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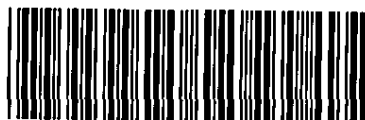
Serve Consulting Limited

Report and Financial Statements

Year Ended

31 December 2006

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**BDO Stoy Hayward**
Chartered Accountants

Serve Consulting Limited

Annual report and financial statements for the year ended 31 December 2006

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Directors

S Kalrai	
F Hayter	(appointed 17 July 2007)
B Jones	(appointed 17 July 2007)

Secretary and registered office

B Macaulay, Unilever House, Blackfriars, London EC4P 4BQ

Company number

4773961

Auditors

BDO Stoy Hayward LLP, Connaught House, Alexandra Terrace, Guildford,
Surrey, GU1 3DA

Serve Consulting Limited

Report of the directors for the year ended 31 December 2006

The directors present their report together with the audited financial statements for the year ended 31 December 2006

Results

The results of the year and the state of the company's affairs are set out in the attached financial statements

Principal activities

The principal activity of the company is the managing of health and beauty salons in association with retail partners. The two partnerships relevant to the current year have been Unilever Plc, specifically as regards the Dove brand, and the Austin-Reed Corporation

Directors

The directors of the company are as shown on the contents page. The company has not disclosed directors' interests in share and share options, such a requirement having been removed from the Companies Act for directors' reports approved on or after 6 April 2007

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of 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 judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable the directors to ensure that the financial statements comply with the Companies Act 1985. The directors 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

Serve Consulting Limited

Report of the directors for the year ended 31 December 2006 (Continued)


Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP were appointed as auditors during the year have expressed their willingness to continue in office. A resolution to re-appoint them 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 small companies.

By order of the Board



B MACAULAY

Secretary

Date 15 October 2007

Serve Consulting Limited

Report of the independent auditors

To the shareholders of Serve Consulting Limited

We have audited the financial statements of Serve Consulting Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

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

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

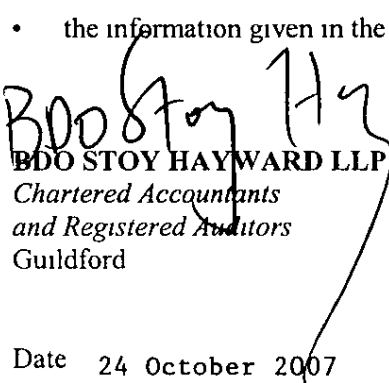
Serve Consulting Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements


BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors*
Guildford

Date 24 October 2007

Serve Consulting Limited**Profit and loss account for the year ended 31 December 2006**

	Note	2006 £	2005 £
Turnover	2	600,115	231,066
Cost of sales		(495,765)	(179,583)
Gross profit		<u>104,350</u>	<u>51,483</u>
Administrative expenses		(299,170)	(68,824)
Operating loss	3	<u>(194,820)</u>	<u>(17,341)</u>
Interest receivable		1,455	-
Loss on ordinary activities before taxation		<u>(193,365)</u>	<u>(17,341)</u>
Tax on loss on ordinary activities	5	-	-
Retained loss for the financial year	13, 14	<u><u>(193,365)</u></u>	<u><u>(17,341)</u></u>

All amounts relate to continuing activities

All recognised gains and losses in the current and prior period are included in the profit and loss account

The notes on pages 7 to 12 form part of these financial statements

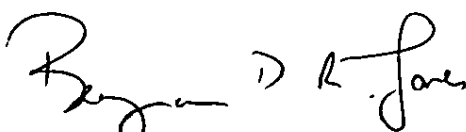
Serve Consulting Limited

Balance sheet at 31 December 2006

	Note	2006 £	2005 £
Fixed assets			
Intangible assets	6	141,016	109,651
Tangible assets	7	241,106	36,161
		<u>382,122</u>	<u>145,812</u>
Current assets			
Stocks	8	60,412	38,991
Debtors	9	34,179	11,502
Cash at bank and in hand		56,536	16,386
		<u>151,127</u>	<u>66,879</u>
Creditors: amounts falling due within one year	10	(215,408)	(25,558)
Net current liabilities		<u>(64,281)</u>	<u>41,321</u>
Total assets less current liabilities		<u>317,841</u>	<u>187,133</u>
Creditors: amounts falling due after more than one year	11	(1,031,979)	(707,906)
Net liabilities		<u>(714,138)</u>	<u>(520,773)</u>
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account deficit	13	(714,140)	(520,775)
Equity shareholders' deficit	14	<u>(714,138)</u>	<u>(520,773)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

The financial statements were approved by the Board of Directors and authorised for issue on 15 October 2007

Director 
B JONES

The notes on pages 7 to 12 form part of these financial statements

Serve Consulting Limited

Notes forming part of the financial statements for the year ended 31 December 2006

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

Cash flow statement

The company has taken advantage of the exemption conferred by FRS1 (revised 1996), not to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of a company that prepares consolidated financial statements that are publicly available

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Income from treatments and retail are recognised at the point of sale. Gift vouchers and courses of treatments are recognised on redemption.

Intangible assets – research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual products. In such cases the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. That period is ten years due to the specific nature of the products being developed and the time it is expected to take for the corresponding income to be achieved. Provision is made for any impairment.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets, except freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Office and computer equipment	25% per annum
Fixtures on acquisition	33% per annum
Leasehold improvements	Over the length of the lease

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Serve Consulting Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

1 Accounting policies (*continued*)

Basis of preparation

At the balance sheet date the company had net liabilities of £714,138 and net current liabilities of £64,281. The continuation of the company's activities is dependent upon the support of its ultimate parent undertaking Spa & Salon International Limited and the directors have obtained confirmation of its continued support. The directors therefore consider it to be appropriate to prepare the accounts on a going concern basis.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating loss

	2006 £	2005 £
Operating loss is stated after charging		
Auditors' remuneration – audit services	3,500	4,500
– non-audit services	750	-
Amortisation on development costs	19,148	4,864
Depreciation on owned assets	29,959	3,949
Profit on disposal of fixed assets	(279)	-
	<hr/>	<hr/>

4 Directors' remuneration

The directors are remunerated by other group companies for their services to the group as a whole.

5 Taxation on loss on ordinary activities

	2006 £	2005 £
UK Corporation tax at 30% (2005 30%)	-	-
	<hr/>	<hr/>

Serve Consulting Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

5 Taxation on loss on ordinary activities (continued)

The tax assessed for the period is higher (2005 higher) than that resulting from applying the standard rate of corporation tax in the UK of 30% (2005 30%) The differences are explained below

	2006 %	2005 %
Standard tax rate for period as a percentage of losses	30	30
Effects of		
Expenses not deductible for tax purposes	(2)	-
Depreciation in excess of capital allowances	(5)	(7)
Tax losses arising not utilised	(23)	(23)
Current tax rate for the period as a percentage of losses	-	-

A deferred tax asset has not been recognised in respect of timing differences relating to deferred capital allowances and trading losses as there is insufficient evidence that the asset will be recovered The amount of the asset not recognised is £61,496 (2005 £6,486) The asset would be recovered if sufficient suitable profits arise in the future

6 Intangible assets

	Development costs £
Cost	
At 1 January 2006	114,515
Additions	55,593
Disposals	(5,500)
At 31 December 2006	164,608
Amortisation	
At 1 January 2006	4,864
Charge for year	19,148
Disposals	(420)
At 31 December 2006	23,592
Net book value	
At 31 December 2006	141,016
At 1 January 2006	109,651

Serve Consulting Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

7 Tangible fixed assets

	Office equipment £	Leasehold improve- ments £	Fixtures on acquisition £	Computer equipment £	Total £
Cost					
At 1 January 2006	7,377	1,950	24,998	8,636	42,961
Additions	27,023	197,055	-	12,821	236,899
Disposals	(4,822)	-	-	(1,267)	(6,089)
At 31 December 2006	<u>29,578</u>	<u>199,005</u>	<u>24,998</u>	<u>20,190</u>	<u>273,771</u>
Depreciation					
At 1 January 2006	2,554	15	641	3,590	6,800
Charge for year	5,740	12,115	8,036	4,068	29,959
Disposals	(3,119)	-	-	(975)	(4,094)
At 31 December 2006	<u>5,175</u>	<u>12,130</u>	<u>8,677</u>	<u>6,683</u>	<u>32,665</u>
Net book value					
At 31 December 2006	<u>24,403</u>	<u>186,875</u>	<u>16,321</u>	<u>13,507</u>	<u>241,106</u>
At 31 December 2005	<u>4,823</u>	<u>1,935</u>	<u>24,357</u>	<u>5,046</u>	<u>36,161</u>

8 Stocks

	2006 £	2005 £
Consumables	<u>60,412</u>	<u>38,991</u>

There is no material difference between the replacement cost of stocks and the amounts stated above

9 Debtors

	2006 £	2005 £
Trade debtors	23,201	6,255
Amounts owed by parent company	2	2
Prepayments and accrued income	10,976	5,245
	<u>34,179</u>	<u>11,502</u>

Serve Consulting Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

10 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	29,027	-
Taxation and social security	91,110	12,539
Accruals and deferred income	95,271	13,019
	<u>215,408</u>	<u>25,558</u>

11 Creditors: amounts falling due after more than one year

	2006 £	2005 £
Amounts owed to parent company	1,031,979	707,906
	<u>1,031,979</u>	<u>707,906</u>

12 Called up share capital

	2006 £	2005 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

13 Reserves

	Profit and loss account £
At 1 January 2006	(520,775)
Loss for the year	(193,365)
Balance at 31 December 2006	<u>(714,140)</u>

Serve Consulting Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

14 Reconciliation of movement in shareholders' funds

	2006 £	2005 £
Opening shareholders' deficit	(520,773)	(503,432)
Loss for the year	(193,365)	(17,341)
Closing shareholders' deficit at 31 December 2006	<u>(714,138)</u>	<u>(520,773)</u>

15 Related party transactions

The company has taken advantage of the exemption contained in paragraph 3(c) of FRS 8 not to present details of transaction and balances with other group entities

16 Ultimate parent company and controlling party

The immediate parent company is Serve Works Limited, a company incorporated in the United Kingdom. The ultimate parent company is Spa & Salon International Limited, a company incorporated in the United Kingdom. Copies of the consolidated financial statements of Spa & Salon International Limited, which is the largest group for which consolidated accounts are prepared, can be obtained from the company's secretary at Unilever House, Blackfriars, London EC4P 4BQ.

There is no ultimate controlling party.