

REGISTERED NUMBER:
2772857
England and Wales

RAI STYLES LIMITED

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1996

LONERGAN & CO
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS
107A LONDON ROAD
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RAI STYLES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1996

The directors present their report and the accounts for the year ended 31 December 1996.

PRINCIPAL ACTIVITY

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

DIRECTORS

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

	<u>At 31.12.96</u>	<u>At 31.12.95</u>
J SINGH	1	1
S SINGH	1	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.

The above report has 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 of directors

J SINGH
Director

J Singh RAI

Approved by the Board: 8 October 1997

RAI STYLES LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF RAI STYLES LIMITED

We have audited the accounts on pages 3 to 7 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, except that the scope of our work was limited as explained below. 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, the evidence available to us was limited in respect of a small proportion of total sales invoices settled in cash, over which there was no system of control on which we could rely for the purposes of our audit.

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 settlement of certain sales invoices in cash, in our opinion the accounts give a true and fair view of the state of the company's affairs at the 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation of our work relating to sales settlements:
-we have not obtained all the information and explanations that we considered necessary for the purposes 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 1997

RAI STYLES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
		£	£
TURNOVER	3	1136515	744320
Cost of sales		<u>[1007062]</u>	<u>[703588]</u>
 GROSS PROFIT		129453	40732
Distribution costs		<u>[26469]</u>	<u>[17617]</u>
Administrative costs		<u>[59689]</u>	<u>[58555]</u>
 OPERATING PROFIT/(LOSS)	2	43295	[35440]
Profit on disposal of fixed assets		<u>2427</u>	<u>-</u>
 PROFIT/(LOSS) on ordinary activities before taxation		45722	[35440]
TAXATION		<u>[10000]</u>	<u>9618</u>
 RETAINED PROFIT/(LOSS) for the financial period after taxation		35722	[25822]
RETAINED PROFIT at 1 January 1996		<u>27515</u>	<u>53337</u>
RETAINED PROFIT at 31 December 1996		<u>63237</u>	<u>27515</u>

CONTINUING OPERATIONS

Turnover and operating profit derive wholly from continuing operations.

TOTAL RECOGNISED GAINS AND LOSSES

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

The notes on pages 5 to 7 form part of these accounts.

RAI STYLES LIMITED

BALANCE SHEET
AT 31 DECEMBER 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
FIXED ASSETS			
Tangible assets	4	<u>63712</u>	<u>48874</u>
CURRENT ASSETS			
Stocks		26003	68089
Debtors	5	175846	108839
Cash at bank and in hand		<u>82787</u>	<u>49076</u>
		284636	226004
CREDITORS: amounts falling due within one year	6	<u>[285109]</u>	<u>[247361]</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>[473]</u>	<u>[21357]</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>63239</u>	<u>27517</u>
CAPITAL AND RESERVES			
Called up share capital	7	2	2
Profit and loss account		<u>63237</u>	<u>27515</u>
Shareholders' funds	8	<u>63239</u>	<u>27517</u>

The accounts 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 of directors

J SINGH
Director

The image shows a handwritten signature in dark ink, which appears to be 'J Singh', written over the printed name and title of the Director.

Approved by the Board: 8 October 1997

The notes on pages 5 to 7 form part of these accounts.

RAI STYLES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1996

1 ACCOUNTING POLICIES

Basis of accounting

The accounts 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 accounts have been prepared in accordance with applicable accounting standards.

Turnover

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

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

Stocks

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

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.

Deferred taxation

No provision has been made for the taxation deferred in respect of timing differences, since in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

2 OPERATING PROFIT

The operating profit is after charging:

	<u>1996</u>	<u>1995</u>
	£	£
Depreciation of tangible fixed assets		
- owned by the company	9395	8620
Directors' emoluments for directors services	22700	19200
Auditors' remuneration	3650	4340
Operating lease rentals	26550	27292

3 TURNOVER

Turnover attributable to geographical markets outside the United Kingdom amounted to 23% (1995, 26%).

RAI STYLES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1996

4 TANGIBLE FIXED ASSETS

	Plant	Fixtures & Fittings	Motor Vehicles	Total
	£	£	£	£
Cost:				
At 1 January 1996	46378	12039	10319	68736
Additions	22248	1858	6000	30106
Disposals	[8390]	-	-	[8390]
At 31 December 1996	<u>60236</u>	<u>13897</u>	<u>16319</u>	<u>90452</u>
Depreciation:				
At 1 January 1996	12200	2846	4816	19862
Charge for the year	4991	1340	3064	9395
On disposals	[2517]	-	-	[2517]
At 31 December 1996	<u>14674</u>	<u>4186</u>	<u>7880</u>	<u>26740</u>
Net book values				
At 31 December 1996	<u>45562</u>	<u>9711</u>	<u>8439</u>	<u>63712</u>
At 31 December 1995	<u>34178</u>	<u>9193</u>	<u>5503</u>	<u>48874</u>

5 DEBTORS: due within one year

	1996	1995
	£	£
Trade debtors	165582	79296
Other debtors	4738	25105
Prepayments	5526	4438
	<u>175846</u>	<u>108839</u>

6 CREDITORS: amounts falling due within one year

	1996	1995
	£	£
Trade creditors	190726	174551
Social security and other taxes	1768	1419
Corporation tax	800	6582
Other creditors and accruals	91815	64809
	<u>285109</u>	<u>247361</u>

7 CALLED UP SHARE CAPITAL

	1996	1995
	£	£
Authorised		
Ordinary shares of £1 each	1000	1000
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

RAI STYLES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1996

8 SHAREHOLDERS' FUNDS

Reconciliation of movements on shareholders' funds.

	<u>1996</u>	<u>1995</u>
	£	£
Profit/(loss) for the financial period after taxation	35722	[25822]
Opening shareholders' funds at 1 January 1996	27517	53339
Closing shareholders' funds at 31 December 1996	<u>63239</u>	<u>27517</u>

9 COMMITMENTS

At 31 December 1996 the company had the following annual commitments under non-cancellable operating leases as follows:

	<u>1996</u>	<u>1995</u>
	£	£
Land and buildings		
Expiry date		
Between two and five years	26550	26550

RAI STYLES LIMITED

MANAGEMENT TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1996

	<u>1996</u>	<u>1995</u>
	£	£
SALES	<u>1136515</u>	<u>744320</u>
PURCHASES	823608	550834
PRODUCTIVE WAGES AND N.I.C.	<u>137272</u>	<u>107698</u>
	<u>960880</u>	<u>658532</u>
GROSS PROFIT	175635	85788
Discount received	<u>-</u>	<u>982</u>
	<u>175635</u>	<u>86770</u>
EXPENSES		
Rent and rates	34191	33949
Light and heat	6067	4870
Insurance	5598	5918
Repairs	8984	8783
Motor and travelling expenses	4254	2609
Directors' remuneration	22700	19200
Postage and stationery	1602	1145
Telephone	2248	1868
Office expenses	6642	6173
Audit and accountancy	3650	4340
Bank charges	2257	1644
Miscellaneous and advertising	2000	2172
Discount payable	3519	242
Profit on disposal of fixed assets	[2427]	-
Carriage and packing	15632	12702
Depreciation: Motor vehicles	3064	2064
Fixtures and fittings	1340	1098
Plant and machinery	4991	5458
Machine leasing	-	742
Legal and professional	3726	189
Bad debts	<u>[125]</u>	<u>7044</u>
	<u>129913</u>	<u>122210</u>
NET PROFIT/(LOSS) BEFORE TAXATION	<u>45722</u>	<u>[35440]</u>