

AARO LIMITED

FINANCIAL STATEMENTS

FOR THE TWELVE MONTHS ENDED 30th NOVEMBER, 2004

COMPANY NUMBER: 4579790



AARO LIMITED
FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 30th NOVEMBER, 2004

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AARO LIMITED

COMPANY INFORMATION

| | |
|-------------------|---|
| REGISTERED NUMBER | 4579790 |
| DIRECTORS | M.FELDMAN S.FELDMAN |
| SECRETARY | M. FELDMAN |
| REGISTERED OFFICE | Syke House Syke Green Leeds LS14 3BS |
| ACCOUNTANTS | Christopher J. James Suite 22 Antwerp House Whingate Leeds LS12 3AT |
| BANKERS | Barclays Bank Garforth Leeds |

AARO LIMITED
DIRECTORS' REPORT

The directors present their report to the members together with the accounts for the year ended 30th November 2004.

Principal Activities

The company is involved with the purchase and sale of childrenswear and for trading on the internet.

Directors

The directors of the company and their interests in the shares of the company are set out below.

| | 30.11.04 | 30.11.03 |
|------------|----------|----------|
| M. Feldman | 1 | 1 |

Dividend

The directors have declared no dividend on the issued ordinary share capital of the company.

Small Company Exemption

This report is prepared in accordance with the special provisions of Part VII of the Companies Act, 1985, relating to small companies.

Approved by the Board of
 Directors on 8th September
 2005. And Signed on their
 behalf


Director

AARO LIMITED**ACCOUNTANT'S REPORT****ACCOUNTANT'S REPORT ON THE UNAUDITED FINANCIAL STATEMENTS TO THE
DIRECTORS OF AARO LIMITED**

As described on the Balance Sheet you are responsible for the preparation of the financial statements for the year ended 30th November 2004 set out on pages 4 – 7 and you consider that the company is exempt both from an audit and a report under Section 241A (2) of the Companies Act, 1985. In accordance with your instructions, we have completed these unaudited financial statements in order to assist you to fulfil your statutory responsibilities from your accounting records and from information and explanations supplied to us.

Christopher J. James
Suite 22,
Antwerp House
Whingate Business Park
Leeds
LS12 3AT

September 9th 2005

AARO LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 30th November 2004

| | Notes | £ | £ |
|--|-------|-------|--------------|
| Income | | | |
| Sales for the period | 2 | | 33400 |
| Operating Expenses | | 30632 | |
| | | | <u>30632</u> |
| Profit before taxation | | | 2768 |
| Taxation on profits on ordinary activities | | | Nil |
| | | | <hr/> |
| Profit on Ordinary activities after taxation | | | <u>2768</u> |

There are no recognised gains or losses in the current period other than the profits for the year.

The notes on pages 6 to 7 form an integral part of these accounts

AARO LIMITED

BALANCE SHEET
As at 30th November, 2004

| | Notes | £ | £ |
|-------------------------|-------|-------------|-------------|
| Fixed Assets | | | |
| Intangible Assets | | | Nil |
| Tangible Assets | | | Nil |
| Current Assets | | | |
| Stock | | 3340 | |
| Debtors | | 2230 | |
| Bank | | 98 | |
| Cash | | <u>2130</u> | |
| | | | 7798 |
| Current Liabilities | | | |
| Creditors | | <u>200</u> | |
| | | | <u>200</u> |
| Net Current Assets | | | <u>7598</u> |
| Capital and Reserves | | | |
| Called up share capital | 10 | | 1 |
| Profit and Loss Account | | | <u>7597</u> |
| | | | <u>7598</u> |

The directors have taken advantage in the preparation of the Accounts of the special exemption applicable to small companies under Section 8 of Part 1 of the Companies Act, 1985. In the opinion of the directors the company qualifies as a small company and is entitled to make use of the special exemption.

Signed by  Director on 10 SEPT 05

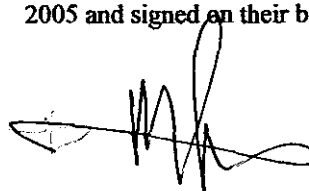
The directors consider that for the year ended 30th November 2004 the company was entitled to exemption under sub-section 1 of Section 249A of the Companies Act, 1985. No member or members have deposited a notice requesting an audit for the current financial year under sub-section 2 of Section 249B of the Act.

The directors acknowledge their responsibility for ensuring that the company keep accounting records which comply with Section 221 of the Companies Act, 1985 and in preparing financial statements 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 and loss for the financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Act relating to financial statements so far as applicable to the company.

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

The financial statements on pages 6 to 7 were approved by the Board of Directors on 9th September 2005 and signed on their behalf by:-

Chairman

 Director

AARO LIMITED

NOTES TO THE ACCOUNTS

As at 30th November, 2004

1. Accounting policies

Accounting convention

The Accounts are prepared under the historical cost convention (modified to include the revaluation of land and buildings)

The company has taken advantage of the exemption from preparing a cash flow statement conferred by the financial report Standard No 1 on the grounds that it is entitled to the exemption available under Section 246 and 247 of the companies act 1985 for small companies.

Depreciation

Depreciation is provided on all tangible assets other than freehold land at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

| | |
|------------------------------|---------------------------------|
| Freehold buildings | No depreciation provided |
| Leasehold land and buildings | Over the lease term |
| Vehicles | At 25% on a straight line basis |
| Machinery | At 25% on a straight line basis |

Deferred Taxation

Deferred Taxation is provided on a liability method on all short term timing differences. Provision is also made for long term differences except those which are not expected to reverse in the future.

Lease

Where the company enters into a lease which entails substantially all the risks and rewards of the ownership of the asset the lease is treated as a "finance lease". The asset is recorded in the Balance Sheet as a tangible fixed asset and is depreciated over its expected useful life. Future instalments under such finance leases, net of finance charges, are included within creditors. Rental payable is apportioned between the finance element which is charged to profit and loss account and the capital element which reduces the outstanding obligation for future instalments.

Other leases are accounted for as "operating leases" and the rental charges are charged to profit and loss account on a straight line basis over the life of the lease.

2. Income

Income represents the invoiced amount of goods sold in the year.

3. Operating profit

This is stated after charging

| | |
|----------|-------|
| Director | £3200 |
|----------|-------|

4. Staff Costs

| | |
|--------------------|-----|
| Wages and salaries | Nil |
|--------------------|-----|

AARO LIMITED
NOTES TO THE ACCOUNTS

As at 30th November 2004

5. Interest payable

| | |
|---------------|-----|
| Bank interest | Nil |
|---------------|-----|

6. Tax on profits on ordinary activities

| | |
|-------------------------------|-----|
| Based on profits for the year | Nil |
|-------------------------------|-----|

7. Debtors

| | |
|-----------------------------|-------|
| Amounts due within one year | £2230 |
|-----------------------------|-------|

8. Creditors

| | |
|-----------------|------|
| Trade creditors | £200 |
|-----------------|------|

9. Share Capital

| | Authorised | Allotted, called up and Fully paid |
|----------------------|------------|---------------------------------------|
| Ordinary Share of £1 | <u>£1</u> | <u>£1</u> |