

AUDITORS' REPORT TO NEW STAR FASHIONS LIMITED

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 5 together with the financial statements of New Star Fashions Limited prepared under Section 226 of the Companies Act 1985 for the year ended 31st March 1998.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246(5) and (6) of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts and whether the abbreviated accounts have been properly prepared in accordance with that section.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under Sections 246 and 247 of the Companies Act 1985 to deliver abbreviated accounts prepared in accordance with Section 246(5) and (6) of that Act in respect of the year ended 31st March 1998 and the abbreviated accounts on pages 2 to 5 have been properly prepared in accordance with that Section.

Other information

On 6th July 1999 we reported as auditors of New Star Fashions Limited to the members on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31st March 1998 and our audit report was as follows:-

"We have audited the financial statements on pages 5 to 11 which have been prepared in accordance under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on 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 that the financial statements are free from material misstatement, whether caused by fraud or error. However, the evidence available to us was limited because we have been unable to obtain all the information required to satisfy ourselves that the value of the company's interest in the long leasehold land and buildings included in the accounts at £185,718 is fairly stated.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



AUDITORS' REPORT TO NEW STAR FASHIONS LIMITED (continued)

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

Qualified opinion arising from limitation in audit scope

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the leasehold land and buildings, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 1999 and of its profit/loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to leasehold land and buildings:-

We have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

We were unable to determine whether proper accounting records had been maintained."

Wilbraham House
28/30 Wilbraham Road
Fallowfield,
Manchester M14 7DW

Dated... 7 July 1999

Leon & Herman & Co.

LEON & HERMAN & CO.
Chartered Accountants
and Registered Auditors

NEW STAR FASHIONS LIMITED
ABBREVIATED BALANCE SHEET
AT 31ST MARCH 1998

	Note	1998		1997	
		£	£	£	£
Fixed assets					
Tangible assets	3		199,750		203,807
Current assets					
Stocks		336,954		193,127	
Debtors		220,048		249,610	
Cash at bank and in hand		93,583		62,147	
		<u>650,585</u>		<u>504,884</u>	
Creditors: amounts falling due within one year	4	<u>(604,877)</u>		<u>(477,502)</u>	
Net current assets			<u>45,708</u>		<u>27,382</u>
Total assets less current liabilities			245,458		231,189
Provision for liabilities and charges			<u>(1,665)</u>		<u>-</u>
			<u>243,793</u>		<u>231,189</u>
Capital and reserves					
Called up share capital	5		39,015		39,015
Profit and loss account			204,778		192,174
Total shareholders' funds			<u>243,793</u>		<u>231,189</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.

Signed on behalf of the Board - 6th July 1999

.....)
) DIRECTORS

NEW STAR FASHIONS LIMITED
NOTES ON THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1998

1 Accounting policies**Basis of accounting**

The financial statements have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement as conferred by Financial Reporting Standard No. 1 (Revised 1996) on the grounds that it qualifies as a small company under the Companies Act 1985.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Leasehold land and buildings	75 years straight line
Plant and machinery	15% reducing balance
Motor vehicles	25% reducing balance
Fixtures and fittings	20% reducing balance

Leases and hire purchase contracts

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 on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Pensions**Defined contribution scheme**

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

NEW STAR FASHIONS LIMITED
NOTES ON THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 1998

2	Intangible fixed assets	Goodwill
		£
	Cost	
	1st April 1997	21,272
	and	
	31st March 1998	<u> </u>
	Amortisation	
	1st April 1997	21,272
	and	
	31st March 1998	<u> </u>
	Net book amount	
	31st March 1998	<u><u> </u></u> -

3	Tangible fixed assets	Total
		£
	Cost	
	1st April 1997	304,828
	Additions	1,273
		<u> </u>
	31st March 1998	<u>306,101</u>
	Depreciation	
	1st April 1997	101,021
	Charge for year	5,330
		<u> </u>
	31st March 1998	<u>106,351</u>
	Net book amount	
	31st March 1998	<u><u>199,750</u></u>

4 Secured creditors
There were secured creditors of £86,141 as at 31st March 1998.

5	Called up share capital	1998		1997	
		Number of	£	Number of	£
		shares		shares	
	Authorised				
	Ordinary Shares	<u>39,015</u>	<u>39,015</u>	<u>39,015</u>	<u>39,015</u>
	Allotted called up and fully paid				
	Ordinary Shares	<u>39,015</u>	<u>39,015</u>	<u>39,015</u>	<u>39,015</u>