

COMPANY NUMBER 6182407

# Global Star Holdings Ltd

Annual Report

Period ended 30 November 2008

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## **COMPANY INFORMATION**

<b>Directors</b>	DA Bedford ADD Harries SJ Dempsey	(Managing Director) (Finance Director) (Non Executive Director)
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<b>Secretary</b>	ADD Harries
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<b>Registered office</b>	PO Box 20 Global Star House Kenmore Road Wakefield West Yorkshire WF2 7AY
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<b>Company number</b>	6182407
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<b>Auditors</b>	Grant Thornton UK LLP No 1 Whitehall Riverside Leeds LS1 4BN
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<b>Bankers</b>	Yorkshire Bank Leeds Central 94 Albion Street Leeds LS1 6AD
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## REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the seven month period to 30 November 2008.

### Principal activities

The principal activity of the company is as holding company for Star Sportswear Ltd whose principal activities are the procurement and sale of active sportswear and associated products.

### Business review

The report and accounts for the group cover a full 12 month period to 30 November 2008 whereas the 2007 comparatives cover only the 8 month period from the date of incorporation to 30 November 2007. The group traditionally makes a much higher proportion of its total profits in the second six months of the accounting year than in the first six months.

As shown in the consolidated profit and loss account, the group had turnover of £9.9 million and profits before taxation of £0.1 million in the period. During the year the sourcing of socks was moved to the Far East and supply chain issues with the first chosen supplier led to significant issues in our ability to supply our customers with the products required and this had a knock-on impact on the sales of associated products namely football jerseys and shorts.

Operating profits from continuing operations in Star Sportswear fell in the full year from £1.1 million to £0.9 million as the business suffered the consequence of reduced sales. Gross margin improved significantly over 2007 driven by a favourable US Dollar exchange rate and a reduced cost base arising from restructuring in 2007.

The UK market remains the key area of sales for the company with a small proportion of export sales.

The consolidated balance sheet shows that the group's financial position is consistent with the business' results for the year. Stock levels rose and debtors fell as a consequence of the shortfall in hosiery and other sales. Fixed assets increased, reflecting the capital expenditure involved in fitting out the new warehouse and offices, financed by a relocation loan from Yorkshire Bank agreed at the time of the MBO in 2007. Operating cash reserves fell, reflecting the reduced sales and profits and higher stocks.

### Key Performance Indicators

Key performance indicator	Target	2008	2007
Net cash inflow from operating activities	£1.8 m	£0.4m	£1.7 m
Stocks & work in progress <sup>1</sup>	£3.0 m	£4.5m	£3.1 m
Return on capital employed (ROCE) <sup>2</sup>	20.0 %	15.2%	22.5%

#### Notes to KPIs

<sup>1</sup>Stocks & Work In Progress:

The group aims to maximise cash generation from the business by keeping stocks and other working capital levels under control.

<sup>2</sup>Return on Capital Employed = Earnings before interest & taxation as a percentage of total assets less current liabilities:

The group aims to increase shareholder value and measures performance against this objective by measuring ROCE.

## REPORT OF THE DIRECTORS (continued)

### Principal risks and uncertainties facing the group

The principal risks and uncertainties facing the group arise mainly from those facing the subsidiary companies. The market for active sportswear is a competitive one, but the group continues to be one of the market leaders in team-wear for the "parks" football market. We have one of the largest retailer bases of any of our competitors and this is our primary route to market. Increased focus on the channels available to us and focus on the end user are showing benefits and helping to offset increased competition. The shift of more production from the UK to offshore and to cheaper markets offshore helps in maintaining and improving gross margin and also gives flexibility on pricing and promotional activities.

### Financial instruments

The group's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, foreign currency exchange rates, credit risk and liquidity risk.

The group has material exposure to the foreign currency exchange rate for the US Dollar and consequently it uses derivative instruments to manage these exposures. These are a normal practice for any importer or exporter and are in place with a high-credit rated bank with whom we work closely to monitor and react appropriately to changes in the exchange rate.

The group's principal financial instruments comprise sterling cash, US Dollar cash and bank deposits, bank overdrafts, other loans and obligations under finance leases together with trade debtors and trade creditors that arise directly from its operations.

- The main risks arising from the group's financial instruments can be analysed as follows:

#### Foreign currency risk

The group is exposed in its trading operations to the risk of changes in foreign currency exchange rates, as discussed above. This risk is managed by putting in place forward contracts for the purchase of US Dollars at known exchange rates for the future.

#### Credit risk

The group's principal financial assets are bank balances, cash, and trade debtors, which represent the group's maximum exposure to credit risk in relation to financial assets. The group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

#### Liquidity risk

The group's funding is through a mixture of issued and fully paid up share capital, long term venture capital equity and loan stock investment, vendor loan stock, long term bank debt and revolving credit facilities provided by the group's bankers. The amount of funding through finance leases was zero at year end.

Subject to meeting its financial targets and funding and other covenants, the group's liquidity risk is limited through the agreements in place with investors and funders.

## REPORT OF THE DIRECTORS (continued)

### Cash flow interest rate risk

Venture capital loan stock and vendor loan stock funding is provided at fixed interest rates providing known cash flows. Bank debt interest is provided at rates based on LIBOR, and an interest rate cap instrument has been purchased to limit the maximum rate payable by the group for a large proportion of the long term bank debt. The interest rate on any bank overdraft is at market rate and the company's policy is to keep the overdraft and other credit facilities within defined limits such that the risk that could arise from a significant change in interest rates would not have a material impact on cash flows. The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on financial performance of the company.

### Donations

Charitable and other donations made by the company during the period amounted to £ nil (2007: £550)

### Directors

The current directors of the company are set out on page 1.

Mr S W Bray resigned as a director on 27 February 2009.

### Qualifying third party indemnity provision

During the financial year, a qualifying third party indemnity provision for the benefit of one of the directors was in force.

### Statement of directors' responsibilities for the financial statements

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

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 group and company and of the group's profit or loss for that period. 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;
- state whether applicable 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 which disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure to the auditors

At the date of making this report each of the company's directors, as set out on page 1, confirms the following:

- so far as each director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

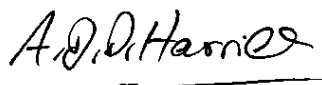
## REPORT OF THE DIRECTORS (continued)

### Auditors

Grant Thornton UK LLP, offer themselves for reappointment in accordance with the Companies Act 2006.

### Approval

The report of the directors was approved by the Board on 27 March 2009 and signed on its order by:

A handwritten signature in black ink, appearing to read "A.D. Harries", with a horizontal line underneath it.

ADD Harries  
Secretary

## REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF GLOBAL STAR HOLDINGS LIMITED

We have audited the group and parent company financial statements (the 'financial statements') of Global Star Holdings Limited for the year ended 30 November 2008 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and notes 1 to 25. 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

The directors' responsibilities for preparing the Annual Report 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of audit opinion

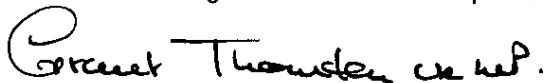
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 group's and 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.

### 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 group's and the parent company's affairs as at 30 November 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



GRANT THORNTON UK LLP  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS  
Leeds  
27 March 2009



**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the year ended 30 November 2008

	Note	Year ended 30 November 2008 £	Period ended 30 November 2007 £
<b>Turnover</b>	2	9,914,055	8,108,539
Cost of sales		(5,550,113)	(4,734,746)
<b>Gross profit</b>		4,363,942	3,373,793
Distribution costs		(2,351,030)	(792,860)
Administrative expenses		(1,157,252)	(1,224,609)
<b>Operating profit before exceptional items</b>	3	855,660	1,356,324
Finance costs	4	(549,597)	(302,327)
Interest receivable		15,065	1,708
Exceptional Items			
Loss on closure of hosiery factory	5	-	(234,878)
Loss on closure of Prostar Deutschland GmbH	5	(76,664)	(73,487)
Costs in relation to factory relocation	5	(131,502)	-
<b>Profit on ordinary activities before taxation</b>		112,962	747,340
Tax on profit on ordinary activities	8	(3,724)	(119,812)
<b>Profit on ordinary activities after taxation</b>	19	109,238	627,528

The results for 2007 relate to the period 23 March 2007 to 30 November 2007.

There are no recognised gains or losses other than those shown in the profit and loss account above.

**CONSOLIDATED BALANCE SHEET**  
**at 30 November 2008**

	Note	2008 £	2007 £
<b>Fixed assets</b>			
Intangible assets	10	1,594,343	1,669,426
Tangible assets	12	712,393	405,892
		<hr/> 2,306,736	<hr/> 2,075,318
<b>Current assets</b>			
Stocks	13	4,534,542	3,095,783
Debtors			
- due within one year	14	1,558,896	1,927,873
- due after more than one year	14	83,689	-
Cash at bank and in hand		442,625	1,281,471
		<hr/> 6,619,752	<hr/> 6,305,127
<b>Creditors: amounts falling due within one year</b>	15	(3,283,268)	(2,346,459)
<b>Net current assets</b>		<hr/> 3,336,484	<hr/> 3,958,668
<b>Total assets less current liabilities</b>		<hr/> 5,643,220	<hr/> 6,033,986
<b>Creditors: amounts falling due after more than one year</b>	16	(4,636,811)	(5,136,815)
<b>Net assets</b>		<hr/> 1,006,409	<hr/> 897,171
<b>Capital and reserves</b>			
Called up share capital	18	269,643	269,643
Profit and loss account	19	736,766	627,528
<b>Equity shareholders' funds</b>	20	<hr/> 1,006,409	<hr/> 897,171


The financial statements were approved by the Board on 27 March 2009 and signed on its behalf by:

  
 ADD Harries  
 Director

**COMPANY BALANCE SHEET**  
at 30 November 2008

	Note	2008 £	2007 £
<b>Fixed Assets</b>			
Investments	11	6,193,767	6,201,382
		<u>6,193,767</u>	<u>6,201,382</u>
<b>Current assets</b>			
Debtors	14	7,376	37,986
Cash at hand and in bank		2,867	23,003
		<u>10,243</u>	<u>60,989</u>
<b>Creditors: amounts falling due within one year</b>	15	(1,181,203)	(429,858)
<b>Net current liabilities</b>		<u>(1,170,960)</u>	<u>(368,869)</u>
<b>Total assets less current liabilities</b>		<u>5,022,807</u>	<u>5,832,513</u>
<b>Creditors: amounts falling due after more than one year</b>	16	(5,330,410)	(5,843,719)
<b>Net liabilities</b>		<u>(307,603)</u>	<u>(11,206)</u>
<b>Capital and reserves</b>			
Called up share capital	18	269,643	269,643
Profit and loss account	19	(577,246)	(280,849)
<b>Equity shareholders' funds</b>	20	<u>(307,603)</u>	<u>(11,206)</u>

The financial statements were approved by the Board on 27 March 2009 and signed on its behalf by:



ADD Harries  
Director

**CONSOLIDATED CASHFLOW STATEMENT**  
for the period ended 30 November 2008

	Note	2008 £	2007 £
<b>Net cash inflow from operating activities</b>	23	409,219	1,682,508
Exceptional item - costs in relation to factory relocation		(131,502)	-
Exceptional item - loss on closure of Prostar Deutschland GmbH		(76,664)	-
Exceptional item - payments made on closure of hosiery factory		-	(99,878)
Net cash inflow from operating activities after exceptional items		201,053	1,582,630
<b>Returns on investments and servicing of finance</b>			
Interest received		15,065	1,708
Interest paid		(549,597)	(302,327)
		(534,532)	(300,619)
<b>Taxation paid</b>			
UK corporation tax		(86,043)	(50,057)
<b>Capital expenditure</b>			
Payments for intangible fixed assets		(21,556)	(10,188)
Reduction in deferred consideration		7,615	-
Payments for tangible fixed assets		(502,529)	(47,196)
Receipts from sale of tangible fixed assets net of related costs of sale		15,150	112,398
		(501,320)	55,014
<b>Acquisitions and disposals</b>			
Purchase of subsidiary undertaking		-	(5,701,382)
Less: Cash acquired with subsidiary		-	39,427
		-	(5,661,955)
<b>Net cash outflow before financing</b>		(920,842)	(4,374,987)
<b>Financing</b>			
Loan notes		(235,000)	3,544,234
Bank loans		316,996	1,842,581
New shares issued		-	269,643
		81,996	5,656,458
<b>(Decrease) / increase in cash</b>	24,25	(838,846)	1,281,471

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### **Basis of accounting**

The financial statements are prepared in accordance with applicable UK accounting standards under the historical cost convention.

The principal accounting policies adopted by the company are set out below.

#### **Basis of consolidation**

The group accounts consolidate the accounts of the company and all its subsidiary undertakings at 30 November each year using acquisition accounting. The results of subsidiary undertakings acquired or disposed of during a financial year are included from, or up to, the effective date of acquisition or disposal.

The Company has net liabilities at the year end. After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. On this basis, the directors consider that it is appropriate to prepare these financial statements on the going concern basis.

#### **Turnover**

Turnover is the revenue arising from the sales of goods and services. It is stated at the fair value of the consideration receivable, net of value added tax, rebates and discounts.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment or the product being ready for delivery, based on specific contract terms.

Revenue from services provided by the company is recognised when the company has performed its obligations and in exchange obtained the right to consideration.

#### **Depreciation**

Depreciation is provided in equal annual instalments in order to write off the cost less estimated residual values of fixed assets over their anticipated useful lives. The rates of depreciation used are as follows:

Freehold buildings	2% per annum
Plant and equipment	15% per annum
Office equipment	10-20% per annum
Motor vehicles	20% per annum
Computer	20% per annum
Leasehold improvements	term of lease

No depreciation is provided in respect of freehold land.

#### **Intangible fixed assets**

All trademarks are included at cost. Amortisation is provided evenly on the cost of intangible fixed assets, to write them down to their estimated residual value over their expected useful lives. The principal annual rates used for other assets are:

Trademarks	10% per annum
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Where there is evidence of impairment, intangible fixed assets are written down to recoverable amount.

#### **Goodwill**

Goodwill is the excess of the cost of an acquired entity over the aggregate of the fair value of that entity's identifiable assets and liabilities. Goodwill is amortised evenly over its estimated useful economic life of 20 years. In addition to systematic amortisation, the book value is written down to recoverable amount when any impairment is identified.

#### **Stock and work in progress**

Stock and work in progress are stated at the lower of cost and net realisable value. Cost comprises materials, import duty, direct labour and attributable production overheads.

Net realisable value is based on estimated selling prices less distribution costs.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Financing fees

Arrangement and other issue costs incurred as a result of entering into loan and other facilities are expensed over the length of the related loan or facility in accordance with Financial Reporting Standard 4 "Accounting for Capital Instruments".

#### Leased assets

Assets held under hire purchase obligations are included in the balance sheet and depreciated in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account using the straight line method. Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

#### Pension scheme

The company operates a defined contribution pension scheme for staff. The pension cost for that scheme represents contributions payable by the company in the year.

#### Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Sterling at the year end exchange rates. All currency differences are taken to the profit and loss account.

#### Deferred taxation

Deferred tax is provided, except where not permitted by FRS 19, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Where law or accounting standards require gains and losses to be recognised in the statement of total recognised gains and losses, the related taxation is also taken directly to the statement of total recognised gains and losses in due course.

#### Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment where necessary to reduce book value to recoverable amount.

#### Financial Instruments

The company uses derivative financial instruments such as foreign currency contracts to hedge its risks associated with fluctuation risk. The fair value of such derivative financial instruments is not considered to be material to the financial statements.

### 2. Geographical analysis of turnover

A geographical analysis of turnover has not been disclosed since, in the opinion of the directors, it would prejudice the company's interests.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****3. Operating profit**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Operating profit is arrived at after charging/(crediting):		
Amortisation of intangible fixed assets	89,024	51,087
Depreciation of tangible fixed assets	190,722	70,014
Operating lease rentals:		
- land and buildings	181,482	105,420
- plant and machinery	15,173	4,008
Profit on sale of fixed assets	(9,843)	-
Fees payable to the company's auditor for the audit of the financial statements	2,500	2,000
Fees payable to the company's auditor for other services:		
- audit of the financial statements of the company's subsidiary	12,500	10,207
- other services relating to taxation compliance and advice	3,675	4,100
- other services	6,000	7,000
Gain on currency translation	(77,178)	(153,403)

**4. Finance costs**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Bank loan interest	180,374	97,519
Investor loan note interest	296,806	162,358
Vendor loan interest	26,249	17,500
Bank overdraft interest	18,060	3,955
Finance lease interest	112	4,664
Amortisation of loan arrangement fees	27,996	16,331
	<b>549,597</b>	<b>302,327</b>

**5. Exceptional items***Loss on closure of hosiery factory*

In the period ended 30 November 2007 the directors took the decision to close the Group's hosiery factory. This resulted in costs of £234,878.

*Loss on closure of Prostar Deutschland GmbH*

The German subsidiary was unsuccessful and in the period ended 30 November 2007 the directors took the decision to close the operation down, which resulted in an exceptional cost of £73,487 in 2007 and £76,664 in 2008.

*Costs of factory relocation*

In the year ended 30 November 2008, the directors took the decision to move factory premises. This resulted in costs of £131,502.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****6. Employees**

<b>Average monthly number of employees, including directors:</b>	<b>2008 Number</b>	<b>2007 Number</b>
Warehouse staff	32	66
Administration staff	40	33
	<u>72</u>	<u>99</u>
<b>Staff costs, including directors:</b>	<b>2008 £</b>	<b>2007 £</b>
Wages and salaries	1,504,920	1,330,888
Social security costs	154,170	109,025
Other pension costs	52,864	34,811
	<u>1,711,954</u>	<u>1,474,724</u>

**7. Directors' remuneration**

<b>Remuneration of the company's directors</b>	<b>2008 £</b>	<b>2007 £</b>
Emoluments	349,373	190,055
Contributions to group personal pension plans	33,575	19,585
	<u>382,948</u>	<u>209,640</u>
<b>Emoluments disclosed above include the following amounts paid to the highest paid director:</b>		
Emoluments	142,569	91,471
Contributions to group personal pension plan	14,375	8,385
	<u>156,944</u>	<u>99,856</u>

There were three directors accruing benefits under money purchase schemes (2007: three).



**NOTES TO THE FINANCIAL STATEMENTS (continued)****8. Taxation****(a) Analysis of charge**

	<b>2008 £</b>	<b>2007 £</b>
<b>Current taxation:</b>		
UK corporation tax	72,851	134,060
Adjustments in respect of prior periods	(61,680)	3,526
<b>Total current tax (note 8b)</b>	<b>11,171</b>	<b>137,586</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(7,447)	(17,774)
<b>Tax on profit on ordinary activities</b>	<b>3,724</b>	<b>119,812</b>

**(b) Factors affecting tax charge for the year**

The corporation tax charge is lower than the standard rate of corporation tax in the UK. A reconciliation is shown below:

	<b>2008 £</b>	<b>2007 £</b>
Profit on ordinary activities before tax	112,962	747,340
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2007: 30%)	31,629	224,202
<i>Effects of:</i>		
Utilisation of pre-acquisition losses	-	(252,103)
Expenses not deductible for tax purposes	74,880	96,085
Disallowed interest	-	59,208
Adjustments in respect of prior periods	(61,680)	3,527
Capital allowances in excess of depreciation for the period	(15,059)	(1,210)
Short term timing differences	(11,238)	7,878
Difference o rate change	(7,361)	-
<b>Current tax charge for period (note 8a)</b>	<b>11,171</b>	<b>137,587</b>

**9. Loss attributable to parent company**

The loss attributable to the parent company in the year was £296,397 (2007: loss £280,849).

The company has taken advantage of section 230 of the Companies Act not to publish its own profit and loss account.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****10. Intangible fixed assets - Group**

	<b>Trademarks £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 December 2007	41,519	1,688,050	1,729,569
Additions	21,556	-	21,556
Reduction in deferred consideration	-	(7,615)	(7,615)
At 30 November 2008	63,075	1,680,435	1,743,510
<b>Amortisation</b>			
At 1 December 2007	10,908	49,235	60,143
Charge for the period	5,224	83,800	89,024
At 30 November 2008	16,132	133,035	149,167
<b>Net book value</b>			
At 30 November 2008	46,943	1,547,400	1,594,343
At 30 November 2007	30,611	1,638,815	1,669,426

Goodwill relates to the difference between purchase cost and separable net assets of Star Sportswear Limited and other group companies at the date of acquisition.

	<b>£</b>
<i>Consideration comprised</i>	
Cash consideration	5,275,000
Deferred consideration	500,000
Reduction in deferred consideration	(7,615)
Costs of acquisition	426,382
<b>Total purchase costs</b>	<b>6,193,767</b>
 <i>Less separable net assets of Star Sportswear Ltd &amp; Prostar Deutschland GmbH as at 4 May 2007:</i>	
Tangible & intangible fixed assets	496,644
Stock	3,529,157
Debtors	1,957,875
Cash	39,427
Creditors	(1,509,771)
<b>Separable net assets</b>	<b>4,513,332</b>
 <b>Goodwill</b>	<b>1,680,435</b>

There were no fair value adjustments made to the net book value of the assets purchased.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****11. Investments - Company**

	Investment £
<b>Cost and net book value</b>	
At 1 December 2007	6,201,382
Reduction in deferred consideration	(7,615)
At 30 November 2008	<u>6,193,767</u>

The investment relates to the acquisition of the entire ordinary share capital of Star Sportswear Limited on 4 May 2007.

**Group undertakings**

The shares in group undertakings, which are held by the company, comprise investments in the following subsidiary undertakings:

	Country of incorporation	Capital and reserves £	Profit / (loss) for financial year £	Group interest in ordinary shares
Star Sportswear Ltd	UK	6,167,455	696,313	100%
The Star Knitting Co Ltd*	UK	2	-	100%
Prostar Ltd*	UK	2	-	100%
Astro Sports International Ltd*	UK	3	-	100%

\* Indirectly owned by Global Star Holdings Ltd

During the year, Prostar Deutschland GmbH was closed. The costs associated with the closure were accounted for in the period ended 30 November 2007 and year ended 30 November 2008.

**12. Tangible fixed assets – Group**

	Leasehold Improvements £	Plant, Fixtures, Fittings and Equipment £	Motor Vehicles £	Total £
<b>Cost</b>				
At 1 December 2007	-	1,298,258	35,468	1,333,726
Additions	224,180	278,349	-	502,529
Disposals	-	(51,525)	(20,649)	(72,174)
At 30 November 2008	<u>224,180</u>	<u>1,525,082</u>	<u>14,819</u>	<u>1,764,081</u>
<b>Depreciation</b>				
At 1 December 2007	-	892,366	35,468	927,834
Charge in the period	11,209	179,512	-	190,721
Disposals	-	(46,218)	(20,649)	(66,867)
At 30 November 2008	<u>11,209</u>	<u>1,025,660</u>	<u>14,819</u>	<u>1,051,688</u>
<b>Net book value</b>				
At 30 November 2008	<u>212,971</u>	<u>499,422</u>	<u>-</u>	<u>712,393</u>
At 30 November 2007	<u>-</u>	<u>405,892</u>	<u>-</u>	<u>405,892</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 13. Stocks and work in progress – Group

	2008 £	2007 £
Work in progress	-	57,233
Finished goods and goods for resale	4,534,542	3,038,550
	<u>4,534,542</u>	<u>3,095,783</u>

## 14. Debtors

	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
<b>Due within one year:</b>				
Trade debtors	1,268,941	-	1,520,602	-
Other debtors	3,047	-	152,568	23,230
Deferred tax asset (note 17)	16,850	-	9,403	-
Prepayments and accrued income	270,058	7,376	245,300	14,756
	<u>1,558,896</u>	<u>7,376</u>	<u>1,927,873</u>	<u>37,986</u>
<b>Due after more than one year:</b>				
Other debtors	83,689	-	-	-

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

	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
Bank loan	582,000	470,000	-	-
Trade creditors	1,614,049	-	1,168,539	-
Corporation tax	72,851	-	147,723	-
Other taxes and social security costs	101,407	-	111,068	-
Other creditors	316,497	250,000	250,000	250,000
Accruals and deferred income	596,464	461,203	669,129	179,858
	<u>3,283,268</u>	<u>1,181,203</u>	<u>2,346,459</u>	<u>429,858</u>

## 16. Creditors: amounts falling due after more than one year

	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
Bank loans	1,577,577	1,185,577	1,842,581	1,842,581
Loan notes	3,059,234	3,059,234	3,044,234	3,044,234
Amounts owed to group companies	-	1,085,599	-	706,904
Other creditors	-	-	250,000	250,000
	<u>4,636,811</u>	<u>5,330,410</u>	<u>5,136,815</u>	<u>5,843,719</u>

The loans are secured by a charge over all assets of the company.

Prepaid costs of finance, as detailed in the accounting policies, apportioned to periods due after more than one year total £150,673.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****17. Deferred Taxation - Group**

	<b>Group 2008 £</b>	<b>Group 2007 £</b>
<b>Deferred taxation</b>		
At 1 December 2007	(9,403)	-
Subsidiary acquisition	-	8,371
Transfer to profit and loss account (note 8)	(7,447)	(17,774)
At 30 November (note 14)	<u>(16,850)</u>	<u>(9,403)</u>
	<b>2008 £</b>	<b>2007 £</b>
<b>Deferred taxation comprises:</b>		
Accelerated capital allowances	(9,075)	9,610
Short term timing differences	(7,775)	(19,013)
<b>Deferred tax asset</b>	<u>(16,850)</u>	<u>(9,403)</u>

**18. Share Capital - Group and Company**

	<b>Group 2008 £</b>	<b>Company 2008 £</b>
<b>Authorised</b>		
269,643 ordinary shares of £1 each	<u>269,643</u>	<u>269,643</u>
<b>Allotted, issued and fully paid</b>		
269,643 ordinary shares of £1 each	<u>269,643</u>	<u>269,643</u>

**19. Reserves**

	<b>Group Profit and loss account 2008 £</b>	<b>Company Profit and loss account 2008 £</b>
At 1 December 2007	627,528	(280,849)
Retained profit / (loss) for the year	109,238	(296,397)
Balance at 30 November 2008	<u>736,766</u>	<u>(577,246)</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)****20. Reconciliation of movement in equity shareholders' funds**

	<b>Group 2008 £</b>	<b>Company 2008 £</b>
Profit / (loss) for the financial year	109,238	(296,397)
Opening shareholders' funds	897,171	(11,206)
	<hr/>	<hr/>
Closing shareholders' funds	<u>1,006,409</u>	<u>(307,603)</u>

**21. Related party transactions**

Simon Dempsey, a non executive director of Global Star Holdings Limited and Kenmore Private Equity Ltd, is deemed to be a related party due to Kenmore Private Equity Ltd having loaned Global Star Holdings £3m.

There were no additional related party transactions between members of the group other than inter-group funding creditors shown above in Note 14.

**22. Financial commitments****Operating lease commitments**

The payments, which the company is committed to make in the next year, under operating leases are as follows:

	<b>2008 £</b>	<b>2007 £</b>
Land and buildings		
(i) Leases expiring between one to five years	-	50,148
(ii) Leases expiring over five years	284,899	-
	<hr/>	<hr/>
	<b>2008 £</b>	<b>2007 £</b>
Plant and machinery		
(i) Leases expiring between one to five years	31,889	3,900
	<hr/>	<hr/>

**23. Reconciliation of operating profit to net cash inflow from operating activities**

	<b>2008 £</b>	<b>2007 £</b>
<b>Operating profit</b>	855,660	1,356,324
Amortisation of goodwill & intangible fixed assets	89,024	51,087
Depreciation of tangible fixed assets	190,722	70,014
Profit on disposal of tangible fixed assets	(9,843)	(66,739)
(Increase) / decrease in stocks	(1,438,760)	433,375
Decrease in debtors	292,735	39,402
Increase / (decrease) in creditors	429,681	(127,468)
Exceptional item: loss on closure of Prostar GmbH	-	(73,487)
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<u>409,219</u>	<u>1,682,508</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 24. Reconciliation of net cash flow to movement in net debt

	2008 £	2007 £
(Decrease) / increase in cash	(838,846)	1,281,471
Cash inflow from increase in debt	(81,996)	(5,386,815)
<b>Movement in net debt in the year</b>	<b>(920,842)</b>	<b>(4,105,344)</b>
<b>Opening net debt</b>	<b>(4,105,344)</b>	<b>-</b>
<b>Closing net debt</b>	<b>(5,026,186)</b>	<b>(4,105,344)</b>

### 25. Analysis of net debt

	1 December 2008 £	Cash flow £	30 November 2008 £
Cash at bank	1,281,471	(838,846)	442,625
Bank loan	(1,842,581)	(316,996)	(2,159,577)
Loan notes	(3,544,234)	235,000	(3,309,234)
	<b>(4,105,344)</b>	<b>(920,842)</b>	<b>(5,026,186)</b>