

Company Registration No. 04891616 (England and Wales)

HERSHESON PRODUCTS LIMITED
DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005



HERSHESON PRODUCTS LIMITED

COMPANY INFORMATION

Directors	D Hersheson L Hersheson R Hersheson
Secretary	R Hersheson
Company number	04891616
Registered office	30 City Road London EC1Y 2AB
Accountants	Arram Berlyn Gardner 30 City Road London EC1Y 2AB
Business address	45 Conduit Street London W1S 2HN

HERSHESON PRODUCTS LIMITED

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HERSHESON PRODUCTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the year ended 31 December 2005.

Principal activities

The principal activity of the company continued to be that of retailing hair products.

Directors

The following directors have held office since 1 January 2005:

D Hersheson
L Hersheson
R Hersheson

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 December 2005	1 January 2005
D Hersheson	50	50
L Hersheson	50	50
R Hersheson	50	50

Directors' responsibilities

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

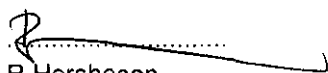
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 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.

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

By order of the board


R Hersheson

Secretary

28/11/06

HERSHESON PRODUCTS LIMITED

CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE UNAUDITED FINANCIAL STATEMENTS OF HERSHESON PRODUCTS LIMITED

In accordance with the engagement letter dated 19 June 2006, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of Hersheson Products Limited for the year ended 31 December 2005, set out on pages 3 to 7 from the accounting records and information and explanations you have given to us.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters we have agreed to state to them in this 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 Board of Directors as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Not in use and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet as at 31 December 2005 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

Arram Berlyn Gardner

28/11/06

Chartered Accountants

ABG

30 City Road
London
EC1Y 2AB

HERSHESON PRODUCTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £ (15 months)
Turnover		113,063	268,353
Cost of sales		(60,230)	(169,255)
Gross profit		52,833	99,098
Administrative expenses		(69,836)	(102,571)
Operating loss		(17,003)	(3,473)
Interest payable and similar charges		(1,107)	(2,519)
Loss on ordinary activities before taxation		(18,110)	(5,992)
Tax on loss on ordinary activities	2	-	-
Loss for the year	6	(18,110)	(5,992)

HERSHESON PRODUCTS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2005

	Notes	2005 £	£	2004 £	£
Current assets					
Stocks		20,996		47,231	
Debtors	3	35,959		57,986	
		<u>56,955</u>		<u>105,217</u>	
Creditors: amounts falling due within one year	4	<u>(80,907)</u>		<u>(111,059)</u>	
Total assets less current liabilities			<u>(23,952)</u>		<u>(5,842)</u>
Capital and reserves					
Called up share capital	5		150		150
Profit and loss account	6		<u>(24,102)</u>		<u>(5,992)</u>
Shareholders' funds			<u>(23,952)</u>		<u>(5,842)</u>

In preparing these financial statements:

- (a) The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The directors acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - (ii) 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 or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Approved by the Board for issue on 28/11/06


D Hershenson
Director

HERSHESON PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standards for Smaller Entities (effective January 2005).

As at the balance sheet date, the company had net current liabilities of £23,952 (2004 : £5,842). The directors have indicated their willingness to support the company financially for the foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of this support.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Stock

Stock is valued at the lower of cost and net realisable value.

1.5 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.6 Comparative

The comparative figures relate to a 15 month period.

2 Taxation

The company has estimated losses of £ 23,602 (2004 - £ 5,992) available for carry forward against future trading profits.

3 Debtors

	2005 £	2004 £
Trade debtors	14,689	50,924
Other debtors	21,270	7,062
	<u>35,959</u>	<u>57,986</u>

HERSHESON PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

4	Creditors: amounts falling due within one year	2005	2004
		£	£
	Bank loans and overdrafts	26,743	42,768
	Trade creditors	3,399	2,327
	Taxation and social security	6,451	12,752
	Other creditors	44,314	53,212
		<u>80,907</u>	<u>111,059</u>
5	Share capital	2005	2004
		£	£
	Authorised		
	1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	Allotted, called up and fully paid		
	150 Ordinary shares of £1 each	<u>150</u>	<u>150</u>
6	Statement of movements on profit and loss account		Profit and loss account
			£
	Balance at 1 January 2005		(5,992)
	Loss for the year		<u>(18,110)</u>
	Balance at 31 December 2005		<u>(24,102)</u>

HERSHESON PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

7 Related party transactions

The following related party transactions took place during the year:

1. The company made net sales of £4,703 (2004 : £39,167) to Rudan Limited.
2. Rudan Limited charged management fees and expenses totalling £23,700 (2004 : £53,225) to the company.
3. The company made net sales of £12,644 (2004 : £5,330) to Rudan Knightsbridge Limited.

As at the Balance Sheet date following related party balances existed:

1. The company owed £36,314 (2004 : £48,822) to Rudan Limited.
2. The company was owed £21,120 (2004 : £6,263) by Rudan Knightsbridge Limited.

The above are considered related party transactions because D Hersheson and R Hersheson are also directors of Rudan Limited and Rudan Knightsbridge Limited.