

Simply Pleasure Limited

Directors' Report and Financial Statements

for the Year Ended 31 January 2012

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Simply Pleasure Limited
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Simply Pleasure Limited
Company Information

Directors	Mr T M Hemming Mrs H J Hemming
Company secretary	Mrs H J Hemming
Registered office	Towngate House 2-8 Parkstone Road Poole Dorset BH15 2PW
Auditors	Princecroft Willis LLP Chartered Accountants & Registered Auditors Towngate House 2-8 Parkstone Road Poole Dorset BH15 2PW

Simply Pleasure Limited

Directors' Report for the Year Ended 31 January 2012

The directors present their report and the financial statements for the year ended 31 January 2012

Directors of the company

The directors who held office during the year were as follows

Mr T M Hemming

Mrs H J Hemming

Principal activity

The principal activity of the company is the wholesale and retail of adult products

Directors' responsibilities

The directors are responsible for preparing the Directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Business review

The business has performed well this year despite a challenging economic environment. We have gained market share from our main competitors and have established ourselves well as the leaders of our industry. We have invested in the online trading side of the business which has also seen increased revenue. Profitability has dipped from last year, rising material and labour costs have contributed to this as well as seeing an increase with administration expenses. We are confident that having gone through the process of digesting the extra turnover we will see an increase in company profitability next year.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Simply Pleasure Limited
Directors' Report for the Year Ended 31 January 2012

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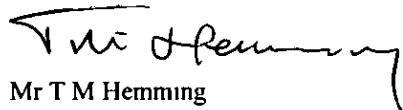
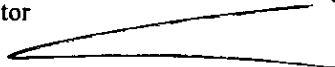
Reappointment of auditors

The auditors Princecroft Willis LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006

Medium sized companies provision

The Directors' Report has been prepared in accordance with the special provisions in Part 15 of the Companies Act 2006 relating to medium-sized companies

Approved by the Board on 29 10 12 and signed on its behalf by


Mr T M Hemming
Director


Independent Auditor's Report to the Members of Simply Pleasure Limited

We have audited the financial statements of Simply Pleasure Limited for the year ended 31 January 2012, set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 2), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 January 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the Members of
Simply Pleasure Limited**

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Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



William Law BSc FCA (Senior Statutory Auditor)
For and on behalf of Princecroft Willis LLP, Statutory Auditor

Towngate House
2-8 Parkstone Road
Poole
Dorset
BH15 2PW

Date *29/10/12*

Simply Pleasure Limited
Profit and Loss Account for the Year Ended 31 January 2012

	Note	2012 £	2011 £
Turnover	2	9,994,063	8,787,078
Cost of sales		<u>(5,168,341)</u>	<u>(4,525,424)</u>
Gross profit		4,825,722	4,261,654
Administrative expenses		(4,621,146)	(4,018,017)
Other operating income		<u>76,898</u>	<u>79,065</u>
Operating profit	3	281,474	322,702
Other interest receivable and similar income	6	38	92
Interest payable and similar charges	7	<u>(17,264)</u>	<u>(16,069)</u>
Profit on ordinary activities before taxation		264,248	306,725
Tax on profit on ordinary activities	8	<u>(103,602)</u>	<u>(73,086)</u>
Profit for the financial year	17	<u><u>160,646</u></u>	<u><u>233,639</u></u>


Turnover and operating profit derive wholly from continuing operations

The company has no recognised gains or losses for the year other than the results above

Simply Pleasure Limited
(Registration number: 4341488)
Balance Sheet at 31 January 2012

	Note	2012 £	2011 £
Fixed assets			
Intangible fixed assets	9	1,986,034	2,121,849
Tangible fixed assets	10	<u>294,807</u>	<u>295,192</u>
		<u>2,280,841</u>	<u>2,417,041</u>
Current assets			
Stocks	11	2,047,336	1,826,590
Debtors	12	1,313,668	1,565,577
Cash at bank and in hand		<u>193,224</u>	<u>98,077</u>
		3,554,228	3,490,244
Creditors Amounts falling due within one year	13	<u>(2,348,270)</u>	<u>(1,800,231)</u>
Net current assets		<u>1,205,958</u>	<u>1,690,013</u>
Total assets less current liabilities		3,486,799	4,107,054
Creditors Amounts falling due after more than one year	14	(2,852,067)	(3,678,195)
Provisions for liabilities	15	<u>(295,227)</u>	<u>(250,000)</u>
Net assets		<u>339,505</u>	<u>178,859</u>
Capital and reserves			
Called up share capital	16	127,500	127,500
Profit and loss account	17	<u>212,005</u>	<u>51,359</u>
Shareholders' funds	18	<u>339,505</u>	<u>178,859</u>

Approved by the Board on 29th 12 and signed on its behalf by


Mr T M Hemming
Director

Simply Pleasure Limited
Notes to the Financial Statements for the Year Ended 31 January 2012

1 Accounting policies

Basis of preparation

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard 1 from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cashflow statement

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers

Goodwill

Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows

Asset class	Amortisation method and rate
Goodwill	over 20 years
Website costs	over 4 years

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows

Asset class	Depreciation method and rate
Short leasehold land and buildings	over the length of the lease
Plant and machinery	4 years straight line basis
Fixtures and fittings	4 years straight line basis
Motor vehicles	4 years straight line basis
Office equipment	4 years straight line basis

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs

Simply Pleasure Limited

Notes to the Financial Statements for the Year Ended 31 January 2012

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Foreign currency

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

Hire purchase and leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

2 Turnover

All turnover arises from the company's principal activity, being the wholesale and retail of adult products. The analysis of turnover by geographical market has not been disclosed as the directors believe that these disclosures would be seriously prejudicial to the company's interests.

3 Operating profit

Operating profit is stated after charging

	2012 £	2011 £
Operating leases - plant and machinery	8,853	12,731
Operating leases - other assets	46,829	30,125
Auditor's remuneration - The audit of the company's annual accounts	7,000	7,000
Foreign currency gains	(308)	(62,388)
Profit on sale of tangible fixed assets	(1,498)	(3,465)
Depreciation of owned assets	65,655	56,008
Amortisation	135,816	128,326

Simply Pleasure Limited

Notes to the Financial Statements for the Year Ended 31 January 2012

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4 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows

	2012 No	2011 No
Administration and support	<u>108</u>	<u>98</u>

The aggregate payroll costs were as follows

	2012 £	2011 £
Wages and salaries	1,708,885	1,552,046
Social security costs	<u>137,798</u>	<u>130,199</u>
	<u>1,846,683</u>	<u>1,682,245</u>

5 Directors' remuneration

The directors' remuneration for the year was as follows

	2012 £	2011 £
Remuneration (including benefits in kind)	<u>21,935</u>	<u>-</u>

Simply Pleasure Limited

Notes to the Financial Statements for the Year Ended 31 January 2012

..... continued

6 Other interest receivable and similar income

	2012 £	2011 £
Bank interest receivable	<u>38</u>	<u>92</u>

7 Interest payable and similar charges

	2012 £	2011 £
Interest on bank borrowings	10,578	13,315
Other interest payable	5,237	821
Finance charges	<u>1,449</u>	<u>1,933</u>
	<u>17,264</u>	<u>16,069</u>

8 Taxation

Tax on profit on ordinary activities

	2012 £	2011 £
Current tax		
Corporation tax charge	<u>103,602</u>	<u>73,086</u>

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is higher than (2011 - lower than) the standard rate of corporation tax in the UK of 26.32% (2011 - 28%)

The differences are reconciled below

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>264,248</u>	<u>306,725</u>
Corporation tax at standard rate	69,550	85,883
Capital allowances less than depreciation	16,513	4,550
Expenses not deductible for tax purposes	21,866	3,060
Expensive car lease adjustment	860	-
Marginal relief	<u>(5,187)</u>	<u>(20,407)</u>
Total current tax	<u>103,602</u>	<u>73,086</u>

Simply Pleasure Limited

Notes to the Financial Statements for the Year Ended 31 January 2012

..... continued

9 Intangible fixed assets

	Goodwill £	Website costs £	Total £
Cost			
At 1 February 2011	2,466,625	16,600	2,483,225
At 31 January 2012	2,466,625	16,600	2,483,225
Amortisation			
At 1 February 2011	359,993	1,383	361,376
Charge for the year	131,665	4,150	135,815
At 31 January 2012	491,658	5,533	497,191
Net book value			
At 31 January 2012	1,974,967	11,067	1,986,034
At 31 January 2011	2,106,632	15,217	2,121,849

Simply Pleasure Limited

Notes to the Financial Statements for the Year Ended 31 January 2012

..... *continued*

10 Tangible fixed assets

Tangible fixed assets

	Short leasehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Office equipment £	Total £
Cost or valuation						
At 1 February 2011	198,894	7,372	268,042	5,653	41,010	520,971
Additions	-	-	56,401	-	10,772	67,173
Disposals	(1,903)	-	(8,640)	(5,653)	-	(16,196)
At 31 January 2012	196,991	7,372	315,803	-	51,782	571,948
Depreciation						
At 1 February 2011	3,215	5,529	195,748	5,653	15,634	225,779
Charge for the year	11,778	1,843	41,459	-	10,575	65,655
Eliminated on disposals	-	-	(8,640)	(5,653)	-	(14,293)
At 31 January 2012	14,993	7,372	228,567	-	26,209	277,141
Net book value						
At 31 January 2012	181,998	-	87,236	-	25,573	294,807
At 31 January 2011	195,679	1,843	72,294	-	25,376	295,192

Simply Pleasure Limited

Notes to the Financial Statements for the Year Ended 31 January 2012

..... continued

11 Stocks

	2012 £	2011 £
Stocks	<u>2,047,336</u>	<u>1,826,590</u>

12 Debtors

	2012 £	2011 £
Trade debtors	665,261	605,074
Amounts owed by group undertakings	294,670	294,670
Other debtors	38,477	360,993
Prepayments and accrued income	<u>315,260</u>	<u>304,840</u>
	<u>1,313,668</u>	<u>1,565,577</u>

13 Creditors: Amounts falling due within one year

	2012 £	2011 £
Bank loans and overdrafts	127,981	184,539
Trade creditors	1,343,090	768,432
Obligations under finance lease and hire purchase contracts	-	9,449
Corporation tax	103,602	73,086
Other taxes and social security	87,516	239,718
Other creditors	20,085	17,005
Directors' current accounts	317,529	359,000
Accruals and deferred income	<u>348,467</u>	<u>149,002</u>
	<u>2,348,270</u>	<u>1,800,231</u>

14 Creditors: Amounts falling due after more than one year

	2012 £	2011 £
Bank loans and overdrafts	276,034	396,179
Directors' current accounts	<u>2,576,033</u>	<u>3,282,016</u>
	<u>2,852,067</u>	<u>3,678,195</u>

Simply Pleasure Limited

Notes to the Financial Statements for the Year Ended 31 January 2012

..... continued

Security of borrowings

Bank loans and overdrafts are secured over the assets of the company by a debenture dated 24 August 2009 and an unlimited guarantee dated 8 August 2011

15 Provisions

	Other provision £	Total £
At 1 February 2011	250,000	250,000
Charged to the profit and loss account	45,227	45,227
At 31 January 2012	<u>295,227</u>	<u>295,227</u>

The majority of other provisions relates to costs arising in relation to the termination of operating leases. Having consulted with the company's legal advisors, the directors have provided an amount of £256,454 which at this time best reflects their best estimate of the costs. The remaining amount relates to two smaller claims made against the company which again are the company's best estimates of the costs expected in each case.

16 Share capital

Allotted, called up and fully paid shares

	2012		2011	
	No	£	No	£
Ordinary shares of £0.25 each	50,000	12,500	50,000	12,500
Redeemable preference shares of £1 each	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>
	<u>165,000</u>	<u>127,500</u>	<u>165,000</u>	<u>127,500</u>

17 Reserves

	Profit and loss account £	Total £
At 1 February 2011	51,359	51,359
Profit for the year	<u>160,646</u>	<u>160,646</u>
At 31 January 2012	<u>212,005</u>	<u>212,005</u>

Simply Pleasure Limited

Notes to the Financial Statements for the Year Ended 31 January 2012

..... continued

18 Reconciliation of movement in shareholders' funds

	2012	2011
	£	£
Profit attributable to the members of the company	<u>160,646</u>	<u>233,639</u>
Net addition to shareholders' funds	160,646	233,639
Shareholders' funds/(deficit) at 1 February	<u>178,859</u>	<u>(54,780)</u>
Shareholders' funds at 31 January	<u><u>339,505</u></u>	<u><u>178,859</u></u>

Simply Pleasure Limited

Notes to the Financial Statements for the Year Ended 31 January 2012

..... continued

19 Commitments

Operating lease commitments

As at 31 January 2012 the company had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

	2012 £	2011 £
Land and buildings		
Within one year	24,463	37,300
Within two and five years	141,017	149,080
Over five years	383,165	364,165
	<u>548,645</u>	<u>550,545</u>
Other		
Within one year	10,490	-
Within two and five years	26,709	-
	<u>37,199</u>	<u>-</u>

20 Related party transactions

Controlling entity

ABS Wholesale Limited, a company registered in England and Wales, is the ultimate parent company and holds 100% of the issued share capital. ABS Wholesale Limited is controlled by the directors who own 100% of the called up share capital.

Related party transactions

During the year the company made the following related party transactions

One On One Adult Centre Limited

(a company with common directors)

At the balance sheet date the amount due to One On One Adult Centre Limited was £2,356 (2011 - £2,356)

Baci Lingerie UK Limited

(a company with a common shareholder/director)

During the year Baci Lingerie UK Limited sold items totalling £1,262,000 (2011 - £nil) to Simply Pleasure Limited and management charges payable to Baci Lingerie UK Limited amounted to £156,820 (2011 - £14,000). At the balance sheet date the amount due (to)/from Baci Lingerie UK Limited was (£597,556) (2011 - £346,927).

The group, headed by ABS Wholesale Limited, is exempt under Financial Reporting Standard No 8 from disclosing any transactions or balances between group entities that have been eliminated on consolidation.