

REGISTRATION NUMBER:
2772857
England and Wales

RAI STYLES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE ELEVEN MONTHS ENDED 31 DECEMBER 1993



LONERGAN & CO
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS
107A LONDON ROAD
LEICESTER
LE2 0PF

Telephone (0116) 2552838

RAI STYLES LIMITED

DIRECTORS' REPORT

FOR THE ELEVEN MONTHS ENDED 31 DECEMBER 1993

The directors present their report and the financial statements for the eleven months ended 31 December 1993.

COMPANY FORMATION

The company was incorporated on 11 December 1992 and commenced trading on 1 February 1993.

PRINCIPAL ACTIVITY

The principal activity of the company during the period under review was in the manufacture of leisurewear.

DIRECTORS

The directors who served during the period and their beneficial interests in the company's issued ordinary share capital were as follows:

At 31 December 1993

J S RAI

1

S S RAI

1

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 accounts 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

The auditors, Lonergan & Co, Chartered Accountants, are deemed to be re-appointed in accordance with Section 386 of the Companies Act 1985.

This report was approved by the Board on 8 October 1994 taking advantage of exemptions available to small companies.

Signed on behalf of the directors

J S RAI

Jyoti Singh RAI

RAI STYLES LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF RAI STYLES LIMITED

We have audited the financial statements on pages 3 to 6 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements by the directors in the preparation of the accounts, 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 accounts are free from material misstatement, whether caused by fraud or other irregularity or error. However we were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the quantities and condition of stock and work in progress appearing in the Balance Sheet at £38650. Any adjustment to this figure would have a consequential significant effect on the profit for the period.

Due to a lack of available evidence and an adequate system of internal control, we were unable to confirm with certainty the accuracy of trade debtors and creditors at 31 December 1993. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

OPINION: disclaimer on view given by financial statements.

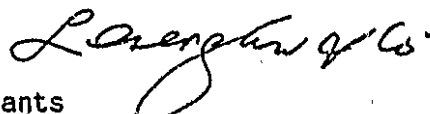
Because of the possible affect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial statements give a true and fair view of the state of the company's affairs at 31 December 1993 or of its profit for the period then ended.

In all other respects, in our opinion, the financial statements have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

In respect of the limitation on our work relating to stock and work in progress, trade creditors balances and trade debtors balances;

- 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.

Lonergan & Co
Chartered Accountants
Registered Auditors
107A London Road
Leicester
LE2 0PF



8 October 1994

RAI STYLES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE ELEVEN MONTHS ENDED 31 December 1993

	<u>Notes</u>	<u>£</u>
TURNOVER		
Cost of sales	3	838446 <u>(730482)</u>
GROSS PROFIT		107964
Distribution costs		<u>(17805)</u>
Administrative costs		<u>(80754)</u>
OPERATING PROFIT	2	9405
Loss on sale of fixed asset in continuing operation		<u>(1000)</u>
PROFIT on ordinary activities before taxation		8405
TAXATION		<u>-</u>
RETAINED PROFIT for the financial period after taxation		<u>8405</u>

The notes on pages 5 and 6 form part of these financial statements.

RAI STYLES LIMITED

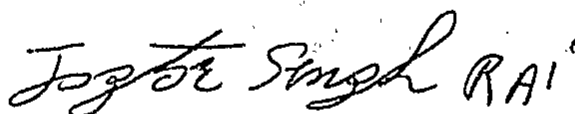
BALANCE SHEET

AT 31 DECEMBER 1993

	<u>Notes</u>	<u>£</u>
FIXED ASSETS		
Tangible assets	4	<u>57363</u>
CURRENT ASSETS		
Stocks		38650
Debtors	5	103370
Cash at bank and in hand		<u>36068</u>
		178088
CREDITORS: amounts falling due within one year	6	(227044)
NET CURRENT ASSETS/(LIABILITIES)		<u>(48956)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8407</u>
CAPITAL AND RESERVES		
Called up share capital	7	2
Profit and loss account		<u>8405</u>
Shareholders' funds		<u>8407</u>

Approved by the Board of Directors on 8 October 1994 and signed on its behalf. The directors have relied on special exemptions available to small companies on the grounds that the company qualifies as a small company by virtue of Section 247 of the Companies Act 1985.

J S RAI
Director



The notes on pages 5 and 6 form part of these financial statements.

RAI STYLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE ELEVEN MONTHS ENDED 31 DECEMBER 1993

1 ACCOUNTING POLICIES

(a) Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention and include the results of the activities described in the directors report, all of which are continuing. The financial statements have been prepared in accordance with applicable accounting standards.

(b) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company net of Value Added Tax.

(c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at annual rates calculated to write off the cost of fixed assets over their useful lives on the following bases:

Plant	10% on cost
Fixtures & Fittings	10% on cost
Motor Vehicles	20% on cost

(d) Stocks

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

(e) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit as incurred.

2 OPERATING PROFIT

The operating profit is after charging:

	<u>1993</u> £
Depreciation of tangible fixed assets	
- owned by the company	5190
Directors' emoluments for directors' services	23620
Auditors' remuneration	3500
Operating lease rentals	12476
Formation expenses	237

3 TURNOVER

During the period the company exported 45% of its turnover.

RAY STYLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE ELEVEN MONTHS ENDED 31 DECEMBER 1993

4 TANGIBLE FIXED ASSETS

	Plant £	Fixtures & Fittings £	Motor Vehicles £	Total £
At cost:				
Additions	42283	9951	13819	66053
Disposals	-	-	(3500)	(3500)
At 31 December 1993	<u>42283</u>	<u>9951</u>	<u>10319</u>	<u>62553</u>
Depreciation:				
Charge for the period	<u>3774</u>	<u>728</u>	<u>688</u>	<u>5190</u>
At 31 December 1993	<u>3774</u>	<u>728</u>	<u>688</u>	<u>5190</u>
Net book values				
At 31 December 1993	<u>38509</u>	<u>9223</u>	<u>9631</u>	<u>57363</u>

5 DEBTORS: due within one year

	1993 £
Trade debtors	97097
Other debtors	991
Prepayments	4382
	<u>103370</u>

6 CREDITORS: amounts falling due within one year

	1993 £
Trade creditors	111642
Social security and other taxes	5738
Other creditors and accruals	109664
	<u>227044</u>

7 CALLED UP SHARE CAPITAL

	1993 £
Authorised	
Ordinary shares of £1 each	1000
Allotted, called up and full paid	
Ordinary shares of £1 each	<u>2</u>

8 COMMITMENTS

At 31 December 1993 the company had the following annual commitments under non-cancellable operating leases as follows:

	Land and buildings 1993 £	Other 1993 £
Expiry date		
Within one year	-	-
Between two and five years	-	708
After more than five years	26550	-