

BLACKCIRCLES.COM LIMITED

Abbreviated Accounts

31 December 2005



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BLACKCIRCLES.COM LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

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

HBJ Gateley Wareing LLP
Exchange Tower
19 Canning Street
Edinburgh
EH3 8EH

ACCOUNTANTS

Deloitte & Touche LLP
Chartered Accountants
Edinburgh

Blackcircles com Limited is a subsidiary of Black Circles Holdings Limited (SC 258092)

BLACKCIRCLES.COM LIMITED

DIRECTOR'S REPORT

The director presents the following annual report on the affairs of the company, together with the financial statements for the year ended 31 December 2005

DIRECTORS' REPORT – ACCOUNTS FOR MEMBERS

This report has been prepared in accordance with the special provisions relating to small companies under section 246 of the Companies Act 1985

ACTIVITIES, RESULTS AND FUTURE PROSPECTS

The company's principal activity is the supply and fitting of car tyres sold principally through the internet

The rapid growth experienced in 2003 and 2004 has continued through 2005. Sales for the year to 31 December 2005 were 90% higher than 2004. 2005 also saw a substantial reduction in early stage development losses. The trend in rapid sales growth has continued into 2006.

Blackcircles.com seeks to provide the top brands on the market at highly competitive prices and to make tyre buying as safe and pleasant an experience as possible for our customers. In addition to direct retailing through the internet, the business works in partnership with a number of blue chip companies in the UK to provide their customers with the benefits of access to the Blackcircles.com network. The company has the largest network of fitting centres in the UK and tyres are fitted at times which are chosen by our customers. Blackcircles.com can therefore provide complete convenience to our customers as to fitting location and time. Coupled with the convenience of buying on line and our low prices, we are able to offer an unrivalled tyre sales service. Our rapid growth confirms the attractiveness of this to our growing customer base. During 2006, direct sales into Continental European countries commenced and we have rolled out a franchise offer to our fitting partners which offers them attractive benefits and further reinforces our future growth prospects.

No dividend is recommended by the director in respect of the year to 31 December 2005

DIRECTOR AND HIS INTERESTS

The director, Michael Welch, who served throughout the year, had no direct interest in the share capital of the company as at 31 December 2005 (31 December 2004: nil)

The interest of the director in the share capital of the parent undertaking, Black Circles Holdings Limited, are disclosed in that company's financial statements

Approved by the Director



Michael Welch

30/10/06

INDEPENDENT ACCOUNTANTS' REPORT ON THE UNAUDITED ABBREVIATED ACCOUNTS TO THE DIRECTOR OF BLACKCIRCLES.COM LIMITED

In accordance with the engagement letter dated 30 January 2006 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 6, from the accounting records and information and explanations you have given to us

This report is made to the company's director 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 director that we have done so, and state those matters that we have agreed to state to him 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 director, 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

30 October 2006

BLACKCIRCLES.COM LIMITED

BALANCE SHEET 31 December 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	2	121,211	79,356
CURRENT ASSETS			
Debtors		185,360	95,936
Cash at bank and in hand		224,793	10,670
		<u>410,153</u>	<u>106,606</u>
CREDITORS: amounts falling due within one year	3	<u>(1,090,899)</u>	<u>(603,533)</u>
NET CURRENT ASSETS		<u>(680,746)</u>	<u>(496,927)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(559,535)</u>	<u>(417,571)</u>
CAPITAL AND RESERVES			
Called up share capital	4	100	100
Share premium		37,475	37,475
Profit and loss account		<u>(597,110)</u>	<u>(455,146)</u>
TOTAL EQUITY SHAREHOLDERS' DEFICIT		<u>(559,535)</u>	<u>(417,571)</u>

These financial statements 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 financial statements 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 financial statements 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 section 226 of the Companies Act 1985, and which otherwise comply with the requirements of that Act relating to financial statements, so far as applicable to the company.

These financial statements 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 financial statements.

These financial statements were approved by the Director on 30 October 2006 and I confirm that I have made available all relevant records and information for their preparation.

Signed by the Director


Michael Welch
Director

BLACKCIRCLES.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2005

1. ACCOUNTING POLICIES

Accounting convention

The full financial statements from which these abbreviated accounts have been extracted, have been prepared in accordance with the Financial Reporting Standards for Smaller Entities (effective January 2005) under the historical cost convention.

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

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax, in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non discounted basis.

Leases

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

2. TANGIBLE FIXED ASSETS

	Total £
Cost	
At 1 January 2005	106,999
Additions in year	78,525
At December 2005	<u>185,524</u>
Accumulated depreciation	
At 1 January 2005	27,643
Charge in year	36,670
At 31 December 2005	<u>64,313</u>
Net book value	
At 31 December 2005	<u><u>121,211</u></u>

3. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2005 £	31 December 2004 £
Creditors, amounts falling due within one year include:		
Director's loan account	<u> </u>	<u>4,813</u>

BLACKCIRCLES.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2005

4. CALLED UP SHARE CAPITAL

	31 December 2005 £	31 December 2004 £
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	100

5. ULTIMATE PARENT COMPANY

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

6. RELATED PARTY TRANSACTIONS

At 31 December 2005, Blackcircles.com Limited was due £231,843 (2004: £67,843) to Black Circles Holdings Limited, in respect of expenses paid on its behalf by Black Circles Holdings Limited. This amount is included in creditors' amounts due within one year.