

O & C LIMITED

Financial statements

for the year ended

31st October 2000



O & C LIMITED

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O & C LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

U Orlando
P M Orlando

Company secretary

Mariana Piccioni

Registered office

24/25 New Bond Street
London
W1Y 9HD

Accountants

Slater Maidment
7 St James's Square
London
SW1Y 4JU

O & C LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the financial statements of the company for the year ended 31st October 2000.

Principal activity

The principal activity of the company during the year was that of acting as a holding company.

During the year, the company lent £366,347 (1999-£504,253) to its wholly owned subsidiary, Fit London Limited, which is introducing the Figurella concept to the United Kingdom. As anticipated, high start up costs have been incurred which have resulted in a loss in that company for the year. To be prudent, the directors have made full provision against the debt in these accounts. The group is actively seeking funding from third parties to enable the group's business to expand. The directors are confident that profitability will be achieved to enable the debt to be repaid in due course.

Directors and their interests in shares of the company

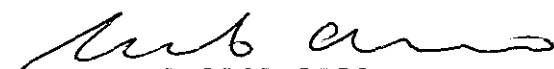
The directors who held office throughout the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary shares of £1 each	
	As at 31st October 2000	As at 1st November 1999
U Orlando	1	1
P M Orlando	1	1

Small company provisions

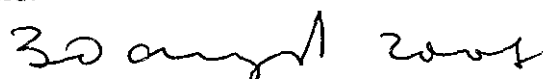
This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed on behalf of the directors



U ORLANDO
DIRECTOR

Dated:



O & C LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST OCTOBER 2000

	Notes	2000 £	1999 £
TURNOVER		-	-
Administration expenses		(368,806)	(516,131)
OPERATING LOSS	3	(368,806)	(516,131)
Amounts written off investments	4	(1,001)	-
Interest payable and similar charges		(15,914)	(4,839)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(385,721)	(520,970)
Taxation		-	-
LOSS FOR THE FINANCIAL YEAR		(385,721)	(520,970)
Accumulated losses brought forward		(682,169)	(161,199)
ACCUMULATED LOSSES CARRIED FORWARD		£(1,067,890)	£(682,169)

O & C LIMITED

BALANCE SHEET AT 31ST OCTOBER 2000

	Notes	£	2000 £	£	1999 £
FIXED ASSETS					
Intangible assets	5		6,518		7,449
Investments	6		—		<u>1,001</u>
			6,518		8,450
CURRENT ASSETS					
Cash at bank		<u>275</u>		—	
		275		-	
CREDITORS: amounts falling due due within one year	7	(<u>252,900</u>)		(<u>253,296</u>)	
NET CURRENT LIABILITIES			(<u>252,625</u>)		(<u>253,296</u>)
TOTAL ASSETS LESS CURRENT LIABILITIES			(246,107)		(244,846)
CREDITORS: amounts falling due after more than one year	8		(<u>821,781</u>)		(<u>437,321</u>)
			£(<u>1,067,888</u>)		£(<u>682,167</u>)
CAPITAL AND RESERVES					
Called-up equity share capital	10		2		2
Profit and loss account - deficit			(<u>1,067,890</u>)		(<u>682,169</u>)
SHAREHOLDERS' FUNDS - deficit			£(<u>1,067,888</u>)		£(<u>682,167</u>)

Directors' audit exemption statement:

- (a) For the year ended 31st October 2000 the company was entitled to the exemption under Subsection (1) of Section 249A, Companies Act 1985;
- (b) no notice regarding an audit has been deposited under Subsection (2) of Section 249B in relation to the accounts for the financial year; and
- (c) the directors acknowledged their responsibilities for:
- ensuring that the company keeps accounting records which comply with Section 221 Companies Act 1985; and
 - preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to the accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Approved by the directors on *30th August 2001*
and are signed on their behalf by:

[Signature]

U ORLANDO
DIRECTOR

O & C LIMITED

NOTES TO THE ACCOUNTS

31ST OCTOBER 2000

1. Statement of 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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgments and estimates that are reasonable and prudent;
- (iii) 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. The directors 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.

2. Accounting policies

- (i) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

The financial statements have been prepared on the going concern basis as the directors are confident that further funding to support the group's activities will be received.

- (ii) Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

- (iii) Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Trademarks – over 10 years

- (iv) Investments

Fixed asset investments are stated at cost less provision for diminution in value.

3. Operating loss

	2000	1999
	£	£
Operating loss is stated after charging:		
Amortisation	931	931
Provision for amounts due from subsidiary	366,347	504,253
Auditors' fees	<u>-</u>	<u>3,638</u>

O & C LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

31ST OCTOBER 2000

4. Amounts written off investments

2000	1999
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Permanent diminution in value	<u>£1,001</u>	<u>-</u>
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5. Intangible fixed assets

Trademarks
£

Cost:

At 1st November 1999 and 31st October 2000	<u>9,311</u>
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Amortisation:

At 1st November 1999	1,862
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Charge for the year	<u>931</u>
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At 31st October 2000	<u>2,793</u>
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Net book value:

At 31st October 2000	<u>£6,518</u>
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At 31st October 1999	<u>£7,449</u>
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6. Investments

Shares in subsidiary undertakings
£

Cost:

At 1st November 1999 and 31st October 2000	<u>2,001</u>
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Provisions for diminution in value:

At 1st November 1999	1,000
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Increase in provision	<u>1,001</u>
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At 31st October 2000	2,001
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Net book value:

At 31st October 2000	£ <u>-</u>
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At 31st October 1999	<u>£1,001</u>
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In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

O & C LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

31ST OCTOBER 2000

6. Investments (continued)

The company holds more than 20% of the share capital of the following companies:

	Country of registration or incorporation	Principal activity	Class	Shares held %
Subsidiary undertakings				
Fit London Limited	England	Slimming centre	Ordinary	100
Figurella Limited	England	Not trading	Ordinary	100
UPA Finance Limited	England	Not trading	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings as at 31st October 2000 were as follows:

	Capital and reserves £	Results for the year £
Fit London Limited	(1,089,635)	(419,930)
Figurella Limited	-	(1,000)
UPA Finance Limited	<u>1</u>	<u>-</u>

7. Creditors: amounts falling due within one year

	2000 £	1999 £
Bank loans and overdrafts	250,000	248,791
Trade creditors	132	-
Amounts owed to group undertakings	1,000	1,001
Other creditors	<u>1,768</u>	<u>3,504</u>
	<u>£252,900</u>	<u>£253,296</u>

Mr. P.M. Orlando, a director of the company, has given a personal guarantee for the bank loans and overdraft up to a maximum of £250,000.

8. Creditors: amounts falling due after more than one year

	2000	1999
Other creditors	<u>£821,781</u>	<u>£437,321</u>

Included in other creditors are amounts of £499,321 (1999-£307,321) owing to Mr U Orlando and £322,460 (1999-£130,000) owing to Mr P Orlando.

O & C LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

31ST OCTOBER 2000

9. Related party disclosures

The directors are the ultimate controlling party.

Name of related party (Relationships)	Nature of Transaction	Amount		Amount due (to)/from related party	
		2000	1999	2000	1999
		£	£	£	£
Fit London Limited (subsidiary undertaking)	Loan	366,347	504,253	1,021,030	654,683
Fit London Limited (subsidiary undertaking)	Provision against loan	(366,347)	(504,253)	(1,021,030)	(654,683)
Figurella Limited (subsidiary undertaking)	Unpaid share capital	£ <u> </u> -	£ <u> </u> -	£ <u>(1,000)</u>	£ <u>(1,000)</u>

10. Share capital

	2000	1999
Authorised share capital:		
100 Ordinary shares of £1 each	£ <u>100</u>	£ <u>100</u>
Allotted, called up and fully paid:		
2 Ordinary shares of £1 each	£ <u>2</u>	£ <u>2</u>