

PANACHE (LONDON) LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 1995

Company Registration Number: 01367454

RAWI & CO
CHARTERED ACCOUNTANTS
128 EBURY STREET
LONDON
SW1W 9QQ



PANACHE (LONDON) LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 1995

I N D E X

<u>Contents</u>	<u>Pages</u>
Directors' Report	
Auditors' Report	
Profit and Loss Account	1
Balance Sheet	2
Notes to the Accounts	3 - 7

***** ***** ***** *****

PANACHE (LONDON) LIMITED

DIRECTORS' REPORT

The directors submit their report together with the audited accounts for the year ended December 31, 1995.

PRINCIPAL ACTIVITY

The principal activity of the company is that of the sale of silverware and confectionery.

REVIEW OF BUSINESS

The results for the year are set out on page 1 of the financial statements. The company has made considerable progress towards the goal of improving its financial position in the context of difficult trading conditions in the United Kingdom and abroad. Turnover has decreased during the year but tighter control over costs has again resulted in a net profit for the financial year after a series of losses incurred during the recent past.

The directors are confident that the year to 31st December 1996 will see significant improvements in the financial position of the company.

The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors of the company who served during the year and their interest in the shares of the Company at the beginning and end of the year were as follows:-

	<u>Number of Shares</u>
Mr. M. H. Samadi	10
Mrs. J. C. Samadi	90
Mr M.A. Samadi	-

Mr M. H. Samadi retires by rotation, and being eligible, offers himself for re-election.

FIXED ASSETS

The movement in fixed assets are set out in the notes on page 5 of the financial statements.

CLOSE COMPANY

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

PANACHE (LONDON) LIMITED

DIRECTORS' REPORT (CONT'D)

STATEMENT OF DIRECTORS RESPONSIBILITIES

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;
- 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 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

A resolution to re-appoint Messrs. Rawi & Co. who have signified their willingness to continue in office, will be proposed to the members at the forthcoming Annual General Meeting.

SMALL COMPANY EXEMPTION

In preparing the Director's Report the directors have taken advantage of the special exemption applicable to small companies on the ground that the company is small.

By Order of the Board

M H Samadi

Director



AUDITORS' REPORT

TO THE MEMBERS OF PANACHE (LONDON) LIMITED

We have audited the financial statements on pages 1 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 3.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

BASIS OF OPINION

We conducted our 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.

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 as to whether 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.

FUNDAMENTAL UNCERTAINTY

In forming our opinion, we have considered the adequacy of the disclosures made in note 16 concerning the availability of financing. The financial statements have been prepared on a going concern basis, the validity of which depends on the continued credit facilities from the company's creditors and bankers. The financial statements do not include any adjustments that would result from a failure to receive continued financial support.

Details of the circumstances relating to this fundamental uncertainty are described in note 16 to the financial statements. Our opinion is not qualified in this respect.

AUDITOR'S REPORT

TO THE MEMBERS OF PANACHE (LONDON) LIMITED (cont'd)

OPINION

In our opinion, the financial statements give a true and fair view of the company's affairs at December 31, 1995 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Rawi & Co

CHARTERED ACCOUNTANTS
REGISTERED AUDITORS

128 Ebury Street
London
SW1W 9QQ

31. 1. '97

PANACHE (LONDON) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 1995

	Notes	£	<u>1994</u> £
Turnover	2	664,917	827,068
Cost of Sales		(237,378)	(382,807)
		-----	-----
Gross Profit		427,539	444,261
		-----	-----
Selling and Distribution Costs		16,651	22,986
Administrative Expenses		282,706	331,904
		-----	-----
		(299,357)	(354,890)
		-----	-----
Operating Profit	3	128,182	89,371
Interest Receivable		3,575	1,344
Interest Payable	5	(5,829)	(7,921)
		-----	-----
Profit for the Year before Taxation		125,928	82,794
Tax on Profits for the Year	6	(33,200)	(24,000)
		-----	-----
Profit for the Financial Year after Taxation		92,728	58,794
Retained Loss Brought Forward		(127,799)	(186,593)
		-----	-----
Retained Loss Carried Forward		(35,071)	£ (127,799)
		=====	=====

The notes on pages 3 to 7 form part of these Financial Statements.

Note

Continuing Operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total Recognised Gains And Losses

The company has no recognised gains or losses other than the profit for the above two financial years.

PANACHE (LONDON) LIMITED


BALANCE SHEET AS AT DECEMBER 31, 1995

	Notes	£	<u>1994</u> £
FIXED ASSETS			
Tangible Assets	7	34,567 -----	54,527 -----
CURRENT ASSETS			
Stocks	8	170,308	85,346
Debtors	9	47,042	90,651
Cash in Hand and at Bank		567 -----	767 -----
		217,917	176,764
CREDITORS: Amounts falling due within one year	10	(264,648) -----	(329,957) -----
NET CURRENT LIABILITIES		(46,731) -----	(153,193) -----
TOTAL ASSETS LESS CURRENT LIABILITIES		(12,162)	(98,666)
CREDITORS: Amounts falling due after more than one year	11	- -----	(6,224) -----
NET LIABILITIES		£ (12,162) =====	£ (104,890) =====
CAPITAL AND RESERVES			
Called up Share Capital	12	100	100
Revaluation Reserve		22,809	22,809
Profit and Loss Account - Deficit		(35,071) -----	(127,799) -----
EQUITY SHAREHOLDERS' DEFICIENCY		£ (12,162) =====	£ (104,890) =====

The notes on pages 3 to 7 form part of these Financial Statements.

In preparing these financial statements, the directors have taken advantage of the special exemption applicable to small companies on the grounds that the company is small.

The financial statements were approved by the Board


Director M Samadi 31/1/97

PANACHE (LONDON) LIMITED

NOTES TO THE ACCOUNTS - DECEMBER 31, 1995

1. ACCOUNTING POLICIES

a) The accounts are prepared under the historical cost convention,

b) 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 Premises	- over the lease term
Shop Improvements	- 15%
Furniture, Fixtures and Equipment	- 15%
Motor Vehicles	- 25%

c) STOCK

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

d) HIRE PURCHASE / FINANCE LEASE

Assets obtained under hire purchase and finance lease contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element is charged to profit and loss account over the period of the hire and represents a constant proportion of the balance of capital repayments outstanding.

e) CASHFLOW STATEMENT

The company has adopted financial Reporting Standard No 1 Cash Flow Statements. As the company is a small reporting entity as defined by the standard it is exempt from the requirement to include a Cash Flow Statement as part of its financial statements.

f) FOREIGN CURRENCY

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

2. TURNOVER

Turnover represents the invoiced amount of goods sold stated net of value added tax.

PANACHE (LONDON) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED) - DECEMBER 31, 1995

3. OPERATING PROFIT

This is stated after accounting for:

	£	<u>1994</u> £
Auditors' Remuneration	3,000	2,500
Depreciation and Amortisation	23,608	19,918
Operating lease costs	68,000	41,000
Directors Remuneration	24,224	78,145
	=====	=====

4. STAFF COSTS

Wages and Salaries	23,770	44,452
Social Security Costs	6,074	11,359
	-----	-----
	29,844	55,811
	=====	=====

The average weekly number of employees (excluding directors) during the year was made up as follows:-

	Number	Number
Office	1	2
Shop	3	6
	---	---
	4	8
	---	---

5. INTEREST PAYABLE

On bank loans and overdrafts wholly repayable within five years	5,829	7,921
	-----	-----
	£5,829	£ 7,921
	=====	=====

6. TAX ON ORDINARY ACTIVITIES

Provision for UK Corporation Tax at 25% on adjusted results for the year.	£33,200	£24,000
	=====	=====

PANACHE (LONDON) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED) - DECEMBER 31, 1995

7. TANGIBLE FIXED ASSETS

	Furniture Fixtures & Equipment	Short Leasehold Premises	Total
	£	£	£
Cost/Valuation			
At 1.1.95	83,884	56,210	140,094
Additions	3,648	-	3,648
	-----	-----	-----
At 31.12.95	87,532	56,210	143,742
	-----	-----	-----
DEPRECIATION:			
At 1.1.95	29,357	56,210	85,567
Charge for the year	23,608	-	23,608
	-----	-----	-----
At 31.12.95	52,965	56,210	109,175
	-----	-----	-----
NET BOOK VALUE:			
At 31.12.95	£34,567	£ -	£ 34,567
	=====	=====	=====
At 31.12.94	£54,527	£ -	£ 54,527
	=====	=====	=====

Short leasehold premises were revalued in 1987 by an independent valuer. The cost of the premises was £ 33,401 and the revaluation reserve was £22,809.

8. STOCKS

1994

Finished Goods and Goods for Resale	£170,308	£ 85,346
	=====	=====

9. DEBTORS

	£	£
Trade Debtors	1,351	40,947
Other Debtors	45,691	49,560
Prepayments and Accrued Income	-	144
	-----	-----
	47,042	£ 90,651
	=====	=====

Other debtors includes £45,650 (1994: £ 45,843) due from Mr M. H. Samadi, a director of the company.

PANACHE (LONDON) LIMITED
NOTES TO THE ACCOUNTS (CONTINUED) - DECEMBER 31, 1995

	£	<u>1994</u> £
10. CREDITORS:		
Amounts falling due within one year:		
Bank Loans	25,480	19,542
Bank Overdraft	44,954	64,479
Trade Creditors	73,506	149,086
Corporation Tax	53,254	32,124
Other Taxes and Social Security	8,070	35,408
Other Creditors	37,632	23,087
Accruals	21,750	6,231
	-----	-----
	£264,646	£329,957
	=====	=====

The bank loan and overdraft are secured on a legal charge over the company's assets.

11. CREDITORS: Amounts falling due after more than one year

Bank Loans	£ -	£ 6,224
	=====	=====

12. SHARE CAPITAL

Equity:

Authorised, Allotted, Called up and

Fully Paid:

100 Ordinary Shares of £1 each	£ 100	£ 100
	=====	=====

13. COMMITMENTS

As at the Balance Sheet date the company had entered into no capital commitments.

However the company is committed to make the following annual payments under non-cancellable operating leases.

	Property <u>1995</u>
Lease which expires after five years	£ 26,000
	=====
Lease which expires within five years	£ 15,000
	=====

14. CONTINGENT LIABILITIES

There were no contingent liabilities at the end of the financial period.

PANACHE (LONDON) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED) - DECEMBER 31, 1995

15. POST BALANCE SHEET EVENTS

There were no material post balance sheet events requiring disclosure.

16. GOING CONCERN

The company's profit for the year ended December 31, 1995 amounted to £92,728 and its liabilities exceeded its assets by £12,162.

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on whether adequate cash facilities will continue to be made available. Improvements in the trading performance since December 31, 1995 has continued which has enabled the company to make significant progress in reducing the liabilities.

If the company was unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet value of assets to their recoverable amounts, and to provide for further liabilities that might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities respectively.

17. RECONCILIATION OF MOVEMENTS IN
SHAREHOLDERS' DEFICIENCY

		<u>1994</u>
Opening Shareholders' deficiency	(104,890)	(163,684)
Profit for the financial year	92,728	58,794
	-----	-----
Closing Shareholders' deficiency	(12,162)	£(104,890)
	=====	=====