528</u>	<u>58,118</u>
Creditors: amounts falling due within one year	7	<u>37,962</u>	<u>35,000</u>
Net current assets		<u>61,566</u>	<u>23,118</u>
Total assets less current liabilities		<u>61,566</u>	<u>23,118</u>
Capital and reserves			
Called-up equity share capital	10	100	100
Profit and loss account		<u>61,466</u>	<u>23,018</u>
Shareholders' funds	12	<u>61,566</u>	<u>23,118</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on 7 July 2006 and are signed on their behalf by:



Mr R Corsie
Director

Notes to the financial statements

1 Other operating charges

	2005 £	2004 £
Distribution costs	947	815
Administrative expenses	32,789	14,434
	<u>33,736</u>	<u>15,249</u>

2 Other operating income

	2005 £	2004 £
Commission receivable	<u>-</u>	<u>101</u>

3 Operating profit

Operating profit is stated after charging:

	2005 £	2004 £
Directors' emoluments	20,179	-
Depreciation of owned fixed assets	-	228
Auditor's fees	-	1,200
Operating lease costs:		
Land and buildings	<u>-</u>	<u>675</u>

Audit fees have been paid by Company 91 Limited (formerly Corsie Group Limited).

4 Directors' pension schemes

No directors are accruing benefits under company pension schemes.

5 Taxation on ordinary activities

(a) Analysis of charge in the year

	2005 £	2004 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2004 - 30%)	16,477	-
Total current tax	<u>16,477</u>	<u>-</u>

5 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 30% (2004 - 30%).

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>54,925</u>	<u>5,683</u>
Profit/(loss) on ordinary activities by rate of tax	16,477	1,705
Utilisation of tax losses	(16,477)	-
Group relief	<u>16,477</u>	<u>(1,705)</u>
Total current tax (note 5(a))	<u>16,477</u>	<u>-</u>

6 Debtors

	2005 £	2004 £
Trade debtors	29,011	-
Amounts owed by group undertakings	-	57,255
	<u>29,011</u>	<u>57,255</u>

7 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	6,365	-
Amounts owed to group undertakings	16,477	35,000
Other taxation	4,969	-
Other creditors	<u>10,151</u>	<u>-</u>
	<u>37,962</u>	<u>35,000</u>

8 Contingent assets/liabilities

The company has unlimited cross guarantees with Corsie Group plc and its subsidiary undertakings.

9 Related party transactions

Corsie Group plc is this company's controlling related party by virtue of its 100% ownership of the company. The ultimate controlling related party is Mr Richard Corsie by virtue of his majority shareholding in Corsie Group plc.

The largest group of undertakings for which group accounts have been drawn up is that headed by Corsie Group plc, which is registered in Scotland.

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

10 Share capital

Authorised share capital:

	2005 £	2004 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2005 No	£	2004 No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Equity shares				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

11 Profit and loss account

	2005 £	2004 £
Balance brought forward	23,018	17,335
Profit for the financial year	<u>38,448</u>	<u>5,683</u>
Balance carried forward	<u>61,466</u>	<u>23,018</u>

12 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial year	38,448	5,683
Opening shareholders' funds	<u>23,118</u>	<u>17,435</u>
Closing shareholders' funds	<u>61,566</u>	<u>23,118</u>

13 Post balance sheet events

On 1 June 2006 the company's ultimate parent company, Company 91 Limited (formally Corsie Group Limited) reconstructed its shares and Corsie Group plc acquired 100% of the shares in the company by way of a share for share exchange. Corsie Group plc was admitted to AIM on 5 June 2006.