

MUSCLE ENVELOPE COMPANY LIMITED

Annual Report & Financial Statements 2006

3950310



Brown Butler
Chartered Accountants
Leeds

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Muscle Envelope Company Limited

Officers and Professional Advisers

Directors	J R Croisdale M J Williamson S Gill
Secretary	M J Williamson
Registered Office	York House Wetherby Road Long Marston York Y026 7NH
Company Registration Number	3950310
Registered Auditor	Brown Butler Chartered Accountants Apsley House 78 Wellington Street Leeds LS1 2JT
Bankers	National Westminster Bank Plc 8 Park Row Leeds LS1 1QS
Solicitors	Eversheds Cloth Hall Court Infirmary Street Leeds LS1 2JB

The directors present their annual report and the audited financial statements for the year ended 30 November 2006

1 Activities and review of business

The company has not traded during the year

2 Results

The results for the year ended 30 November 2006 are shown in the profit and loss account on page 6
The loss for the year was £ 567

3 Directors' responsibilities

The directors are responsible for preparing the annual report and 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. 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 those financial statements, the directors are required to -

- (a) Select suitable accounting policies and apply them consistently,
- (b) Make judgements and estimates that are reasonable and prudent,
- (c) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue to operate.

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.

4 Directors

The present composition of the board is set out on page 2 and the directors who held office during the year are as set out below -

A S Gill
J Gill
J R Croisdale
M J Williamson
S Gill

A S Gill and J Gill resigned as directors on 22 February 2007 S Gill resigned as a director on 14 August 2006

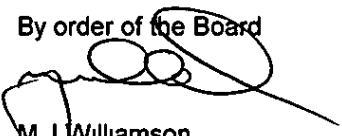
5 Audit enquiries

So far as the directors are aware there is no information relevant to the audit of which the company's auditors are unaware The directors have taken the necessary steps to ensure they themselves are aware of all relevant audit information and made sure that the company's auditors are also aware of that information

6 Auditors

A resolution to re-appoint Brown Butler will be proposed at the forthcoming Annual General Meeting

By order of the Board



M J Williamson
Secretary

25 June 2007

We have audited the financial statements of Muscle Envelope Company Limited for the year ended 30 November 2006 which are set out on pages 6 to 9. 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 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 November 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985,
- the information given in the Directors' Report is consistent with the financial statements.

Apsley House
78 Wellington Street
Leeds
LS1 2JT

25 June 2007



Brian Butler
Chartered Accountants
and Registered Auditor

Muscle Envelope Company Limited

Profit and Loss Account
Year ended 30 November 2006

	Note	2006 £	2005 £
Administrative expenses		567	569
Loss for the year	7	<u>(567)</u>	<u>(569)</u>

The company had no other recognised gains or losses for the year

The notes on pages 8 and 9 form part of these financial statements

Muscle Envelope Company Limited

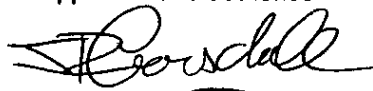
Balance Sheet
30 November 2006

	Note	2006 £	2005 £
Current assets			
Debtors	4	8,069	7,141
Cash at bank		-	995
		<u>8,069</u>	<u>8,136</u>
Creditors amounts falling due within one year	5	<u>2,000</u>	<u>1,500</u>
Total assets less current liabilities		<u>6,069</u>	<u>6,636</u>
Capital and reserves			
Called up share capital	6	10,900	10,900
Profit and loss account - adverse balance	7	<u>(4,831)</u>	<u>(4,264)</u>
Shareholders' funds	8	<u>6,069</u>	<u>6,636</u>

These financial statements were approved and authorised for issue by the board on 25 June 2007

J R Croisdale

M J Williamson

) 
) Directors
) 

The notes on pages 8 and 9 form part of these financial statements

Muscle Envelope Company Limited

Notes to the Financial Statements
Year ended 30 November 2006

1 Accounting policies

(a) Accounting convention

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

(b) Cash flow statement

The company is a subsidiary of a company registered in England. The directors have taken advantage of the exemption under FRS 1 not to prepare a cash flow statement

2 Directors' emoluments

There were no employees during the year apart from the directors

The directors did not receive any emoluments during the year (2005 £nil)

3 Loss on ordinary activities

The loss is after charging -

	2006 £	2005 £
Auditor's remuneration	500	500

4 Debtors

	2006 £	2005 £
Trade debtors	184	184
Amounts owed by group undertakings	7,885	6,957
	8,069	7,141

5 Creditors

Amounts falling due within one year -

	2006 £	2005 £
Accruals	2,000	1,500

6 Called up share capital

	2006 £	2005 £
Authorised 10,000,000 Ordinary shares of 1p each	100,000	100,000
Allotted, called up and fully paid 1,090,000 Ordinary shares of 1p each	10,900	10,900

Muscle Envelope Company Limited

Notes to the Financial Statements
Year ended 30 November 2006

7 Profit and loss account

	2006	2005
	£	£
At 1 December 2005	(4,264)	(3,695)
Loss for the financial year	(567)	(569)
	<u>(4,831)</u>	<u>(4,264)</u>
At 30 November 2006	<u>(4,831)</u>	<u>(4,264)</u>

8 Reconciliation of movements in shareholders' funds

	2006	2005
	£	£
Loss for the financial year	(567)	(569)
Opening shareholders' funds	6,636	7,205
	<u>6,069</u>	<u>6,636</u>
Closing shareholders' funds	<u>6,069</u>	<u>6,636</u>

9 Ultimate parent company

The ultimate parent company is Encore Direct Limited at 30 November 2006