

Company Registration No. SC224310

BLACK CIRCLES LIMITED

Abbreviated Accounts

31 December 2003



BLACK CIRCLES LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

Michael Welch

SECRETARY

DM Company Services Limited

REGISTERED OFFICE

16 Charlotte Square
Edinburgh
EH2 4DF

BANKERS

Royal Bank of Scotland plc
142/144 Princes Street
Edinburgh
EH2 4EQ

SOLICITORS

Dickson Minto WS
16 Charlotte Square
Edinburgh, EH2 4DF

Henderson Boyd Jackson WS
Exchange Tower
19 Canning Street
Edinburgh, EH3 8EH

ACCOUNTANTS

Deloitte & Touche LLP
Chartered Accountants
Edinburgh

Black Circles Limited is a subsidiary of Black Circles Holdings Limited (SC258902)

INDEPENDENT ACCOUNTANTS' REPORT ON THE UNAUDITED ABBREVIATED ACCOUNTS TO THE DIRECTOR OF BLACK CIRCLES LIMITED

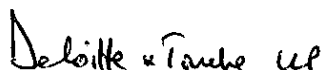
In accordance with the engagement letter dated 27 April 2004 and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the abbreviated accounts of the company which comprise of the balance sheet and the related notes 1 to 5, from the accounting records and information and explanations you have given to us.

This report is made to the company's directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the accounts that we have been engaged to compile, report to the company's directors that we have done so, and state those matters that 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 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 Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of accounts.

You have acknowledged on the balance sheet your duty to ensure that the company has kept proper accounting records and to prepare accounts that give a true and fair view under the Companies Act 1985 and which otherwise comply with the requirements of that act relating to accounts, so far as applicable to the company. You consider that the company is exempt from the statutory requirement for an audit for the year and the company is entitled to take advantage of the special provisions relating to small companies under section 246 of the Companies Act 1985 with respect to the delivery of individual accounts.

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



Deloitte & Touche LLP
Chartered Accountants
Edinburgh

5 October 2004

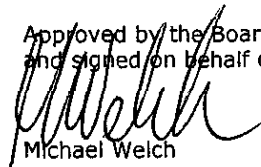
BLACK CIRCLES LIMITED

DIRECTOR'S REPORT

Black Circles has grown rapidly in the period to 31 December 2003. Sales have grown by a factor of more than 10 times compared to the previous year, providing the innovative Black Circles tyre sales and fitting service to thousands of new customers. Black Circles' approach is to make tyre-buying as safe and pleasant an experience as possible for our customers and to provide them with the best brands on the market at highly competitive prices. The company's network of fitting partners serves all parts of the UK and is the largest network of any tyre sales business in the UK. These partners will fit tyres at times which suit our customers and Black Circles can, therefore, provide complete convenience to our customers as to location and fitting time. Black Circles believes this adds up to an unrivalled tyre sales offer for our customers and the growth in our business reflects this.

We have invested in our systems and our people as we develop the Black Circles presence in the market. Recognising the potential growth facing the group, an equity fund-raising was launched during 2003 and successfully raised new equity share capital from a syndicate of investors to support the next stage of our growth. The investment was made in late 2003 to support development in the current financial year. The company established close partnering relationships with a number of blue chip UK organisations and further arrangements are under development. The company's success has been acknowledged by success in winning numerous prestigious independently assessed awards. Growth has indeed continued into the new financial year and the future prospects for further development are exciting.

Approved by the Board of Directors
and signed on behalf of the Board



Michael Welch
Director
5 October 2004

BLACK CIRCLES LIMITED

BALANCE SHEET 31 December 2003

	Note	31 December 2003 £	31 October 2002 £
FIXED ASSETS			
Tangible assets	2	29,113	13,767
CURRENT ASSETS			
Debtors		20,839	11,262
Cash at bank and in hand		48,099	8,643
		68,938	19,905
CREDITORS: amounts falling due within one year	3	(256,151)	(39,821)
NET CURRENT LIABILITIES		(187,213)	(19,916)
TOTAL ASSETS LESS CURRENT LIABILITIES		(158,100)	(6,149)
CREDITORS: amounts falling due after more than one year		-	(46,412)
NET LIABILITIES		(158,100)	(52,561)
CAPITAL AND RESERVES			
Called up share capital	4	100	75
Share premium account		37,475	-
Profit and loss account		(195,675)	(52,636)
TOTAL EQUITY SHAREHOLDERS' DEFICIT		(158,100)	(52,561)

BLACK CIRCLES LIMITED

BALANCE SHEET (continued) **31 December 2003**

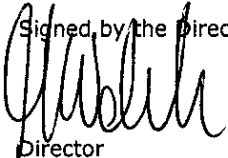
These accounts have been prepared in accordance with the special provisions relating to small companies under section 246 of the Companies Act 1985 with respect to the delivery of individual accounts.

These accounts have not been audited because the company is entitled to an exemption provided by section 249A(1) of the Companies Act 1985 and its members have not required the company to obtain an audit of these accounts in accordance with section 249B(2).

The director acknowledges his responsibilities for ensuring that the company keeps accounting records that comply with section 221 of the Companies Act 1985. The director also acknowledges his responsibilities for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for the financial period in accordance with section 226 of the Companies Act 1985, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the Director on 5 October 2004 and I confirm that I have made available all relevant records and information for their preparation.

Signed by the Director



Director

BLACK CIRCLES LIMITED

NOTES TO THE BALANCE SHEET

31 December 2003

1 ACCOUNTING POLICIES

The accounts are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding year.

Accounting convention

The accounts are prepared under the historical cost convention.

In determining the amounts to be included in respect of items shown in the balance sheet and in determining the profit and loss of the company the provisions of the Financial Reporting Standard for Smaller Entities (effective June 2002) have been applied.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures, fittings and equipment	25% per annum
Computer software	25% per annum

Taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date, to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Operating lease rentals are charged to income in equal amounts over the lease term.

BLACK CIRCLES LIMITED

NOTES TO THE BALANCE SHEET 31 December 2003

2 TANGIBLE FIXED ASSETS

	Total £
Cost	
At 1 November 2002	16,540
Additions in period	22,854
At 31 December 2003	39,394
Accumulated depreciation	
At 1 November 2002	2,773
Charge in period	7,508
At 31 December 2003	10,281
Net book value	
At 31 December 2003	29,113

3 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2003 £	31 October 2002 £
Creditors, amounts falling due within one year include:		
Director's loan account	9,829	3,494

The director's loan is interest free and is repayable at £418 per month.

4 CALLED UP SHARE CAPITAL

	31 December 2003 £	31 October 2002 £
Authorised		
1,000 Ordinary shares of £1.00 each	1,000	1,000
Called up, allotted and fully paid		
100 Ordinary shares of £1.00 each	100	75

BLACK CIRCLES LIMITED

NOTES TO THE BALANCE SHEET 31 December 2003

4 CALLED UP SHARE CAPITAL (continued)

Ordinary shares

Balance at 1 November 2002	75	75
New issue	25	-
Balance at 31 December 2003	<u>100</u>	<u>75</u>

25 ordinary shares of £1 each were issued on 9 July 2003 for £1,500 per share.

5 ULTIMATE PARENT COMPANY

The ultimate parent company is Black Circles Holdings Limited, a company incorporated in the United Kingdom. Copies of the group financial statements of Black Circles Holdings Limited can be obtained from the Company Secretary at 16 Charlotte Square, Edinburgh.