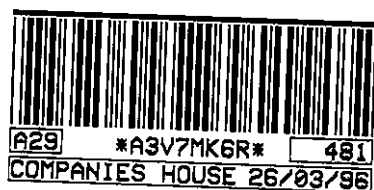


Nova of London Limited
Directors' Report and Financial Statements
for the year ended 30 June 1995

1497069 (England and Wales)



Nova of London Limited

Company Information

Directors	A P S Chawla S S Chawla
Secretary	S S Chawla
Company Number	1497069 (England and Wales)
Registered Office	Cambridge House 27 Cambridge Park Wanstead London E11 2PU
Auditor	A J Press FCCA Cambridge House 27 Cambridge Park Wanstead London E11 2PU
Business Address	Chawlsons House 191-193, Commercial Road London E1 2UY

Nova of London Limited

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Nova of London Limited

Directors' Report for the year ended 30 June 1995

The directors present their report and the financial statements for the year ended 30 June 1995.

Principal Activities and Review of the Business

The principal activity of the company during the year was that of wholesalers and retailers of ladies and childrens clothing.

There were no changes in the type of activity of the company during the year.

Results and Dividends

The results for the year are set out on page 4.

The directors recommend payment of a dividend amounting to £50,000.

It is proposed that the retained profit of £105,367 is transferred to reserves.

Fixed Assets

Details of movements in fixed assets during the year are set out in note 8 to the financial statements.

Directors and their Interests

The directors who served during the year and their interests in the company were as stated below.

	Class of share	Number of shares	
		1995	1994
A P S Chawla	Ordinary shares	17	17
S S Chawla	Ordinary shares	22	22

Auditor

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that A J Press FCCA be reappointed as auditor of the company will be put to the Annual General Meeting.

Nova of London Limited

Directors' Report for the year ended 30 June 1995 (continued)

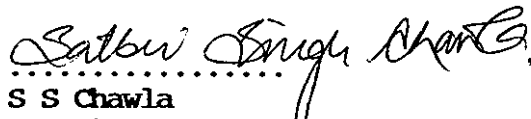
Directors' Responsibilities

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 judgments and estimates that are reasonable and prudent;
- 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.

This report was approved by the Board on ..21.3.96..


.....
S S Chawla
Secretary

Nova of London Limited

**Auditor's Report
to the shareholders of Nova of London Limited**

I have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 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

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 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.

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 misstatement, 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 as at 30 June 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

.....
**A J Press FCCA
Registered Auditor**

Date:.....22.3.96.....

Cambridge House
27 Cambridge Park
Wanstead
London E11 2PU

Nova of London Limited
Profit and Loss Account
for the year ended 30 June 1995

	Notes	1995 £	1994 £
Turnover	2	5,786,603	6,049,670
Cost of sales		(5,133,071)	(5,316,217)
Gross profit		653,532	733,453
Distribution costs		(47,006)	(51,229)
Administrative expenses		(353,093)	(439,007)
Operating profit	3	253,433	243,217
Other interest receivable and similar income	4	571	1,183
Interest payable and similar charges	5	(36,928)	(39,197)
Profit on ordinary activities before taxation		217,076	205,203
Tax on profit on ordinary activities	6	(61,709)	(70,927)
Profit on ordinary activities after taxation		155,367	134,276
Dividends	7	(50,000)	(50,000)
Retained profit for the year	14	£ 105,367	£ 84,276

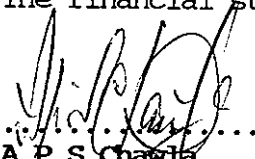
There are no recognised gains and losses other than those passing through the profit and loss account.


Nova of London Limited

Balance Sheet
as at 30 June 1995

	Notes	1995 £	1994 £
Fixed Assets			
Tangible assets	8	801,241	826,393
Current Assets			
Stocks	9	442,800	347,700
Debtors	10	637,177	644,432
Cash at bank and in hand		5,759	152
		<u>1,085,736</u>	<u>992,284</u>
Creditors: amounts falling due within one year	11	<u>(810,622)</u>	<u>(809,923)</u>
Net Current Assets		<u>275,114</u>	<u>182,361</u>
Total Assets Less Current Liabilities		<u>1,076,355</u>	<u>1,008,754</u>
Creditors: amounts falling due after more than one year	12	<u>(240,838)</u>	<u>(278,604)</u>
		<u>£ 835,517</u>	<u>£ 730,150</u>
Capital and Reserves			
Called up share capital	13	100	100
Profit and loss account	14	835,417	730,050
Shareholders' Funds	15	<u>£ 835,517</u>	<u>£ 730,150</u>

The financial statements were approved by the Board on ...21.3.96..


.....
A P S Chawla
Director


.....
S S Chawla
Director

Nova of London Limited

Cash Flow Statement
for the year ended 30 June 1995

	1995	1994
	£	£
Net cash in/outflow from operating activities	290,841	201,197
Returns on investments and servicing of finance		
Interest received	571	1,183
Interest paid	(36,928)	(39,197)
Dividends paid	(50,000)	(50,000)
Net cash in/outflow from returns on investments and servicing of finance	(86,357)	(88,014)
Taxation		
Corporation tax paid (including advance corporation tax)	(65,474)	(66,509)
Tax paid	(65,474)	(66,509)
Investing activities		
Payments to acquire tangible assets	(14,206)	(48,485)
Payments to acquire investments	-	(1,338)
Receipts from sales of tangible assets	750	-
Net cash in/outflow from investing activities	(13,456)	(49,823)
Net cash in/outflow before financing	125,554	(3,149)
Financing		
Repayment of long term bank loan	(37,766)	(36,631)
Net cash in/outflow from financing	(37,766)	(36,631)
In/Decrease in cash and cash equivalents	£ 87,788	£ (39,780)

Nova of London Limited

Notes to the Cash Flow Statement
for the year ended 30 June 1995

1	Reconciliation of operating profit to net cash in/outflow from operating activities	1995 £	1994 £	
	Operating profit	253,433	243,217	
	Depreciation of tangible assets	38,134	40,317	
	Loss on disposal of tangible assets	475	-	
	Increase in stocks	(95,100)	(43,700)	
	Decrease in debtors	(5,245)	124,413	
	Decrease in creditors due within one year	99,144	(163,050)	
	Net cash in/outflow from operating activities	£ 290,841	£ 201,197	
2	Analysis of changes in cash and cash equivalents during the year	1995 £	1994 £	
	Balance at 1 July 1994	(342,172)	(302,392)	
	Net cash in/outflow	87,788	(39,780)	
	Balance at 30 June 1995	£ (254,384)	£ (342,172)	
3	Analysis of the balances of cash and cash equivalents as shown in the balance sheet	1995 £	1994 £	Change in year £
	Cash at bank and in hand	5,759	152	5,607
	Bank overdrafts	(260,143)	(342,324)	82,181
		£ (254,384)	£ (342,172)	£ 87,788
4	Analysis of changes in financing during the year		Share capital £	Loans and finance lease obligations £
	Balance at 1 July 1994		100	344,435
	Cash in/outflow from financing		-	(37,766)
	Balance at 30 June 1995		£ 100	£ 306,669

Nova of London Limited

**Notes to the Financial Statements
for the year ended 30 June 1995**

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

1.2 Turnover

Turnover represents amounts receivable for goods and services provided in the UK net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Straight line over fifty years
Leasehold properties	-	Straight line over the life of the lease
Fixtures, fittings and equipment	-	15% Reducing balance
Motor vehicles	-	25% Reducing balance

1.4 Stock

Stock is valued at the lower of cost and net realisable value.

1.5 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

1.6 Foreign currency translation

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

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the U.K.

Nova of London Limited

Notes to the Financial Statements
for the year ended 30 June 1995

3.	Operating Profit	1995 £	1994 £
	Operating profit is stated after charging:		
	Depreciation of tangible assets	38,134	40,317
	Hire of plant and machinery	714	-
	Auditors' remuneration	4,600	4,160
		<u> </u>	<u> </u>
4.	Other Interest Receivable and Similar Income	1995 £	1994 £
	Bank interest received	571	1,183
		<u> </u>	<u> </u>
5.	Interest Payable	1995 £	1994 £
	On bank loans and overdrafts	34,317	38,590
	On overdue tax	2,611	607
		<u> </u>	<u> </u>
		£ 36,928	£ 39,197
		<u> </u>	<u> </u>
6.	Taxation	1995 £	1994 £
	U.K. Current year taxation		
	U.K. Corporation tax at 25% (1994 - 25%)	61,709	70,927
		<u> </u>	<u> </u>
		£ 61,709	£ 70,927
		<u> </u>	<u> </u>
7.	Dividends	1995 £	1994 £
	Ordinary:		
	Dividends paid	50,000	50,000
		<u> </u>	<u> </u>

Nova of London Limited

Notes to the Financial Statements
for the year ended 30 June 1995

8. Tangible Assets

	Land and buildings Freehold	Leasehold properties	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 July 1994	224,236	636,742	38,396	107,337	1,006,711
Additions	-	-	14,206	-	14,206
Disposals	-	-	-	(19,849)	(19,849)
At 30 June 1995	224,236	636,742	52,602	87,488	1,001,068
Depreciation					
At 1 July 1994	2,000	90,344	24,203	63,770	180,317
On disposals	-	-	-	(18,624)	(18,624)
Charge for year	500	22,789	4,260	10,585	38,134
At 30 June 1995	2,500	113,133	28,463	55,731	199,827
Net book values					
At 30 June 1995	£ 221,736	£ 523,609	£ 24,139	£ 31,757	£ 801,241
At 30 June 1994	£ 222,236	£ 546,398	£ 14,192	£ 43,567	£ 826,393

9. Stocks

	1995 £	1994 £
Finished goods and goods for resale	442,800	347,700

10. Debtors

	1995 £	1994 £
Trade debtors	484,121	541,782
ACT recoverable	-	12,500
Other debtors	135,063	74,472
Prepayments and accrued income	17,993	15,678
	£ 637,177	£ 644,432

Nova of London Limited

Notes to the Financial Statements
for the year ended 30 June 1995

11. Creditors: amounts falling due within one year	1995 £	1994 £
Bank loans and overdrafts	325,974	408,155
Trade creditors	410,586	310,630
Corporation tax	54,663	70,927
Other taxes and social security costs	14,100	14,611
Other creditors	-	1,000
Accruals and deferred income	5,299	4,600
	<u>£ 810,622</u>	<u>£ 809,923</u>
12. Creditors: amounts falling due after more than one year	1995 £	1994 £
Loans		
Wholly repayable within five years	306,669	344,435
Included in current liabilities	(65,831)	(65,831)
	<u>£ 240,838</u>	<u>£ 278,604</u>
13. Share Capital	1995 £	1994 £
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
14. Profit And Loss Account	1995 £	1994 £
Retained profits at 1 July 1994	730,050	645,774
Retained profit for the year	105,367	84,276
Retained profits at 30 June 1995	<u>£ 835,417</u>	<u>£ 730,050</u>

Nova of London Limited

Notes to the Financial Statements
for the year ended 30 June 1995

15. Reconciliation of Movements in Shareholders' Funds

	1995 £	1994 £
Profit for the financial year	155,367	134,276
Dividends	(50,000)	(50,000)
	<hr/>	<hr/>
Net addition to shareholders' funds	105,367	84,276
Opening shareholders' funds	730,150	645,874
	<hr/>	<hr/>
Closing shareholders' funds	£ 835,517	£ 730,150
	<hr/>	<hr/>

16. Directors' Emoluments

	1995 £	1994 £
Remuneration	28,600	28,600
	<hr/>	<hr/>

17. Employees

Number of employees

The average weekly number of employees (including directors) during the year was:

	1995 Number	1994 Number
Sales and Administration	15	17
	<hr/>	<hr/>

Employment costs

	£	£
Wages and salaries	84,540	89,713
Social security costs	8,213	6,641
	<hr/>	<hr/>
	£ 92,753	£ 96,354
	<hr/>	<hr/>