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**REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2003
FOR
P.H.A.B WHOLESALE LIMITED**



P.H.A.B WHOLESALE LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2003

DIRECTORS:

G Northover
Mrs J Northover
M Roberts
Mrs L Roberts

SECRETARY:

Mrs J Northover

REGISTERED OFFICE:

Unit 1
Tan Lane
Haven Banks
Exeter
Devon
EX2 8EG

REGISTERED NUMBER:

4465821 (England and Wales)

ACCOUNTANTS:

Marc Lawson & Co
Frobisher House
64-66 Ebrington Street
Plymouth
Devon
PL4 9AQ

P.H.A.B WHOLESALE LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2003

The directors present their report with the financial statements of the company for the year ended 30th June 2003.

INCORPORATION

The company was incorporated on 20th June 2002 and commenced trading on 1st July 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the supply of hairdressing equipment and products to the retail trade.

DIRECTORS

The directors during the year under review were:

G Northover	- appointed 1/7/02
Mrs J Northover	- appointed 1/7/02
M Roberts	- appointed 3/2/03
Mrs L Roberts	- appointed 3/2/03

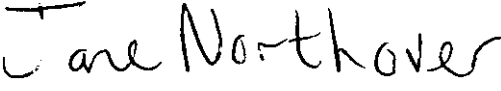
The beneficial interests of the directors holding office on 30th June 2003 in the issued share capital of the company were as follows:

	30/6/03	at date of appointment
Ordinary £1 shares		
G Northover	45	50
Mrs J Northover	44	50
M Roberts	6	-
Mrs L Roberts	5	-
Class 'A' shares £1 shares		
G Northover	-	-
Mrs J Northover	-	-
M Roberts	50	-
Mrs L Roberts	50	-

All the directors, being eligible, offer themselves for election at the forthcoming first Annual General Meeting.

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

ON BEHALF OF THE BOARD:


.....

Mrs J Northover - Secretary

Date: 26/9/04

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
P.H.A.B WHOLESALE LIMITED**

We have audited the financial statements of P.H.A.B Wholesale Limited for the year ended 30th June 2003 on pages three to ten. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and 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

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Report of the Directors 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 transactions with the company is not disclosed.

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

Basis of audit opinion

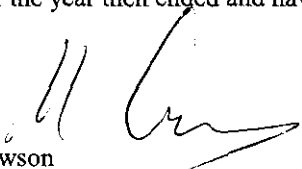
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates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

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
P.H.A.B WHOLESALE LIMITED**

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Marc Lawson
Marc Lawson & Co
Registered Auditor
Frobisher House
64/66 Ebrington Street
Plymouth
Devon
PL4 9AQ

28th September 2004

P.H.A.B WHOLESALE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2003

	Notes	£
TURNOVER		1,385,605
Cost of sales		968,896
GROSS PROFIT		416,709
Administrative expenses		180,707
OPERATING PROFIT	2	236,002
Interest receivable and similar income		246
		236,248
Interest payable and similar charges		631
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		235,617
Tax on profit on ordinary activities	3	45,030
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		190,587
Dividends	4	53,998
RETAINED PROFIT FOR THE YEAR		136,589

The notes form part of these financial statements

P.H.A.B WHOLESALE LIMITED

**BALANCE SHEET
30TH JUNE 2003**

	Notes	£	£
FIXED ASSETS			
Intangible assets	5		56,843
Tangible assets	6		21,472
			<u>78,315</u>
CURRENT ASSETS			
Stocks		97,183	
Debtors	7	255,361	
Cash at bank and in hand		105,014	
		<u>457,558</u>	
CREDITORS			
Amounts falling due within one year	8	395,954	
			<u>61,604</u>
NET CURRENT ASSETS			
			<u>139,919</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
			<u>136,789</u>
CREDITORS			
Amounts falling due after more than one year	9		3,130
			<u>136,789</u>
CAPITAL AND RESERVES			
Called up share capital	12		200
Profit and loss account	13		136,589
			<u>136,789</u>
SHAREHOLDERS' FUNDS			<u>136,789</u>

The notes form part of these financial statements

P.H.A.B WHOLESALE LIMITED

BALANCE SHEET - continued
30TH JUNE 2003

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 30th June 2003.

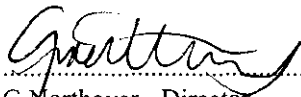
The members have not required the company to obtain an audit of its financial statements for the year ended 30th June 2003 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, 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 June 2002).

ON BEHALF OF THE BOARD:


.....
G Northover - Director

Approved by the Board on 26/9/04

The notes form part of these financial statements

P.H.A.B WHOLESALE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2003**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2002, is being written off evenly over its estimated useful life of nineteen years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery etc	- 33% on reducing balance, 25% on reducing balance and 15% on reducing balance
-------------------------	--

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

2. OPERATING PROFIT

The operating profit is stated after charging:

	£
Depreciation - owned assets	3,123
Depreciation - assets on hire purchase contracts	1,825
Goodwill written off	3,157
Auditors remuneration	1,350
	<u> </u>
Directors' emoluments and other benefits etc	12,098
	<u> </u>

P.H.A.B WHOLESALE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH JUNE 2003**

3. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	£
Current tax:	
UK corporation tax	45,030
	<u>45,030</u>
Tax on profit on ordinary activities	<u>45,030</u>

4. DIVIDENDS

	£
100 Ordinary shares of £1 each	
Interim	50,022
100 Class 'A' shares shares of £1 each	
Interim	3,976
	<u>53,998</u>

5. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
Additions	60,000
	<u>60,000</u>
At 30th June 2003	<u>60,000</u>
AMORTISATION	
Charge for year	3,157
	<u>3,157</u>
At 30th June 2003	<u>3,157</u>
NET BOOK VALUE	
At 30th June 2003	<u>56,843</u>

P.H.A.B WHOLESALE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH JUNE 2003**

6. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
Additions	7,123	10,605	7,300	1,392	26,420
At 30th June 2003	7,123	10,605	7,300	1,392	26,420
DEPRECIATION					
Charge for year	1,068	1,591	1,825	464	4,948
At 30th June 2003	1,068	1,591	1,825	464	4,948
NET BOOK VALUE					
At 30th June 2003	6,055	9,014	5,475	928	21,472

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
Additions	7,300
At 30th June 2003	7,300
DEPRECIATION	
Charge for year	1,825
At 30th June 2003	1,825
NET BOOK VALUE	
At 30th June 2003	5,475

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Trade debtors	253,670
Other debtors	1,691
	255,361

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Hire purchase contracts	2,135
Trade creditors	189,369
Taxation and social security	52,676
Other creditors	151,774
	395,954

P.H.A.B WHOLESALE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH JUNE 2003**

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	£
Hire purchase contracts	3,130
	<u> </u>

10. OPERATING LEASE COMMITMENTS

The following payments are committed to be paid within one year:

	£
Expiring:	
Within one year	7,250
Between one and five years	2,417
	<u> </u>
	9,667
	<u> </u>

11. SECURED DEBTS

The following secured debts are included within creditors:

	£
Hire purchase contracts	5,265
	<u> </u>

12. CALLED UP SHARE CAPITAL

Authorised:		Nominal value:	£
Number:	Class:		
1,000	Ordinary	£1	1,000
200	Class 'A' shares	£1	200
			<u> </u>
			1,200
			<u> </u>

Allotted, issued and fully paid:		Nominal value:	£
Number:	Class:		
100	Ordinary	£1	100
100	Class 'A' shares	£1	100
			<u> </u>
			200
			<u> </u>

The following shares were allotted and fully paid for cash at par during the year:

100 Ordinary shares of £1 each
100 Class 'A' shares of £1 each

P.H.A.B WHOLESALE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH JUNE 2003**

13. RESERVES

	Profit and loss account £
Retained profit for the year	136,589
At 30th June 2003	<u>136,589</u>

14. TRANSACTIONS WITH DIRECTORS

The following loan to a director subsisted during the year ended 30th June 2003:

	£
Mrs L Roberts	
Balance outstanding at start of year	-
Balance outstanding at end of year	1,353
Maximum balance outstanding during year	<u>2,994</u>

15. RELATED PARTY DISCLOSURES

Mr G and Mrs J Northover, both company directors introduced £251,797 into the company of which £164,894 was from the transfer of assets from the cessation of the former partnership. They withdrew £112,709 from the company during the year leaving a balance outstanding to them at the year end of £139,088

Mr M and Mrs L Roberts, both company directors introduced £5,999 into the company. They withdrew £7,352 from the company leaving a balance outstanding to the company at the year end of £1,353.