

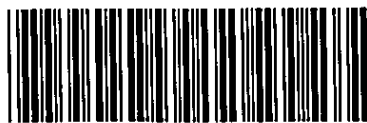
Registered number
934534

Solitaire Fashion Shops Limited

Report and Accounts

Period ending
30 December 2006

TUESDAY



A4Z1DU8T

A80

30/10/2007

13

COMPANIES HOUSE

Solitaire Fashion Shops Limited
Report and accounts
Contents

	Page
Company information	1
Directors' report	2
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7

Solitaire Fashion Shops Limited
Company Information

Directors

J A Kett
P B Saunders

Secretary

I F Rubli

Auditors

Deloitte & Touche LLP
Southampton
United Kingdom

Bankers

Barclays Bank PLC
Level 11
1 Churchill Place
London
E14 5HP

Registered office

Watersmead
Littlehampton
West Sussex
BN17 6LS

Registered number

934534

Solitaire Fashion Shops Limited

Directors' Report

The directors present their report and accounts for the 44 week period ended 30 December 2006. This Directors Report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

Change of year end

The offer for the entire share capital of the holding company by L'Oreal SA was declared wholly unconditional on 9 June 2006 and as a consequence the company changed its year end to be co-terminus with its new holding company.

Principal activities and review of the business

The principal activity of the company is the retail supply of skin and hair care products. The company is expected to trade in its current form for the foreseeable future with the expected return to profitability.

Results and dividends

The loss for the period, after taxation, amounted to £42,797 (February 2006 loss £7,901). The directors do not recommend payment of a final dividend (February 2006 nil).

Directors and their interests

The directors who served during the period were as follows:

J A Kett

P B Saunders

At 30 December 2006 no director had any beneficial interest in the share capital of the company.

P B Saunders was also a director of the immediate parent company, The Body Shop International PLC during the period, and his interests in the share capital of that company are disclosed in that company's financial statements.

At 30 December 2006, J A Kett had nil (February 2006 - 223,651) share options and nil (February 2006 - 5,933) performance shares in the company's immediate parent company.

Directors' responsibilities

The directors are responsible for preparing the Annual 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). 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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 the financial statements comply with the Companies Act 1985. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Solitaire Fashion Shops Limited
Directors' Report

Provision of information to auditors

Each of the directors, at the date of approval of this report confirms that

(1) so far as the director is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware, and

(2) the directors have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined in the Companies Act 1985) and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985


Auditors

On 29 January 2001 the company passed an elective resolution to dispense with the holding of annual general meetings, the laying of accounts and reports before the company in general meetings and the obligation to appoint auditors annually

Deloitte & Touche LLP were appointed as auditors during the period to fill a casual vacancy and have expressed their willingness to continue in office

Signed on behalf of the Board

J A Kett
Director
Date



31.10/2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOLITAIRE FASHION SHOPS LIMITED

We have audited the financial statements of Solitaire Fashion shops Limited for the 44 week period ended 30 December 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. 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 auditors' 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 financial statements in accordance with applicable law and United Kingdom 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

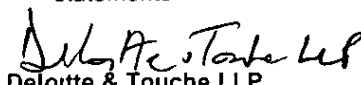
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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 company's affairs as at 30 December 2006 and of its loss for the period 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.


Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Southampton, United Kingdom

[Date]

8 October 2007

Solitaire Fashion Shops Limited
Profit and Loss Account
for the period from 26 February 2006 to 30 December 2006

	Notes	44 week period ended 30/12/06 £	52 week period ended 25/2/06 £
Turnover	2	995,628	1,092,377
Cost of sales		(517,726)	(441,321)
Gross profit		<u>477,902</u>	<u>651,056</u>
Administrative expenses		(557,886)	(667,630)
Operating loss	3	<u>(79,984)</u>	<u>(16,574)</u>
Interest receivable	5	3,623	5,287
Loss on ordinary activities before taxation		<u>(76,361)</u>	<u>(11,287)</u>
Tax on loss on ordinary activities	6	33,564	3,386
Retained loss for the period	12	<u>(42,797)</u>	<u>(7,901)</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two periods

The company has no recognised gains or losses other than the losses for the above two periods, accordingly no statement of total recognised gains and losses has been presented

The notes on pages 7-11 form part of the financial statements

Solitaire Fashion Shops Limited
Balance Sheet
as at 30 December 2006

	Notes	30/12/06 £	30/12/06 £	25/2/06 £	25/2/06 £
Fixed assets					
Tangible assets	7		729		-
Current assets					
Debtors	8	36,950		79,916	
Creditors amounts falling due within one year	9	(560)		-	
Net current assets			<u>36,390</u>		<u>79,916</u>
Total assets less current liabilities			<u>37,119</u>		<u>79,916</u>
Net Assets			<u>37,119</u>		<u>79,916</u>
Capital and reserves					
Called up share capital	10		2		2
Capital redemption reserve	11		998		998
Profit and loss account	12		36,119		78,916
Shareholders' funds	13		<u>37,119</u>		<u>79,916</u>

The notes on pages 7-11 form part of the financial statements

The financial statements were approved on behalf of the board of directors and authorised for issue on 30/12/2007

Signed on behalf of the Board



J A Kett
 Director

Solitaire Fashion Shops Limited
Notes to the Accounts
for the period from 26 February 2006 to 30 December 2006

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Tangible fixed assets

The tangible fixed assets consisting of short leasehold land and buildings are shown at cost less depreciation.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated

Short leasehold land and buildings - over the lease term

Taxation

The credit for current tax is based on the results for the period as adjusted for items which are non-taxable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the Company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Operating lease agreements

Rentals paid under operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the Profit and Loss Account on a straight line basis over the lease term.

2 Turnover

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

Turnover is wholly attributable to the principal activity and arises solely within the United Kingdom.

Turnover is recognised as follows:

Sale of goods

Turnover is recognised when the product is sold to the customer. Sales are usually in cash or by credit card. The recorded turnover is the gross amount of the sale, including credit card fees payable for the transaction.

Solitaire Fashion Shops Limited
Notes to the Accounts
for the period from 26 February 2006 to 30 December 2006

3 Operating loss

	44 week period ended 30/12/06 £	52 week period ended 25/2/06 £
This is stated after charging		
Depreciation of fixed assets	521	-
Operating lease rentals - land and buildings	144,400	170,142
Auditors' remuneration	<u>500</u>	<u>500</u>

The auditors' remuneration was borne by the immediate parent company

4 Directors' emoluments

The directors received no remuneration from the company during the financial period (February 2005 £nil)

P B Saunders was a director of the immediate parent company during the period and his emoluments in respect of services to the group are disclosed in that company's financial statements

5 Interest receivable

	44 week period ended 30/12/06 £	52 week period ended 25/2/06 £
On loans from group companies	<u>3,623</u>	<u>5,287</u>

Solitaire Fashion Shops Limited
Notes to the Accounts
for the period from 26 February 2006 to 30 December 2006

6 Taxation

	44 week period ended 30/12/06 £	52 week period ended 25/2/06 £
Analysis of credit in period		
Current tax		
UK corporation tax on loss of the period	(22,909)	(3,386)
Adjustments in respect of previous periods	(10,655)	-
	<u>(33,564)</u>	<u>(3,386)</u>
Loss on ordinary activities		

The current tax credit for the period is equal to the pre tax profit for the period multiplied by the standard rate of UK corporation tax (30%)

	30/12/06 £	25/2/06 £
Loss on ordinary activities before tax	<u>(76,361)</u>	<u>(11,287)</u>
Standard rate of corporation tax in the UK	30%	30%
	£	£
Loss on ordinary activities multiplied by the standard rate of	(22,908)	(3,386)
Effects of		
Adjustments to tax charge in respect of previous periods	(10,656)	-
	<u>(33,564)</u>	<u>(3,386)</u>
Current tax credit charge for period		

7 Tangible fixed assets

	Short leasehold land and buildings £
Cost	
At 26 February 2006	-
Additions	1,250
At 30 December 2006	<u>1,250</u>
Depreciation	
At 26 February 2006	-
Charge for the period	521
At 30 December 2006	<u>521</u>
Net book value	
At 30 December 2006	<u>729</u>
At 25 February 2006	<u>-</u>

Solitaire Fashion Shops Limited
Notes to the Accounts
for the period from 26 February 2006 to 30 December 2006

8 Debtors

	30/12/06 £	25/2/06 £
Amounts owed by group undertakings	<u>36,950</u>	<u>79,916</u>
All amounts shown under debtors fall due for payment within one year		

9 Creditors amounts falling due within one year

	30/12/06 £	25/2/06 £
Amounts owed to group undertakings	<u>560</u>	<u>-</u>

10 Share capital

	30/12/06 No	25/2/06 No	30/12/06 £	25/2/06 £
Authorised				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

	30/12/06 No	25/2/06 No	30/12/06 £	25/2/06 £
Allotted, called up and fully paid				
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

11 Capital redemption reserve

	30/12/06 £	25/2/06 £
At 26 February 2006 and 30 December 2006	<u>998</u>	<u>998</u>

12 Profit and loss account

	30/12/06 £	25/2/06 £
At 26 February 2006	78,916	86,817
Retained loss for the financial period	<u>(42,797)</u>	<u>(7,901)</u>
At 30 December 2006	<u>36,119</u>	<u>78,916</u>

13 Reconciliation of movement in shareholders' funds

	30/12/06 £	25/2/06 £
At 26 February 2006	79,916	87,817
Loss for the financial period	<u>(42,797)</u>	<u>(7,901)</u>
At 30 December 2006	<u>37,119</u>	<u>79,916</u>

Solitaire Fashion Shops Limited
Notes to the Accounts
for the period from 26 February 2006 to 30 December 2006

14 Other financial commitments

At the period end the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 30/12/06 £	Land and buildings 25/2/06 £
Operating leases which expire within two to five years	51,000	51,000
after five years	121,100	121,100
	<u>172,100</u>	<u>172,100</u>

15 Related party transactions

The company has the following related party activity with its immediate parent company,
The Body Shop International Plc

	30/12/06 £	25/2/06 £
Purchase of goods	517,726	441,321
Management Fees	557,886	667,630
Interest Charges	(3,623)	(5,287)
Inter company balance	<u>36,390</u>	<u>79,916</u>

16 Cash flow statement

The company has used the exemption for small companies under Financial Reporting Standard 1, "Cash Flow Statements (Revised 1996)", not to prepare a cash flow statement as a consolidated cash flow statement is included in the financial statements of its ultimate parent company

17 Ultimate parent company and controlling party

At 30 December 2006 the company's immediate parent company is The Body Shop International Plc and the company's ultimate parent company is L'Oreal SA, a company incorporated in France and listed on the French stock market and is the parent of both the smallest and largest groups of which the company is a member

Copies of the consolidated financial statements of L'Oreal SA may be obtained from its registered office 31 Rue Martre, 92117 Clichy, France

The controlling party is the immediate parent company The Body Shop International Plc as it has the ability to direct the financial and operating policies of Solitaire Fashion Shops Limited with a view to gaining economic benefits from its activities