

Lucky Joe Limited
Abbreviated annual report
for the year ended 31 October 2007



Lucky Joe Limited

Company Registration No 02717838 (England & Wales)

Company Information

Directors	T W Chapman R E Chapman
Secretary	R E Chapman
Company Number	02717838
Registered Office	Unit K Welmar Mews 154 Clapham Park Rd London SW4 7DD
Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Bankers	Barclays Bank Plc Pall Mall Corporate Banking Group PO Box 15162 London SW1A 1QB

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Directors' report for the year ended 31 October 2007

The directors present their report and the audited financial statements of the company for the year ended 31 October 2007

Principal activity

The principal activity of the company continued to be that of fashion retailers

Review of business

The company continued with strong sales growth through the year. The directors anticipate that this will continue in the coming year. Accordingly, the directors consider it appropriate to prepare the financial statements on the going concern basis, which takes into account an undertaking from the ultimate controlling party to continue to support the company for the foreseeable future.

The company's profit after tax for the year was £180,764 (2006 £360,218)

The directors do not recommend the payment of a dividend (2006 £Nil)

Directors

The directors who held office during the year, unless stated otherwise, are given below

TW Chapman
RE Chapman

Financial risk management policy

The company's financial assets and liabilities, such as cash, trade creditors, trade debtors and intercompany balances, arise directly from the company's operating activities.

The main risks associated with the company's financial assets and liabilities are set out below

Interest rate risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances, all of which earn interest at a fixed rate. The company has a policy of maintaining debt at a fixed rate to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Credit risk

The company has external debtors, however, the company undertakes assessments of its customers in order to ensure that credit is not extended where there is a likelihood of default.

Liquidity risk

The company aims to mitigate liquidity risk by managing cash generated by its operations.

Currency risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to movements between Sterling, US Dollars and Euros. Exposure is monitored and addressed on a regular basis.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

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 profit or loss for 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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to 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

Auditors and disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information


The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the annual general meeting

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

On behalf of the board

TW Chapman
Director

1 August 2008



Independent auditors' report to the members of Lucky Joe Limited under section 247B of the companies act 1985

We have examined the abbreviated financial statements set out on pages 4 to 17 together with the financial statements of Lucky Joe Limited for the year ended 31 October 2007 prepared under section 226 of the Companies Act 1985

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated financial statements have been properly prepared in accordance with that provision and to report our opinion to you.

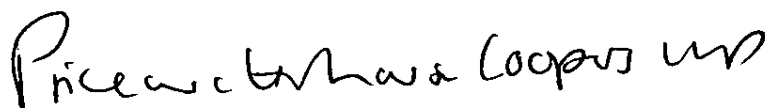
This report, including the opinion, has been prepared for and only for the company for the purpose of Section 247B of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The Special Auditor's Report on Abbreviated Accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated financial statements have been properly prepared in accordance with that provision.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

1 August 2008

Profit and loss account for the year ended 31 October 2007

	Note	2007 £	Restated 2006 £
Gross Profit		7,203,839	5,729,268
Administrative Expenses		(5,972,529)	(5,072,973)
Selling & distribution expenses		(786,383)	(469,220)
Other operating Income		398,851	314,748
Operating profit	3	843,778	501,823
Interest payable and similar charges	6	(422,863)	(90,462)
Profit on ordinary activities before taxation		420,915	411,361
Taxation of profit on ordinary activities	7	(240,151)	(51,143)
Profit for the year		180,764	360,218

All of the activities of the company relate to continuing operations

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

Balance sheet as at 31 October 2007

	Note	2007 £	Restated 2006 £
Fixed assets			
Property, plant & equipment	8	3,032,429	1,484,699
Intangible assets	9	179,196	97,582
		<u>3,211,625</u>	<u>1,582,281</u>
Current assets			
Stock	10	3,300,324	2,170,184
Debtors	11	1,130,422	1,374,294
Cash at bank and in hand		86,429	18,301
		<u>4,517,175</u>	<u>3,562,779</u>
Creditors: amounts falling due within one year	12	(5,624,457)	(4,320,602)
Net current liabilities		(1,107,282)	(757,823)
Total assets less current liabilities		2,104,343	824,458
Creditors: amounts falling due after more than one year			
Finance leases	14	(109,106)	(60,407)
Bank loans	13	(1,485,434)	(508,843)
Provisions for liabilities	15	(169,871)	(96,040)
Net assets		<u>339,932</u>	<u>159,168</u>
Capital and reserves			
Share capital	20	50,000	50,000
Revaluation reserve		-	-
Retained Income		289,932	109,168
Total Shareholders' fund		<u>339,932</u>	<u>159,168</u>

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies. The financial statements on pages 4 to 17 were approved by the board and authorised for issue on 1 August 2008

T W Chapman
Director



Statement of changes in equity for the year ended 31 October 2007

	Share capital £	Retained earnings £	Revaluation Reserve £	Total £
Opening shareholders funds as previously stated at 31 October 2006	50,000	296,309	213,040	559,349
Change in accounting policy (note 1)	-	(187,141)	(213,040)	(400,181)
Restated balance at 31 October 2006	50,000	109,168	-	159,168
Profit for the year	-	180,764	-	180,764
Balance at 31 October 2007	50,000	289,932	-	339,932

Statement of group total recognised gains and losses for the year ended 31 October 2007

	Note	31 October 2007 £	Restated 31 October 2006 £
Profit for the financial year		180,764	360,218
Prior year adjustment	1	(187,141)	-
Total recognised gains and losses since the last financial year		(6,377)	360,218

Cash flow statement for the year ended 31 October 2007

	Note	2007 £	2006 £
Cash flows from operating activities			
Cash generated from operating activities	16	1,363,010	122,010
Interest paid		(422,863)	(90,462)
Taxation		<u>(14,473)</u>	<u>-</u>
		925,674	31,548
Cash flows from investing activities			
Acquisition of property, plant & equipment		(1,870,572)	(217,898)
Acquisition of intangible assets		<u>(113,076)</u>	<u>(69,276)</u>
		(1,983,648)	(287,174)
Cash flows from financing activities			
Increase/(decrease) in finance leases		15,998	(39,979)
Increase/(decrease) in bank loans		981,255	(24,345)
Decrease in directors' loans to company		<u>(14,773)</u>	<u>-</u>
		982,480	(64,324)
Net decrease in net cash		(75,494)	(319,950)
Net cash at the beginning of the year		<u>(749,990)</u>	<u>(430,040)</u>
Net cash at the end of the year.		(825,484)	(749,990)

Notes to the financial statements for the year ended 31 October 2007

1. Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain of certain tangible fixed assets and in accordance with the Companies Act 1985 and applicable accounting standards. The company is in a net current liabilities position. However, the financial statements are prepared on the going concern basis, which takes into account an undertaking from the ultimate controlling party to continue to support the company for the foreseeable future. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Turnover

Turnover represents amounts receivable for goods and services net of VAT. The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

Tangible assets and depreciation

Tangible fixed assets are stated at historic purchase cost or valuation less accumulated depreciation.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Leasehold improvements	6.7% straight line from the month of acquisition
Furniture and fittings	15% reducing balance from the month of acquisition
Motor vehicles	25% reducing balance from the month of acquisition
Office equipment	15% reducing balance from the month of acquisition
Computer equipment	15% reducing balance from the month of acquisition

Assets under construction are not depreciated.

Intangible assets

Where websites are expected to generate future revenues in excess of the costs of developing those websites, expenditure on the functionality of the website is capitalised and treated as an intangible fixed asset. Expenditure incurred on maintaining websites and expenditure incurred on developing websites used only for advertising and promotional purposes are written off as incurred.

Amortisation is provided, at 5% straight line from the month of acquisition, to write off the cost of each asset evenly over its expected useful life.

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Operating lease costs are charged to the profit and loss account during the year incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Foreign currencies

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

Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

Deferred taxation

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.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on taxation rates and laws enacted at the balance sheet date.

Change in accounting policy

The company has amended the policy that depreciation is not provided on leasehold property on an annual basis.

Previously, the directors have adopted a policy of performing an annual valuation of the leasehold property to ensure that the current valuation is not less than the book value. Where the current valuation was less than the book value the difference was adjusted in the profit and loss account.

The directors have adopted the policy of depreciating all leasehold property over 15 years as they are of the view that the annual depreciation will more accurately reflect the value of the leasehold property. The cumulative catch up method has been used in order to apply this change in accounting policy retrospectively. The change has the effect of reducing profit before tax for the year by £97,638 (2006 £77,871), retained earnings by £187,141 (2006 £109,270) and the revaluation reserve by £Nil (2006 £213,040).

2. Segmental reporting

The company's activities consist predominantly of the retail of high end fashion in the UK.

3. Operating profit

	2007	2006
	£	£
Operating profit is stated after charging		
Auditors' remuneration		
- audit services	25,580	17,500
- non-audit services	10,648	-
Depreciation of tangible assets	322,842	163,964
Amortisation of intangible assets	31,462	22,838
Loss on disposal of tangible assets	-	929
Operating lease charges	941,251	900,797
Salaries & wages	3,345,402	2,575,611
Exchange rate (gain)/loss	(64,076)	11,250

4. Directors' emoluments

	2007	2006
	£	£
Aggregate emoluments	96,000	96,000

As at 31 October 2007 there were 2 directors namely, TW Chapman and RE Chapman

5. Employee information

The number of persons (including directors employed by the company during the year was

	2007	2006
	£	£
By activity		
Production	121	117
Selling & distribution	2	1
Administration	61	34
Total	184	152

6. Interest payable & other similar charges

	2007	2006
	£	£
Interest payable on overdrafts & bank loans	409,811	77,620
Finance lease interest	13,052	12,842
Total	<u>422,863</u>	<u>90,462</u>

7. Taxation on profit for the year

	2007	2006 (Restated)
	£	£
Current tax		
UK corporation tax on profits for the period	166,320	47,968
Adjustment in respect of previous periods	-	-
Total current tax	<u>166,320</u>	<u>47,968</u>
Deferred tax		
Origination & reversal of timing differences	<u>73,831</u>	<u>3,175</u>
Total deferred tax	<u>73,831</u>	<u>3,175</u>
Tax on profit on ordinary activities	<u>240,151</u>	<u>51,143</u>

The tax assessed for the period is higher (2006 higher) than the standard rate of corporation tax in the UK. The differences are explained below

Profit on ordinary activities before tax	420,915	411,361
Profit on ordinary activities multiplied by the standard rate in the UK 26% (2006 19%)	110,455	78,159
Effects of		
Expenses not deductible for tax purposes	45,626	20,527
Accelerated capital allowance and other timing	10,239	(11,563)
Tax losses	-	(39,155)
	<u>166,320</u>	<u>47,968</u>

Lucky Joe Limited

Company Registration No 02717838 (England & Wales)

8. Fixed assets

	Land & Buildings	Leasehold Improvements	Furniture & Equipment	Computer Equipment	Motor Vehicles	Total
	£	£	£	£	£	£
Cost as at 01 November 2006	4,083	806,450	2,279,134	63,014	22,789	3,175,470
Additions	1,360,512	-	440,550	40,798	28,712	1,870,572
Cost as at 31 October 2007	1,364,595	806,450	2,719,684	103,812	51,501	5,046,042

Accumulated Depreciation as at 01 November 2006

Adjustment to opening balance due to change in accounting policy

Restated accumulated depreciation as at 01 October 2007

Current year depreciation

Accumulated Depreciation as at 31 October 2007

	-	39,172	1,240,463	5,871	5,084	1,290,590
	-	400,489	(308)	-	-	400,181
	-	439,661	1,240,155	5,871	5,084	1,690,771
	-	137,953	162,013	16,434	6,442	322,842
	-	577,614	1,402,168	22,305	11,526	2,013,613

Restated net book value as at 01 November 2006

4,083	366,789	1,038,979	57,143	17,705	1,484,699
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Net book value as at 31 October 2007

1,364,595	228,836	1,317,516	81,507	39,975	3,032,429
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8. Fixed assets continued

Analysis of land and buildings	2007	2006
	£	£
At cost	1,364,595	4,083
At valuation	1,364,595	4,083

The above property is freehold and situated at 17 Lydden Rd, London

9. Intangible assets

	DVF Website £	Freda Website £	Matches Website £	Total £
Cost as at 01 November 2006	78,868	16,000	53,276	148,144
Additions	-	1,350	117,873	119,223
Disposals	(6,147)	-	-	(6,147)
Cost as at 31 October 2007	72,721	17,350	171,149	261,220
Accumulated Depreciation as at 01 November 2006	43,361	2,408	4,793	50,562
Current year depreciation	9,959	3,271	18,232	31,462
Accumulated Depreciation as at 31 October 2007	53,320	5,679	23,025	82,024
Net Book value as at 31 October 2006	35,507	13,592	48,483	97,582
Net Book value as at 31 October 2007	19,401	11,671	148,124	179,196

10. Stock

	2007	2006
	£	£
Raw materials & work in progress	49,428	17,284
Finished goods & goods for resale	3,595,505	2,159,500
Stock provision	(344,609)	(6,600)
	<u>3,300,324</u>	<u>2,170,184</u>

11. Debtors

	2007	2006
	£	£
Trade debtors	175,525	257,158
Other debtors	463,846	652,281
Prepayments & accrued income	317,899	306,476
Directors loans	173,152	158,379
	<u>1,130,422</u>	<u>1,374,294</u>

12. Creditors

	2007	2006
	£	£
Trade Creditors	3,904,900	2,318,112
Sundry creditors	61,902	54,750
Accruals	98,150	180,720
Bank Overdraft	911,913	768,291
Wages control account	-	107,183
VAT control account	358,824	726,590
Corporation taxation payable	167,001	15,152
Current portion of finance leases	90,376	123,077
Current portion of bank loans	31,391	26,727
	<u>5,624,457</u>	<u>4,320,602</u>

13. Maturity of Bank Loans

	2007	2006
	£	£
In one year or less	31,391	26,727
In more than one year but less than five years	-	-
In more than five years	1,485,434	508,843
	<u>1,516,825</u>	<u>535,570</u>

14. Finance Leases

	2007	2006
	£	£
Future minimum payments under finance leases are as follows		
In one year or less	104,541	131,692
In more than one year but less than five years	136,874	64,635
In more than five years	-	-
Total gross payments	241,415	196,327
Less finance charges included above	(41,933)	(12,843)
	<u>199,482</u>	<u>183,484</u>

15. Deferred taxation

	2007	2006
	£	£
Opening balance	96,040	92,865
Profit and loss charge	73,831	3,175
Closing balance	<u>169,871</u>	<u>96,040</u>
Accelerated capital allowances		223,723
Short term timing differences		(53,852)
		<u>169,871</u>

16. Cash generated from operations

	2007	2006
	£	£
Profit before interest & taxation	843,778	501,823
Add non cash items		
Depreciation	354,304	264,673
Other non cash items	-	929
Decrease/(Increase) in debtors	258,645	(654,771)
Increase in creditors	1,036,423	61,720
Increase in stock	(1,130,140)	(52,364)
Cash generated from operations	<u>1,363,010</u>	<u>122,010</u>

17. Reconciliation of net cash inflow to movement in net funds/(debt)

	2007	2006
	£	£
Increase in cash in the year	68,128	8,799
Cash outflow from decrease in debt	<u>(1,140,875)</u>	<u>(468,098)</u>
Movement in net funds in the year	<u>(1,072,747)</u>	<u>(459,299)</u>
Opening net debt	<u>(1,469,044)</u>	<u>(1,009,745)</u>
Closing net funds/(debt)	<u>(2,541,791)</u>	<u>(1,469,044)</u>

18. Analysis of net debt

	At 1 November 2006 £	Cash flow £	Other non- cash changes £	At 31 October 2007 £
Cash in hand and at bank	18,301	68,128	-	86,429
Overdrafts	(768,291)	(143,622)	-	(911,913)
Bank loan due within one year	(26,727)	(4,664)	-	(31,391)
Bank loan due after one year	(508,843)	(976,591)	-	(1,485,434)
Finance lease due within one year	(123,077)	32,701	-	(90,376)
Finance lease due after one year	(60,407)	(48,699)	-	(109,106)
Net debt	<u>(1,469,044)</u>	<u>(1,072,747)</u>	-	<u>(2,541,791)</u>

19. Related party transactions

During the year the following related party transactions took place within the normal course of business

	2007	2006
Sales of goods and services	£	£
Max Mara Partnership		
Rent and services	137,665	134,748
Management fees	111,186	180,000

As at the balance sheet date, the following balance existed with related parties

Max Mara Partnership £447,452 (2006 £559,134) included in other debtors

The Max Mara Partnership is an unincorporated business in which the directors Mr T and Mrs R Chapman are partners

20. Share Capital

	2007	2006
Authorised	£	£
50,000 ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid		
50,000 ordinary shares of £1 each	50,000	50,000

21. Ultimate Controlling party

The company is controlled by director Mr TW Chapman by virtue of his shareholding