

Christy Group Limited

(Formerly Mutanderis (269) Limited)

Report and Accounts

31 December 1997

Registered number: 3338230

ERNST & YOUNG



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COMPANIES HOUSE 09/04/99

COMPANIES HOUSE 17/03/99

COMPANIES HOUSE 18/02/99

Christy Group Limited (Formerly Mutanderis (269) Limited)

Registered No. 3338230

DIRECTORS

M E Pinto (Appointed 18 June 1997)

M S Lawson (Appointed 18 June 1997)

SECRETARY

Old Buildings Nominees Limited

AUDITORS

Ernst & Young

100 Barbirolli Square

Manchester M2 3EY

BANKERS

Barclays Bank PLC

Strand Business Centre

Burleigh House

357 Strand

London WC2R 0NX

SOLICITORS

Laytons Solicitors

Carmelite

50 Victoria Embankment

Blackfriars

London EC4Y 0LS

REGISTERED OFFICE

1-11 Hay Hill

London W1X 7LF

Christy Group Limited (Formerly Mutanderis (269) Limited)

DIRECTORS' REPORT

The directors present their report and accounts for the nine months ended 31 December 1997.

RESULTS AND DIVIDENDS

The profit for the year was £Nil. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company was incorporated on 24 March 1997 as Mutanderis (269) Limited. The company changed its name to Christy Group Limited on 21 July 1998.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are noted on page 2.

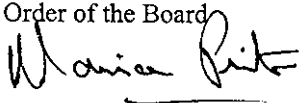
The following directors held or controlled shares in the company at the year end.

	<i>Ordinary shares of 5p each</i>	<i>Preferred ordinary shares of 5p each</i>
M E Pinto	50,000	877,000
M S Lawson	142,000	-

AUDITORS

Ernst & Young were appointed as the first auditors of the company by the directors. In accordance with the changes instituted by the Companies Act 1989 the company has dispensed with the obligation to appoint auditors annually.

By Order of the Board



ME Pinto
Director

Date: 21 July 1998

Christy Group Limited (Formerly Mutanderis (269) Limited)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

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.

REPORT OF THE AUDITORS
to the members of Christy Group Limited
(Formerly Mutanderis (269) Limited)

We have audited the accounts on pages 6 to 8 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

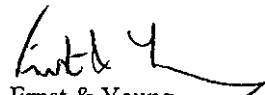
Basis of opinion

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 made 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.

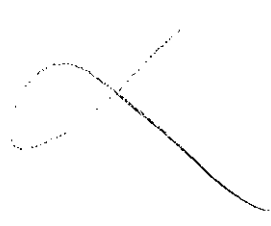
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1997 and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Registered Auditor
Manchester

Date: 22 July 1998

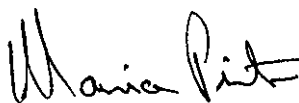


Christy Group Limited (Formerly Mutanderis (269) Limited)

BALANCE SHEET
at 31 December 1997

		1997 £
FIXED ASSETS		
Investments	2	608,717
CURRENT ASSETS		
Debtors	3	2,752,717
NET CURRENT ASSETS		2,752,717
TOTAL ASSETS LESS CURRENT LIABILITIES		3,361,434
CAPITAL AND RESERVES		
Share capital	4	170,400
Share premium	4	3,191,034
Profit and loss account		-
		3,361,434

Approved by the Board on 22 July 1998



M E Pinto
Director

Christy Group Limited (Formerly Mutanderis (269) Limited)

NOTES TO THE ACCOUNTS at 31 December 1997

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Profit and loss account.

No profit and loss account is presented for the company as no such transactions have occurred during the period.

Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has taken advantage of the exemption conferred by S248 of the Company's Act 1985 not to prepare group accounts.

2. INVESTMENTS

	1997
	£
Additions in the year	608,717

During the year the company acquired 100% of the share capital of Christy & Co Limited and C W Headdress Limited. Both companies are registered in England and both manufacture headwear.

At 31 December 1997 Christy & Co Limited had net liabilities of £3,018,814 and returned a loss of £2,582,901 for the year (1996: £(1,044,405)).

At 31 December 1997 C W Headdress Limited had net assets of £103,680 and returned a profit of £82,807 for the year (1996: £40,873).

The carrying value of the investments and debtors as at the year end is held at the value above as certain investors in the group have committed to provide support to Christy & Co Limited.

3. DEBTORS

	1997
	£
Amounts due from subsidiary companies	2,752,717

The amounts due from subsidiary companies are due after more than one year, of this amount, £1,827,195 is due from Christy & Co Limited and has been subordinated in favour of all other creditors of that company.

Christy Group Limited (Formerly Mutanderis (269) Limited)

NOTES TO THE ACCOUNTS at 31 December 1997

4. SHARE CAPITAL

	<i>Authorised 1997 No</i>	<i>Allotted, called up and fully paid 1997 £</i>
Ordinary share capital		
Ordinary 5p shares	525,000	26,033
Preferred ordinary 5p shares	2,975,000	144,367
	<u>3,500,000</u>	<u>170,400</u>

During the year the following share issues were made:

Ordinary 5p shares: 520,665 shares at a premium of 95p; and

Preferred ordinary 5p shares: 2,887,335 shares at a premium of 95p.

Issue costs of £46,566 have been offset against share premium.

Rights of shareholders

The shares carry equal voting rights, and equal rights to dividend. The difference between the ordinary and preferred ordinary shares are entitled to receive, in priority to the ordinary shares, to be paid the amount including any premium, paid upon subscription. In all other respects the shares rank pari passu as ordinary equity share capital.

5. RECONCILIATION OF SHAREHOLDERS FUNDS

	<i>Share premium £</i>	<i>Share Capital £</i>	<i>Total £</i>
Proceeds from issue of shares (net of issue costs)	3,191,034	170,400	3,361,434