

LATTY INTERNATIONAL LIMITED
Company Number 2574066 England and Wales

Financial Statements for the Year ended
31 December 1996

Thomas Warren & Co.
Chartered Certified Accountants and Registered Auditors
33/35 Thorne Road
Doncaster
DN1 2HD



AUDITORS' REPORT TO THE DIRECTORS OF LATTY INTERNATIONAL LIMITED

PURSUANT TO SCHEDULE 8 OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts together with the full financial statements of LATTY INTERNATIONAL LIMITED for the year ended 31 December 1996.

The scope of our work for the purpose of this report was limited to confirming that the company is entitled to exemptions claimed in the directors statement and that the abbreviated accounts have been properly prepared from the full financial statements.

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act in respect of the year ended 31 December 1996 and the attached abbreviated accounts have been properly prepared from the full financial statements.

We reported, as auditors of LATTY INTERNATIONAL LIMITED, to the members on the full financial statements prepared under section 226 of the Companies Act 1985 for the year ended 31 December 1996 and our audit report was as follows:-

Auditors' Report to the Shareholders of LATTY INTERNATIONAL LIMITED

We have audited the financial statements on pages 1 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 4.

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 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 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.

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 other irregularity or error. In forming our opinion we have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Thomas Warren & Co.
Chartered Certified Accountants and Registered Auditors
33/35 Thorne Road
Doncaster
DN1 2HD

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5/3/97

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LATTY INTERNATIONAL LIMITED

Balance Sheet 31 December 1996

	Note	1996 £	1995 £
FIXED ASSETS			
Tangible Assets	2	51,921	73,059
CURRENT ASSETS			
Stocks		329,984	371,171
Debtors		250,471	268,373
Cash at bank and in hand		1,531	1,537
		<u>581,986</u>	<u>641,081</u>
CREDITORS: amounts falling due within one year		407,709	460,451
NET CURRENT ASSETS(LIABILITIES)		<u>174,277</u>	<u>180,630</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>226,198</u>	<u>253,689</u>
CREDITORS: amounts falling due after one year		75,926	108,650
TOTAL ASSETS LESS LIABILITIES		<u>150,272</u>	<u>145,039</u>
Financed by:			
CAPITAL AND RESERVES			
Called up Share Capital	3	100,000	100,000
Profit and Loss Account		50,272	45,039
Shareholders' Funds		<u>150,272</u>	<u>145,039</u>

LATTY INTERNATIONAL LIMITED

Balance Sheet - continuation 31 December 1996

The directors have taken advantage of the special exemptions conferred by Part I of Schedule 8 of the Companies Act 1985 and have done so on the grounds that, in their opinion, the company is entitled to those special exemptions as a small company.

(a) The Directors have relied on the exemptions conferred by Section A, Part III of Schedule 8 of the Companies Act 1985 as entitling them to deliver abbreviated accounts

(b) They have done so on the ground that the Company is entitled to the benefit of those exemptions as a small company

The financial statements were approved by the Board on 27 February 1997 and signed on its behalf.

M D Francis.....

The notes on pages 3 to 5 form part of these financial statements

LATTY INTERNATIONAL LIMITED

Notes to the Accounts for the Year ended 31 December 1996

1. ACCOUNTING POLICIES

(i) Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

(ii) Depreciation

Depreciation is provided on the following tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of the asset over its expected useful life as follows:

Computer Equipment	33% p.a. on a straight line basis
Plant & Machinery	15% p.a. on a reducing balance basis
Motor Vehicles	25% p.a. on a reducing balance basis
Alterations to Leasehold Property	Over the life of the lease

(iii) Stocks

Stocks are stated in accordance with Statement of Standard Accounting Practice No. 9 at the lower of cost and net realisable value, after making due allowances for slow moving stock.

(iv) Turnover

Turnover represents the value of goods sold during the year exclusive of value added tax.

(v) No Deferred Tax

No provision has been made on the grounds that no liability will arise in the foreseeable future.

(vi) Hire Purchase Contracts

Assets acquired on hire purchase contracts have been capitalised and the associated interest has been charged to the profit and loss account under the straight line method.

(vii) Foreign Currencies

All transactions denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction. Any exchange differences are taken to the profit and loss account when they arise.

(viii) Pension Scheme

The scheme being operated by the company is a defined contribution scheme and payments are charged to the profit and loss account when paid.

LATTY INTERNATIONAL LIMITED

Notes to the Accounts for the Year ended 31 December 1996

2 TANGIBLE FIXED ASSETS

	TOTAL
	<hr/>
	£
COST	
At Start	162,125
Additions	6,623
Sales	-
	<hr/>
	168,748
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DEPRECIATION	
At Start	89,066
Charge for year	27,761
Sales	-
	<hr/>
	116,827
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NET BOOK VALUE	
At Start	73,059
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At End	51,921
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LATTY INTERNATIONAL LIMITED

Notes to the Accounts for the Year ended 31 December 1996

	1996 £	1995 £
3 SHARE CAPITAL		
Authorised		
Ordinary Shares of £1 each	250,000	250,000
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Issued and Allocated		
Ordinary Shares of £1 each	100,000	100,000
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4 BANK SECURITY

The bank holds a fixed and floating charge over the assets of the company.

5 HOLDING COMPANY

The company is a wholly owned subsidiary of Latty International SA, a company registered in France.