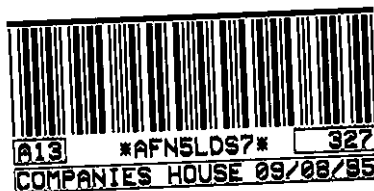


ARC FABRICS LIMITED
ABBREVIATED FINANCIAL STATEMENTS

31ST DECEMBER 1994

Registered number: 1360755

P N FOXON ACA
REGISTERED AUDITOR
LEICESTER



ARC FABRICS LIMITED
ABBREVIATED FINANCIAL STATEMENTS
for the year ended 31st December 1994

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ARC FABRICS LIMITED

AUDITORS' REPORT ON ABBREVIATED FINANCIAL STATEMENTS

Auditors' report to the directors of
ARC FABRICS LIMITED
pursuant to paragraph 8 of schedule 8
to the Companies Act 1985

I have examined the abbreviated financial statements on pages 2 to 5 together with the full financial statements of Arc Fabrics Limited for the year ended 31st December 1994. The scope of my work for the purpose of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors statement on page 2 and that the abbreviated financial statements have been properly prepared from the full financial statements. In my opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Part I of Schedule 8 to that Act in respect of the year ended 31st December 1994 and the abbreviated financial statements on pages 2 to 5 have been properly prepared in accordance with that Schedule.

On 31st July 1995 I reported, as auditor of Arc Fabrics Limited, to the members on the full financial statements prepared under section 226 of the Companies Act 1985 for the year ended 31st December 1994 and my audit report was as follows:

'I have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention as modified by the revaluation of investment properties, and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

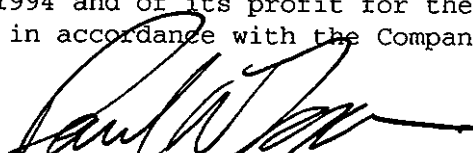
As described on page 4 the company's directors are responsible for the preparation of the financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

Basis of opinion

I conducted my audit in accordance with Auditing Standards 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 judgements 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. I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


P N Foxon ACA
Registered Auditor

2 Francis Street
Leicester
LE2 2BD

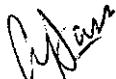
31st July 1995

ARC FABRICS LIMITED
 ABBREVIATED BALANCE SHEET
 at 31st December 1994

	Note	1994 £	1993 £
Fixed assets			
Tangible assets		775,063	230,322
Investments		406,558	452,804
		<u>1,181,621</u>	<u>683,126</u>
Current assets			
Stocks		211,446	95,126
Debtors	2	462,297	548,976
Cash at bank and in hand		264,428	183,324
		<u>938,171</u>	<u>827,426</u>
Creditors: amounts falling due within one year		<u>(1,049,578)</u>	<u>(1,014,325)</u>
Net current liabilities		<u>(111,407)</u>	<u>(186,899)</u>
Total assets less current liabilities		<u>1,070,214</u>	<u>496,227</u>
Creditors: amounts falling due after more than one year		<u>(541,472)</u>	<u>(102,390)</u>
Provision for liabilities and charges		<u>(324)</u>	<u>5,110</u>
		<u>628,418</u>	<u>398,947</u>
Capital and reserves			
Called up share capital	3	20,000	15,000
Profit and loss account		608,418	383,947
Total shareholders' funds		<u>628,418</u>	<u>398,947</u>

The abbreviated financial statements on pages 3 to 5 were approved by the board of directors on 31st July 1995.

In preparing these abbreviated financial statements, the directors have relied on the exemptions conferred by Section A Part III of Schedule 8 made under sections 246 and 247 of the Companies Act 1985 on the grounds that the company is entitled to those exemptions as a small sized company.


 Abdul Hak Yusuf Dasso

Director 

ARC FABRICS LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st December 1994

1 Accounting policies**Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules except for investment properties which are stated at valuation.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is entitled to the exemptions available in Section 246 to 247 of the Companies Act 1985 for small companies.

Depreciation

Depreciation is calculated to write off the cost of all fixed assets in equal instalments over their estimated useful lives as follows:

Freehold land	nil
Freehold buildings	50 years
Plant and machinery	7 years
Motor vehicles	5 years
Fixtures and fittings	7 years

Investment properties

Investment properties are not subject to periodic charges for depreciation and are included in the balance sheet at their open market value.

Any surplus or deficit on revaluation are shown in a revaluation reserve, unless the deficit is a provision for a permanent diminution in value, in which case it is charged to the profit and loss account.

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

Stocks

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

Deferred taxation

Deferred taxation is provided in respect of the taxation effect of all timing differences between profits computed for taxation purposes and profits as stated in the accounts and has been provided in full.

Transfers to and from deferred taxation are calculated at the rate of corporation tax in force at the end of the period in which the transfers are made.

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st December 1994

2 Fixed assets

	Tangible fixed assets	Fixed asset investments	Total
	£	£	£
Cost			
1st January 1994	407,170	452,804	859,974
Additions	605,355	839	606,194
Disposals	(23,394)	-	(23,394)
31st December 1994	989,131	453,643	1,442,774
Depreciation			
1st January 1994	176,848	-	176,848
Charge for year	56,070	-	56,070
Disposals	(18,850)	-	(18,850)
Diminution in value	-	47,085	47,085
31st December 1994	214,068	47,085	261,153
Net book amount			
31st December 1994	775,063	406,558	1,181,621
1st January 1994	230,322	452,804	683,126

3 Creditors: amounts falling due after more than one year

	1994 £	1993 £
The following amounts are included in creditors falling due after more than one year:		
Due wholly or in part by instalments after five years		
Bank loan	227,365	88,723
The aggregate amount of instalments due after five years is as follows:		
Bank loan	121,854	42,432

Included in creditors are the following;

Bank loans totalling £285,425 (1993 £119,433) which are repayable by monthly instalments with interest charged at 2% over bank base rate and are secured by mortgages on the freehold and investment properties.

Pension scheme loan totalling £106,000 (1993 £106,000) which is repayable by 5th May 1996 with interest charged at 3% over bank base rate and is secured by a fixed and floating charge on the assets of the company.

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st December 1994

4 Called up share capital

	1994		1993	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	30,000	30,000	30,000	30,000
Allotted called up and fully paid				
Ordinary shares of £1 each	20,000	20,000	15,000	15,000

During the year an additional 5,000 £1 ordinary shares were issued at par to equalise the members holdings.

5 Directors' interests in contracts

The company conducted trade on normal commercial terms with the following companies in which both directors had a material interest.

	Nature of dealings	
	Purchases £	Sales £
Dasbro Limited	151,628	-
Datex Fabrics Limited	-	802,624
Hottentot Clothing Limited	-	12,746