

4TH FLOOR PRODUCTS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2006

REGISTERED NUMBER 4511225

**HOWARD AND COMPANY
Chartered Certified Accountants**



4TH FLOOR PRODUCTS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2006

The directors present their report and the financial statements of the company for the year ended 31 May 2006.

PRINCIPAL ACTIVITIES

The principal activities of the company were those of wholesalers of a wide range of specialist hair treatment products each of which has been developed to the specific formulation of the company.

DIRECTORS

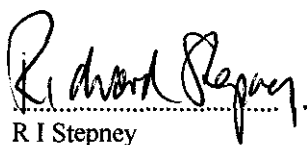
The directors who served during the year and their beneficial interests in the issued ordinary share capital were as follows:

	2006 No.	2005 No.
R I Stepney	50	50
P Stepney	50	50

CLOSE COMPANY STATUS

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

This report, which has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies, was approved by the board and signed on their behalf.


R I Stepney

29 October 2006

Registered Office:
73a High Street
Egham
Surrey TW20 9HE

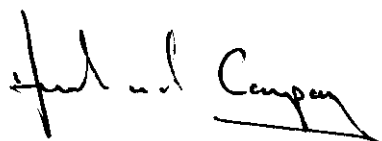
Registered No: 4511225

ACCOUNTANTS' REPORT
TO THE DIRECTORS ON THE UNAUDITED ACCOUNTS OF
4TH FLOOR PRODUCTS LIMITED

You consider that the company is exempt from an audit for the year ended 31 May 2006. You have acknowledged, on the balance sheet, your responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and for preparing financial statements which give a true and fair view of the state of affairs of the company and of its profit or loss for the financial year.

In accordance with your instructions, we have prepared the financial statements on pages 3 to 10 from the accounting records of the company and on the basis of information and explanations you have given to us.

We have not carried out an audit or any other review, and consequently we do not express any opinion on these financial statements.

A handwritten signature in black ink, appearing to read 'Howard and Company', with a horizontal line underneath the word 'Company'.

Howard and Company
Chartered Certified Accountants
High Street
Egham
Surrey
TW20 9HE

30 October 2006

4TH FLOOR PRODUCTS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2006

	Notes	2006 £	2005 £
TURNOVER	2		
Continuing operations		27,397	30,909
Cost of sales	3	(15,003)	(13,070)
GROSS PROFIT		12,394	17,839
Net operating expenses	3&4	(4,884)	(22,931)
OPERATING PROFIT/(LOSS)	4		
Continuing operations		7,510	(5,092)
Interest payable and similar charges		(1,638)	(2,016)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		5,872	(7,108)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		5,872	(7,108)
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		5,872	(7,108)

The notes on pages 6 to 10 form part of these accounts

4TH FLOOR PRODUCTS LIMITED
BALANCE SHEET
AT 31 MAY 2006

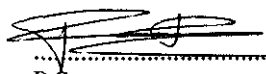
	Note	2006	2005
		£	£
FIXED ASSETS			
Tangible assets	7	549	1,936
CURRENT ASSETS			
Stock	8	47,021	45,621
Debtors	9	1,085	1,621
Cash at bank and in hand		2,142	5,050
		<u>50,248</u>	<u>52,292</u>
CREDITORS: Amounts falling due within one year	10	<u>80,812</u>	<u>90,115</u>
NET CURRENT LIABILITIES		<u>(30,564)</u>	<u>(37,823)</u>
NET LIABILITIES		<u>(30,015)</u>	<u>(35,887)</u>
CAPITAL AND RESERVES			
Called up share capital	11	200	200
Profit and loss account	12	<u>(30,215)</u>	<u>(36,087)</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>(30,015)</u>	<u>(35,887)</u>

In approving these financial statements as directors of the company we hereby confirm:

- a) that for the year in question the company was entitled to exemption under section 249A(1) of the Companies Act 1985,
- b) that no notice has been deposited under section 249B(2) requesting that an audit be conducted for the year ended 31 May 2006; and
- c) that we acknowledge our responsibilities for ensuring that the company keeps accounting records which comply with section 221, and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit for the year then ended in accordance with the requirements of section 226, and which otherwise comply with the provisions of the Companies Act relating to accounts, so far as are applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The accounts were approved and authorised for issue by the board of directors and signed on its behalf.


P Stepney

29 October 2006

The notes on pages 6 to 10 form part of these accounts

4TH FLOOR PRODUCTS LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MAY 2006

	2006 £	2005 £
Profit/(Loss) for the financial year	5,872	(7,108)
Total recognised gains and losses for the year	5,872	(7,108)
Prior year adjustment (note)	-	7,363
Total recognised gains and losses since last annual report	<u>5,872</u>	<u>255</u>

The difference between reported and historical profits and losses is not material.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 MAY 2006

	2006 £	2005 £
Profit/(Loss) for the financial year	5,872	(7,108)
Net addition/(reduction) to shareholders' funds during year	5,872	(7,108)
Prior year adjustment (note)	-	7,363
Opening shareholders' funds	5,872 (35,887)	255 (43,505)
Closing shareholders' funds	<u>(30,015)</u>	<u>(43,250)</u>

The notes on pages 6 to 10 form part of these accounts

4TH FLOOR PRODUCTS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MAY 2006

1. ACCOUNTING POLICIES

1a. Basis of accounting

The accounts have been prepared under the historical cost convention, and are in accordance with applicable accounting standards.

1b. Tangible fixed assets

Fixed assets are shown at historical cost.

Depreciation is provided in order to write each asset down to its estimated residual value over its expected useful life. Depreciation is calculated on the cost at the following annual rates:

	2006	2005
	%	%
Equipment	25	25

1c. Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes the cost of bringing each product to its present location and condition and is valued on a first-in, first-out basis.

1d. Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Provision is made for Deferred Taxation for the timing differences between the treatment of certain items for taxation and accounting purposes. The tax rate used is the average rate expected to apply in the periods when the timing differences are expected to reverse. The amount of all deferred tax at 31 May 2006 was nil.

1e. Turnover

Turnover comprises the value of sales (excluding VAT and similar taxes and trade discounts) of goods and services in the normal course of business.

1f. Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from producing a cash flow statement on the grounds that it is a small company as defined by section 247 of the Companies Act 1985.

2. TURNOVER

Turnover and profit on ordinary activities before taxation are attributable to the supply of specialist hair products.

4TH FLOOR PRODUCTS LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2006

3. COST OF SALES AND NET OPERATING EXPENSES

	2006 £	2005 £
Cost of sales	15,003	13,070
Net operating expenses:		
Distribution costs	680	14,452
Administrative expenses	2,817	7,093
Depreciation	1,387	1,386
	<u>4,884</u>	<u>22,931</u>

4. OPERATING PROFIT/(LOSS)

	2006 £	2005 £
Profit/(Loss) on ordinary activities is stated after charging:		
Depreciation and amortisation		
Tangible assets: owned	1,387	1,386
Research and development	-	1,744
	<u>-</u>	<u>1,744</u>

5. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

There is no liability to taxation on the result on ordinary activities.

4TH FLOOR PRODUCTS LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2006

7. TANGIBLE FIXED ASSETS

	Plant & Equipment £	Total £
Cost		
At 1 June 2005	5,547	5,547
At 31 May 2006	<u>5,547</u>	<u>5,547</u>
Depreciation		
At 1 June 2005	3,611	3,611
For the year	<u>1,387</u>	<u>1,387</u>
At 31 May 2006	<u>4,998</u>	<u>4,998</u>
Net Book Amounts		
At 31 May 2006	<u>549</u>	<u>549</u>
At 31 May 2005	<u>1,936</u>	<u>1,936</u>

8. STOCK

	2006 £	2005 £
This comprises:		
Stock of goods for resale	47,021	45,621
	<u>47,021</u>	<u>45,621</u>

9. DEBTORS

	2006 £	2005 £
Amounts falling due within one year:		
Trade debtors	1,085	1,621
	<u>1,085</u>	<u>1,621</u>

4TH FLOOR PRODUCTS LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2006

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Bank loans and overdrafts	17,435	22,877
Social security and other taxes	275	838
Trade creditors	-	2,788
Other creditors	61,837	62,377
Accruals	1,265	1,235
	<u>80,812</u>	<u>90,115</u>

11. CALLED UP SHARE CAPITAL

	2006 £	2005 £
Authorised:		
1000 Ordinary shares of £1 each	1,000	1,000
1000 Deferred non voting shares of £1 each	1,000	1,000
	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid:		
100 Ordinary shares of £1 each	100	100
100 Deferred non voting shares of £1 each	100	100
	<u>200</u>	<u>200</u>

Each issued ordinary share has one vote attaching to it, with no votes attaching to any of the 'A' deferred non voting shares. Dividends are payable on each class of share as determined by the ordinary shareholders in general meeting. On a winding-up, after all other liabilities have been paid, the ordinary shareholders are entitled to the repayment of the par value of their shares first, followed by the 'A' deferred non voting shareholders receiving the par value of their shares, with any residue then being paid to the ordinary shareholders.

12. RESERVES

	Profit & loss account £
At 1 June 2005	(36,087)
Profit for the year	5,872
At 31 May 2006	<u>(30,215)</u>

4TH FLOOR PRODUCTS LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2006

13. RELATED PARTY TRANSACTIONS

The company is controlled by its directors whose names and shareholdings are disclosed in the directors' report.

There were no other material transactions during the year between the company and its related parties requiring disclosure by Financial Reporting Standard No 8 other than movements on directors' loan accounts which are not interest bearing and are disclosed below:

Directors' loan accounts included in other creditors

	2005	Movement	2006
	£	in year	£
		£	
Directors current account	62,377	(540)	61,837

4TH FLOOR PRODUCTS LIMITED
TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2006

	2006		2005	
	£	£	£	£
Sales		27,397		30,909
Cost of sales:				
Stock at 1 June 2005	45,621		36,497	
Purchases	16,403		22,194	
	<u>62,024</u>		<u>58,691</u>	
Stock at 31 May 2006	(47,021)		(45,621)	
		<u>15,003</u>		<u>13,070</u>
Gross profit		12,394		17,839
Less:				
Selling and marketing costs	680		14,452	
Research and development	-		1,744	
Administrative expenses	2,817		5,349	
Finance costs	1,638		2,016	
Depreciation and amortisation	1,387		1,386	
		<u>6,522</u>		<u>24,947</u>
Net profit/(loss) for the year before taxation		<u>5,872</u>		<u>(7,108)</u>

This page does not form part of the company's statutory financial statements and is prepared for the information of the directors only.

4TH FLOOR PRODUCTS LIMITED
PROFIT AND LOSS ACCOUNT SUMMARIES
FOR THE YEAR ENDED 31 MAY 2006

	2006 £	2005 £
Selling and marketing costs:		
Advertising, PR & marketing costs	680	14,420
Entertaining	-	32
	<u>680</u>	<u>14,452</u>
 Research and development:		
Products development costs	-	1,744
	<u>-</u>	<u>1,744</u>
 Administrative expenses:		
Accountancy	2,035	1,930
Trademark registration fees	-	176
Insurance	300	-
Printing, postage and stationery	310	3,001
Sundry expenses	30	15
Bank charges	142	227
	<u>2,817</u>	<u>5,349</u>
 Finance costs:		
Bank loan interest <5yrs	1,638	2,016
	<u>1,638</u>	<u>2,016</u>
 Depreciation and amortisation:		
Depreciation of equipment	1,387	1,386
	<u>1,387</u>	<u>1,386</u>

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