

# **Noel Acquisitions Limited**

## **Directors' Report and Accounts**

**Period ended 28 January 2006**

Company Registration No. 4871393 (England and Wales)



# Contents

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	Page
Company information	3
Directors' report	4
Statement of directors' responsibilities	5
Report of the independent auditors	6
Profit and loss account	8
Balance sheet	9
Notes to the accounts	10

# Noel Acquisitions Limited

## Company information

For the period ended 28 January 2006

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<b>Directors</b>	Derek Lovelock Richard Glanville Jane Woolf Margaret Lustman Gunnar Sigurðsson
<b>Secretary</b>	Jessica Wilks
<b>Company number</b>	4871393
<b>Registered office</b>	The Triangle Stanton Harcourt Industrial Estate Stanton Harcourt Witney Oxfordshire OX29 5UT
<b>Auditor</b>	KPMG Audit Plc
<b>Bankers</b>	Bank of Scotland Threadneedle Street London
<b>Solicitors</b>	Heatons

# **Noel Acquisitions Limited**

## **Directors' Report**

**For the period ended 28 January 2006**

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The directors present their annual report and the audited financial statements for 52 weeks ended 28 January 2006. The comparative period is the 52 weeks ended 29 January 2005.

### **Principal activities and business review**

The principal activity of the Company is the ownership of Oasis Stores Limited and Sierra Holdings Limited.

On 29 January 2006 the Company sold the entire issued share capital of Oasis Stores Limited to another Mosaic Fashions group company, Patsy Limited (since renamed Mosaic Fashions Finance Limited), incorporated in the United Kingdom.

### **Directors and directors' interests**

The following directors have held office during the period:

Derek Lovelock  
Richard Glanville  
Jane Woolf  
Margaret Lustman  
Gunnar Sigurðsson  
Jón Björnsson (resigned 01 June 2005)

None of the directors at the end of the period had any interest in the shares of Noel Acquisitions Limited. Their interests in the parent company, Mosaic Fashions hf. are disclosed within the accounts of that company.

### **Dividends**

The directors have paid a dividend of £4.2 million for the period ended 28 January 2006, which was proposed at 29 January 2005 and paid in the period ended 28 January 2006 (2005: £nil). In addition, dividends were received of £6.6 million for the period ended 28 January 2006, which were proposed at 29 January 2005 and paid in the period ended 28 January 2006 (2005: £nil).

### **Political and charitable contributions**

The Company made no charitable donations (2005: £nil) and no political contributions during this period (2005: £nil).

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this report of the board confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

### **By Order of the Board**



17 November 2006

Jessica Wilks

Secretary

## **Noel Acquisitions Limited**

### **Statement of Directors' Responsibilities**

**For the period ended 28 January 2006**

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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 period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

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 profit or loss of the Company for that period.

In preparing these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



## KPMG Audit Plc

8 Salisbury Square

London ECY 8BB

United Kingdom

### **Independent auditors' report to the members of Noel Acquisitions Limited**

We have audited the financial statements of Noel Acquisitions Limited for the 52 week period ended 28 January 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 auditors**

As described in the Statement of Directors' Responsibilities on page 5, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 Directors' Report 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **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 judgments 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.

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.

**Independent auditors' report to the members of Noel Acquisitions Limited**  
*(continued)*

**Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 January 2006 and of the loss for the 52 week period then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

17 November 2006

# Noel Acquisitions Limited

## Profit and Loss Account

For the period ended 28 January 2006

		2006	2005
	Note	£m	£m
Administrative expenses		-0.3	-0.1
<b>Operating loss</b>	2	<b>-0.3</b>	<b>-0.1</b>
Interest receivable and similar income	4	1.8	-
Interest payable and similar charges	5	-27.1	-19.9
<b>Loss on ordinary activities before taxation</b>		<b>-25.6</b>	<b>-20.0</b>
Tax on loss on ordinary activities	6	10.1	17.6
<b>Loss after taxation for the financial period</b>		<b>-15.5</b>	<b>-2.4</b>

The profit and loss account has been prepared on the basis that all operations are continuing.

There were no recognised gains or losses during the current period.



# Noel Acquisitions Limited

## Balance Sheet

as at 28 January 2006

		2006	Restated 2005
	Note	£m	£m
<b>Investments</b>	7	<b>263.1</b>	<b>263.1</b>
<b>Current assets</b>			
Debtors	8	36.3	17.9
Cash at bank and in hand		<u>0.2</u>	<u>-</u>
		36.5	17.9
<b>Creditors : amounts falling due within one year</b>	9	<b><u>-292.9</u></b>	<b><u>-261.2</u></b>
<b>Net current liabilities</b>		<b><u>-256.4</u></b>	<b><u>-243.3</u></b>
<b>Total assets less current liabilities</b>		<b>6.7</b>	<b>19.8</b>
<b>Creditors : amounts falling due after more than one year</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b>Net assets</b>		<b><u>6.7</u></b>	<b><u>19.8</u></b>
<b>Capital and reserves</b>			
Called up share capital	10	22.2	22.2
Profit and loss account	11	<u>-15.5</u>	<u>-2.4</u>
<b>Shareholders' funds - equity interests</b>	12	<b><u>6.7</u></b>	<b><u>19.8</u></b>

These financial statements were approved by the board of directors on 17 November 2006 and signed on its behalf by:



Richard Glanville  
Finance Director

# **Noel Acquisitions Limited**

## **Notes to the Accounts**

**For the period ended 28 January 2006**

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### **1. Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

In these financial statements the following new standards have been adopted for the first time:

FRS 21 'Events after the balance sheet date';

FRS 28 'Corresponding amounts'

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparative figures as is required by the Companies Act 1985. Under FRS 21 dividends proposed but not approved by the balance sheet date are no longer shown as an asset or liability. The comparative figures have been restated accordingly (see note 11).

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable accounting standards.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the cashflows of the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Mosaic Fashions hf., the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group. The consolidated financial statements of Mosaic Fashions hf., within which this Company is included, can be obtained from Mosaic Fashions Limited, The Triangle, Stanton Harcourt Industrial Estate, Stanton Harcourt, Witney, Oxfordshire OX29 5UT.

#### **1.3 Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and for accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### **1.4 Investments**

Investments are included at cost less amounts written off.

# **Noel Acquisitions Limited**

## **Notes to the Accounts**

**For the period ended 28 January 2006**

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### **1.5 Going concern**

The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by Mosaic Fashions hf. Mosaic Fashions hf. has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on the above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

# Noel Acquisitions Limited

## Notes to the Accounts

For the period ended 28 January 2006

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### 2. Loss on ordinary activities before taxation

Operating loss is stated after charging the following amounts:

Auditors' remuneration is borne by another Group company.

### 3. Staff numbers and costs

The directors are the only employees of the Company. The directors are remunerated by Oasis Stores Limited in respect of their services to the Mosaic Fashions Group as a whole. As they receive no emoluments from the company their emoluments are dealt with in Oasis Stores Limited's accounts.

### 4. Interest receivable and similar income

	2006 £m	2005 £m
Interest from Group Companies	<u>1.8</u>	<u>-</u>

### 5. Interest payable and similar charges

	2006 £m	2005 £m
Interest on group loans	<u>27.1</u>	<u>19.9</u>

# Noel Acquisitions Limited

## Notes to the Accounts

For the period ended 28 January 2006

6. Taxation	2006 £m	2005 £m
UK corporation tax		
Current tax on income for the period	-7.7	-17.6
Adjustments in respect of prior years	-2.4	-
Deferred tax		
Origination and reversal of timing differences	-	-
Tax on profits on ordinary activities	<u>-10.1</u>	<u>-17.6</u>

	2006 £m	2005 £m
Current tax reconciliation		
Loss on ordinary activities before tax	-25.6	-20.0
Current tax at 30%	-7.7	-6.0
Factors affecting charge for the period		
Group relief surrendered for greater than 30%	-	-12.3
Permanently disallowed items	-	0.7
Adjustment in respect of previous years	-2.4	-
Total actual amount of current tax	<u>-10.1</u>	<u>-17.6</u>

7. Fixed asset investments	2006 £m	2005 £m
At 30 January 2005	263.1	78.0
Additions		
Investment in Sierra Holdings Limited	-	14.5
Investment in Oasis Stores Limited	-	170.6
Disposals	-	-
At 28 January 2006	<u>263.1</u>	<u>263.1</u>

The principal undertakings in which the Company's interest at period end is more than 20% are as follows:

Name	Country of incorporation	Principal activity	% of shares held	Class of share
Subsidiary:				
Sierra Holdings Limited	UK	Holding Company	100%	Ordinary
Oasis Stores Limited	UK	Retail	100%	Ordinary

8. Debtors	2006 £m	Restated 2005 £m
Amounts owed by group undertakings	36.3	17.8
Other debtors	-	0.1
	<u>36.3</u>	<u>17.9</u>

# Noel Acquisitions Limited

## Notes to the Accounts

For the period ended 28 January 2006

### 9. Creditors: amounts falling due within one year

	2006 £m	Restated 2005 £m
Amounts owed to group undertakings	293.1	261.7
Less finance cost of debt	-0.2	-0.5
	<u>292.9</u>	<u>261.2</u>

### 10. Share capital

	2006 £m	2005 £m
Authorised:		
22,209,692 Ordinary Shares of £1 each	<u>22.2</u>	<u>22.2</u>
Allotted, called up and fully paid:		
22,209,692 Ordinary Shares of £1 each	<u>22.2</u>	<u>22.2</u>

### 11. Profit and loss account

	2006 £m
At 30 January 2005 as originally stated	-
Prior year adjustment	<u>-2.4</u>
At 30 January 2005 as restated	-2.4
Dividends receivable	6.6
Dividends payable	<u>-4.2</u>
	-
Loss for the financial period	<u>-15.5</u>
At 28 January 2006	<u>-15.5</u>

As explained in note 1, during the year the Company adopted FRS 21 Events after the balance sheet date which superseded SSAP 17. Under the new standard, final dividends payable and receivable are recognised only in the period in which they are approved in annual general meeting and therefore become a liability and interim dividends are recognised in the period in which they are paid, whereas under SSAP 17 dividends were accrued for when proposed. The proposed dividend payable of £4.2m previously included in creditors at 29 January 2005 has therefore been adjusted out of creditors (note 9) and added to the profit and loss account reserve as a prior year adjustment. In addition, the dividend receivable of £6.6m previously included in debtors at 29 January 2005 has therefore been adjusted out of debtors (note 8) and taken from the profit and loss account reserve as a prior year adjustment. Total dividends in 2006 now comprise the proposed dividend payable of £4.2m at 29 January 2005 which was paid in the year ended 28 January 2006, together with a proposed dividend receivable of £6.6m at 29 January 2005 which was paid in the year ended 28 January 2006.

## Noel Acquisitions Limited

### Notes to the Accounts

For the period ended 28 January 2006

#### 12. Reconciliation of movements in shareholders' funds

	2006 £m	Restated 2005 £m
Loss for the financial period	-15.5	-2.4
New share capital subscribed	-	22.2
Dividends receivable	6.6	-
Dividends payable	-4.2	-
Net increase / (decrease) in equity shareholders' funds	-13.1	19.8
Opening equity shareholders' funds (originally £22.2m before deducting PYA of £2.4m - see note 11)	19.8	-
Closing equity shareholders' funds	6.7	19.8

#### 13. Ultimate parent company and parent undertaking of larger group

The largest Group in which the results of the Company are consolidated is that headed by Mosaic Fashions hf., incorporated in Iceland. The consolidated accounts of Mosaic Fashions hf. are available to the public and may be obtained from Mosaic Fashions Limited, The Triangle, Stanton Harcourt Industrial Estate, Stanton Harcourt, Witney, Oxfordshire OX29 5UT.