

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MAY 2007
FOR
MACHO LIMITED**

2816801

FRIDAY



A41

AA67VYE4

28/03/2008

331

COMPANIES HOUSE

MACHO LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
for the year ended 31st May 2007**

	Page
Company Information	1
Report of the Directors	2
Profit and Loss Account	3
Balance Sheet	4
Notes to the Financial Statements	6
Trading and Profit and Loss Account	9

MACHO LIMITED
COMPANY INFORMATION
for the year ended 31st May 2007

DIRECTORS:

A J A S Maclean
D A Cook

SECRETARY:

Morten Management Limited

REGISTERED OFFICE

31 Harley Street
London
W1G 9QS

REGISTERED NUMBER:

2816801 (England and Wales)

ACCOUNTANTS:

MMBH
Chartered Accountants
31 Harley Street
London
W1G 9QS

MACHO LIMITED

REPORT OF THE DIRECTORS for the year ended 31st May 2007

The directors present their report with the financial statements of the company for the year ended 31st May 2007

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the production and sale of erotic books and prints

DIRECTORS

The directors during the year under review were


A J A S Maclean
D A Cook

The beneficial interests of the directors holding office on 31st May 2007 in the issued share capital of the company were as follows

	31 5 07	1 6 06
Ordinary shares class 'A' £1 shares		
A J A S Maclean	3,884	3,884
D A Cook	3,334	3,334
Ordinary shares class 'B' £1 shares		
A J A S Maclean	71,186	71,186
D A Cook	96,686	96,686

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:


A J A S Maclean - Director

Date 26 March '08

MACHO LIMITED
PROFIT AND LOSS ACCOUNT
for the year ended 31st May 2007

		<u>2007</u>	<u>2006</u>
	Notes	£	£
TURNOVER		583,055	602,890
Cost of sales		<u>152,068</u>	<u>194,604</u>
GROSS PROFIT		430,987	408,286
Administrative expenses		<u>418,136</u>	<u>386,344</u>
OPERATING PROFIT	2	12,851	21,942
Interest receivable and similar income		<u>948</u>	<u>527</u>
		13,799	22,469
Interest payable and similar charges		<u>14,730</u>	<u>15,084</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(931)	7,385
Tax on (loss)/profit on ordinary activities	3	<u>17</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(948)	7,385
Deficit brought forward		<u>(255,472)</u>	<u>(262,857)</u>
DEFICIT CARRIED FORWARD		<u>£(256,420)</u>	<u>£(255,472)</u>

The notes form part of these financial statements

MACHO LIMITED

BALANCE SHEET
31st May 2007

		<u>2007</u>		<u>2006</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	4		-		-
Tangible assets	5		<u>1,796</u>		<u>-</u>
			1,796		-
CURRENT ASSETS					
Stocks		243,780		205,800	
Debtors	6	44,207		29,642	
Cash at bank and in hand		<u>14,207</u>		<u>67,124</u>	
		302,194		302,566	
CREDITORS: Amounts falling due within one year	7	<u>211,464</u>		<u>209,092</u>	
NET CURRENT ASSETS:			<u>90,730</u>		<u>93,474</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£92,526</u>		<u>£93,474</u>
CAPITAL AND RESERVES:					
Called up share capital	8		348,946		348,946
Profit and loss account			<u>(256,420)</u>		<u>(255,472)</u>
SHAREHOLDERS' FUNDS:			<u>£92,526</u>		<u>£93,474</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31st May 2007

The members have not required the company to obtain an audit of its financial statements for the year ended 31st May 2007 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

The notes form part of these financial statements

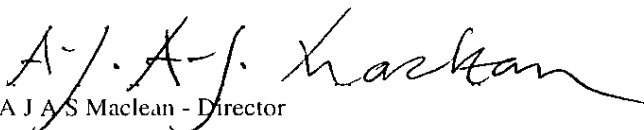
MACHO LIMITED

BALANCE SHEET

31st May 2007

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 January 2005)

The financial statements were approved by the Board of Directors on 26 March '08 and were signed on its behalf by


A J A S Maclean - Director

The notes form part of these financial statements

MACHO LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st May 2007

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 January 2005)

Turnover

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

Goodwill

The acquired goodwill has been written off in annual instalments over its estimated useful economic life of 5 years

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Fixtures and fittings	- 20% on cost
Computer equipment	- 50% on cost

Stocks

Stock is 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

2 OPERATING PROFIT

The operating profit is stated after charging

	2007	2006
	£	£
Depreciation - owned assets	<u>1,796</u>	<u>1,140</u>
Directors' emoluments and other benefits etc	<u>55,000</u>	<u>62,004</u>

3 TAXATION

Analysis of the tax charge

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

	2007	2006
	£	£
Current tax		
Under provided from prior year	<u>17</u>	<u>-</u>
Tax on (loss)/profit on ordinary activities	<u>17</u>	<u>-</u>

MACHO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st May 2007**

4 INTANGIBLE FIXED ASSETS

	<u>Goodwill</u>
	£
COST	
At 1st June 2006	
and 31st May 2007	<u>5,120</u>
AMORTISATION:	
At 1st June 2006	
and 31st May 2007	<u>5,120</u>
NET BOOK VALUE:	
At 31st May 2007	<u>-</u>

5 TANGIBLE FIXED ASSETS

	<u>Fixtures and fittings</u>	<u>Computer equipment</u>	<u>Totals</u>
	£	£	£
COST:			
At 1st June 2006	11,595	40,367	51,962
Additions	<u>-</u>	<u>3,592</u>	<u>3,592</u>
At 31st May 2007	<u>11,595</u>	<u>43,959</u>	<u>55,554</u>
DEPRECIATION:			
At 1st June 2006	11,595	40,367	51,962
Charge for year	<u>-</u>	<u>1,796</u>	<u>1,796</u>
At 31st May 2007	<u>11,595</u>	<u>42,163</u>	<u>53,758</u>
NET BOOK VALUE			
At 31st May 2007	<u>-</u>	<u>1,796</u>	<u>1,796</u>
At 31st May 2006	<u>-</u>	<u>-</u>	<u>-</u>

**6 DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2007	2006
	£	£
Trade debtors	31,506	23,300
Other debtors	<u>12,701</u>	<u>6,342</u>
	<u>44,207</u>	<u>29,642</u>

MACHO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st May 2007

**7 CREDITORS' AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2007	2006
	£	£
Bank loans and overdrafts	5,509	-
Trade creditors	134,312	145,363
Directors' loan accounts	18,852	18,852
Other creditors	6,786	474
Social security & other taxes	6,538	5,686
Accrued expenses	<u>39,467</u>	<u>38,717</u>
	<u>211,464</u>	<u>209,092</u>

The Directors' loan accounts are due to A J A S Maclean (£13,852) and D A Cook (£5,000)

8 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	2007 £	2006 £
19,430	Ordinary shares class 'A'	£1	19,430	19,430
480,570	Ordinary shares class 'B'	£1	<u>480,570</u>	<u>480,570</u>
			<u>500,000</u>	<u>500,000</u>

Allotted Number	issued and fully paid Class	Nominal value	2007 £	2006 £
14,533	Ordinary shares class 'A'	£1	14,533	14,533
334,413	Ordinary shares class 'B'	£1	<u>334,413</u>	<u>334,413</u>
			<u>348,946</u>	<u>348,946</u>

MACHO LIMITED
TRADING AND PROFIT AND LOSS ACCOUNT
for the year ended 31st May 2007

	2007		2006	
	£	£	£	£
Sales		583,055		602,890
Cost of sales.				
Opening stock	205,800		223,250	
Opening work in progress	-		7,057	
Production costs	156,086		134,022	
Royalties	4,983		15,334	
Contributors	4,979		2,048	
Internet commissions	<u>24,000</u>		<u>18,693</u>	
	395,848		400,404	
Closing stock	(253,780)		(239,100)	
Stock provision	<u>10,000</u>		<u>33,300</u>	
		<u>152,068</u>		<u>194,604</u>
GROSS PROFIT		430,987		408,286
Other income				
Deposit account interest		<u>948</u>		<u>527</u>
		431,935		408,813
Expenditure:				
Directors' remuneration	55,000		62,004	
Wages	49,212		43,455	
Employer's N I contributions	10,590		7,708	
Telephone	7,293		6,549	
Post & fulfilment	102,241		101,327	
Travelling	1,235		1,728	
Hire of equipment	768		846	
Computer running costs	8,747		5,713	
Sundry expenses	668		631	
Accountancy	13,578		2,500	
Legal and professional fees	1,515		2,114	
Advertising mailshots & post	127,124		110,668	
Entertainment	2,159		1,109	
Bad debts	-		3,586	
Rent, rates & storage	33,475		31,593	
Insurance	2,700		3,630	
Repairs to property	<u>35</u>		<u>43</u>	
		<u>416,340</u>		<u>385,204</u>
Carried forward		15,595		23,609

This page does not form part of the statutory financial statements

MACHO LIMITED
TRADING AND PROFIT AND LOSS ACCOUNT
for the year ended 31st May 2007

	<u>2007</u>		<u>2006</u>	
	£	£	£	£
Brought forward		15,595		23,609
Finance costs:				
Bank and credit card charges		<u>14,730</u>		<u>15,084</u>
		865		8,525
Depreciation				
Computer equipment		<u>1,796</u>		<u>1,140</u>
NET (LOSS)/PROFIT		<u><u>£(931)</u></u>		<u><u>£7,385</u></u>

This page does not form part of the statutory financial statements