

COMPANY NUMBER: 2209700

REGISTRAR'S COPY

SHAHTEX (LEICESTER) LIMITED

ABBREVIATED ACCOUNTS - 31ST DECEMBER 1994



SHAHTEX (LEICESTER) LIMITED
INDEX TO THE ABBREVIATED ACCOUNTS
31ST DECEMBER 1994

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SHAHTEX (LEICESTER) LIMITEDREPORT OF THE DIRECTORSFOR THE YEAR ENDED 31ST DECEMBER 1994

1. The directors present herewith the audited accounts for the year ended 31st December 1994.

2. REVIEW OF ACTIVITIES

The main activities of the company are unchanged since last year, and are the manufacture and sale of clothing.

3. RESULTS AND DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31st December 1994.

The profit for the year will be transferred to revenue reserves.

4. DIRECTORS

The directors during the year and their interests in the share capital of the company were as follows :-

Ordinary £1 shares as at
31st December 1994 and 31st December 1993

| | | |
|----------------------------------|------------|------------|
| P. K. Shah | 34 | 50 |
| K. K. Shah | 33 | 50 |
| S. K. Shah appointed on 19/12/94 | 33 | - |
| | <u>100</u> | <u>100</u> |

5. 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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

SHAHTEX (LEICESTER) LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER 1994

5. (continued)

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. 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.

6. MOVEMENTS IN FIXED ASSETS

The movements in fixed assets during the year are set out in note 9 to the accounts.

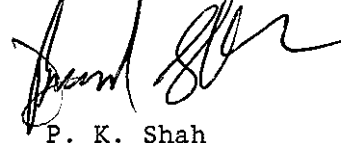
7. CLOSE COMPANY PROVISIONS

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

8. AUDITORS

A resolution will be proposed at the forthcoming Annual General Meeting to re-appoint Clear & Lane as auditors.

BY ORDER OF THE BOARD



P. K. Shah

Director

Registered office :-

Krishna Building,
Claymill Road,
Leicester,
LE4 7JJ

29th September 1995

REPORT OF THE AUDITORS TO THE DIRECTORS

SHAHTEX (LEICESTER) LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8

TO THE COMPANIES ACT 1985

FOR THE YEAR ENDED 31ST DECEMBER 1994

We have examined the abbreviated accounts on pages 5 to 15 together with the financial statements of Shahtex (Leicester) Limited prepared under section 226 of the Companies Act 1985 for the year ended 31st December 1994.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 6 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

BASIS OF OPINION

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

OPINION

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 31st December 1994 and the abbreviated accounts on pages 5 to 15 have been properly prepared in accordance with that Schedule.

OTHER INFORMATION

On 29th September 1995 we reported, as auditors of Shahtex (Leicester) Limited to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 31st December 1994 and our audit report was as follows:

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on pages 1 and 2, 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 to report our opinion to you.

REPORT OF THE AUDITORS TO THE DIRECTORS (CONTINUED)

SHAHTEX (LEICESTER) LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8

TO THE COMPANIES ACT 1985

FOR THE YEAR ENDED 31ST DECEMBER 1994

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 judgements 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 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 as at 31st December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


CLEAR & LANE

REGISTERED AUDITOR

CHARTERED ACCOUNTANTS

340 Melton Road,
Leicester.
LE4 7SL

29th September 1995

SHAHTEX (LEICESTER) LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST DECEMBER 1994

| | | <u>1994</u> | <u>Nine months to 31/12/93</u> |
|----------------------------|--------------|-------------|------------------------------------|
| | <u>Notes</u> | <u>£</u> | <u>£</u> |
| GROSS PROFIT | | 1,030,420 | 610,214 |
| Net operating expenses | 3 | 793,236 | 356,995 |
| OPERATING PROFIT | 4 | 237,184 | 253,219 |
| Interest payable | 7 | 6,947 | 4,976 |
| PROFIT BEFORE TAXATION | | 230,237 | 248,243 |
| Taxation | 8 | 61,919 | 63,256 |
| PROFIT FOR THE YEAR/PERIOD | | 168,318 | 184,987 |

STATEMENT OF RETAINED PROFITS

| | | |
|--|---------|---------|
| RETAINED PROFITS AT 31ST DECEMBER 1993 | 322,075 | 137,088 |
| PROFIT FOR THE YEAR/PERIOD | 168,318 | 184,987 |
| RETAINED PROFITS AT 31ST DECEMBER 1994 | 490,393 | 322,075 |

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

There is no difference between the profit before taxation and the profit for the year stated above, and their historical cost equivalents.

All of the activities undertaken by the company during the year were continuing activities.

Directors

SHAHTEX (LEICESTER) LIMITEDCASH FLOW STATEMENTFOR THE YEAR ENDED 31ST DECEMBER 1994

| | <u>Notes</u> | <u>1994</u> | <u>Nine months to 31/12/93</u> |
|--|--------------|-----------------|------------------------------------|
| | | <u>£</u> | <u>£</u> |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | (a) | 415,027 | 220,933 |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | |
| Interest paid | | <u>(6,947)</u> | <u>(4,976)</u> |
| NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | (6,947) | (4,976) |
| TAXATION | | | |
| Corporation tax paid (including advance corporation tax) | | <u>(78,080)</u> | <u>(10,179)</u> |
| | | (78,080) | (10,179) |
| INVESTING ACTIVITIES | | | |
| Payments to acquire tangible fixed assets | | (349,866) | (122,627) |
| Receipts from sale of tangible fixed assets | | <u>29,600</u> | <u>23,640</u> |
| NET CASH OUTFLOW FROM INVESTING ACTIVITIES | | (320,266) | (98,987) |
| INCREASE IN CASH AND CASH EQUIVALENTS | (b) | <u>9,734</u> | <u>81,166</u> |

SHAHTEX (LEICESTER) LIMITEDCASH FLOW STATEMENTFOR THE YEAR ENDED 31ST DECEMBER 1994NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 1994a. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | <u>1994</u> <u>£</u> | <u>1993</u> <u>£</u> |
|--|-------------------------|-------------------------|
| Operating profit | 237,184 | 253,219 |
| Depreciation charges | 53,859 | 36,864 |
| Loss/(profit) on sale of tangible fixed assets | 5,722 | (10,389) |
| Increase in stock | (5,827) | (217,000) |
| Increase in debtors | (836,142) | (357,257) |
| Increase in creditors | 960,231 | 515,496 |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | <u>415,027</u> | <u>220,933</u> |

b. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

| | <u>1994</u> <u>£</u> | <u>1993</u> <u>£</u> | Change in year <u>£</u> |
|--------------------------|-------------------------|-------------------------|-------------------------------|
| Cash at bank and in hand | 180,700 | 107,277 | 73,423 |
| Bank overdraft | (63,689) | - | (63,689) |
| | <u>117,011</u> | <u>107,277</u> | <u>9,734</u> |

c. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

| | <u>1994</u> <u>£</u> | <u>1993</u> <u>£</u> |
|-------------------------------|-------------------------|-------------------------|
| Balance at 1st January 1994 | 107,277 | (1,420) |
| Net cash inflow | 9,734 | 108,697 |
| Balance at 31st December 1994 | <u>117,011</u> | <u>107,277</u> |

SHAHTEX (LEICESTER) LIMITEDNOTES TO THE ABBREVIATED ACCOUNTS - 31ST DECEMBER 19941. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts.

(a) Basis of accounting

The accounts are prepared in accordance with the historical cost convention.

(b) Turnover

Turnover represents the sale of goods and services excluding value added tax.

(c) Depreciation of tangible fixed assets

Depreciation is calculated to write off fixed assets by fixed annual instalments over their estimated useful lives on the following bases:-

| | | |
|-----------------------|---|-----|
| Leasehold property | - | 5% |
| Fixtures and fittings | - | 25% |
| Plant and equipment | - | 10% |
| Motor vehicles | - | 25% |

(d) Stocks

Stock and work in progress is valued at the lower of cost and net realisable value on the basis consistent with previous years. Cost in the case of work in progress includes materials and direct labour with a relevant portion of direct overheads. Provision has been made, where necessary, for obsolescent, slow moving and defective stock.

(e) Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that liabilities will crystallise in the foreseeable future, less losses carried forward.

(f) Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are capitalised at cost with the capital element of the future repayments included under creditors due within one year or creditors due after more than one year. Finance charges are allocated to the profit and loss account to produce a constant periodic rate of charge on the remaining balance of the obligation.

(g) Pension schemes

The company operates a defined pension scheme. Contributions payable for the year are charged in the profit and loss account.

SHAHTEX (LEICESTER) LIMITEDNOTES TO THE ABBREVIATED ACCOUNTS - 31ST DECEMBER 19942. TURNOVER

The turnover and pre-tax profit are wholly attributable to the company's main activities and arises mainly in the U.K.

3. NET OPERATING EXPENSES

Net operating expenses are made up as follows:-

| | <u>1994</u> <u>£</u> | <u>1993</u> <u>£</u> |
|------------------------------|-------------------------|-------------------------|
| Administrative costs | 795,166 | 357,236 |
| Less: Other operating income | (1,930) | (241) |
| | <u>793,236</u> | <u>356,995</u> |

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):-

| | <u>1994</u> <u>£</u> | <u>1993</u> <u>£</u> |
|--|-------------------------|-------------------------|
| Directors' remuneration | 352,130 | 124,600 |
| Directors' pension | 4,800 | 3,600 |
| Auditors' remuneration | 3,000 | 2,890 |
| Depreciation of tangible fixed assets | 53,859 | 38,772 |
| Adjustment on disposal of fixed assets | 5,722 | (10,389) |
| Bad and doubtful debts | 77,487 | 15,739 |
| Interest received | (1,930) | (241) |

SHAHTEK (LEICESTER) LIMITEDNOTES TO THE ABBREVIATED ACCOUNTS - 31ST DECEMBER 19945. DIRECTORS' EMOLUMENTS

Directors' emoluments (excluding pension contributions) are as follows :-

| | <u>1994</u> <u>£</u> | <u>1993</u> <u>£</u> |
|-----------------------|-------------------------|-------------------------|
| Chairman | 123,312 | 59,000 |
| Highest paid director | 128,818 | 65,600 |

Number of directors (including those above) whose remuneration (excluding pension contributions) is within the ranges:-

| | <u>1994</u> <u>£</u> | <u>1993</u> <u>£</u> |
|----------------------|-------------------------|-------------------------|
| £ 55,001 to £ 60,000 | - | 1 |
| £ 95,001 to £100,000 | 1 | - |
| £ 65,001 to £ 70,000 | - | 1 |
| £120,001 to £125,000 | 1 | - |
| £125,001 to £130,000 | 1 | - |

6. EMPLOYEE INFORMATION

(a) The average number of persons employed by the company (including directors) during the year is set out below:-

| | <u>1994</u> | <u>1993</u> |
|-----------------|-------------|-------------|
| BY TYPE OF WORK | | |
| Production | 15 | 11 |
| Administration | 6 | 4 |
| | <u>21</u> | <u>15</u> |

(b) The aggregate payroll costs of those shown above were as follows:-

| | <u>1994</u> <u>£</u> | <u>1993</u> <u>£</u> |
|----------------------------------|-------------------------|-------------------------|
| Wages and salaries | 547,208 | 210,876 |
| Social security costs | 25,363 | 19,478 |
| Employer's pension contributions | 4,800 | 3,600 |
| | <u>577,371</u> | <u>233,954</u> |

SHAHTEX (LEICESTER) LIMITEDNOTES TO THE ABBREVIATED ACCOUNTS - 31ST DECEMBER 19947. INTEREST PAYABLE

| | <u>1994</u> | <u>1993</u> |
|---|--------------|--------------|
| | <u>£</u> | <u>£</u> |
| On bank overdrafts wholly repayable within five years | 764 | 7 |
| On hire purchase contracts | 6,183 | 4,969 |
| | <u>6,947</u> | <u>4,976</u> |

8. TAXATION

| | <u>1994</u> | <u>1993</u> |
|--|---------------|---------------|
| | <u>£</u> | <u>£</u> |
| The tax charge on the profit on ordinary activities for the year is as follows:- | | |
| Corporation tax | | |
| at an effective rate of 25% (1993 - 26%) | 41,420 | 56,000 |
| Deferred taxation | 20,500 | 10,800 |
| | <u>61,920</u> | <u>66,800</u> |
| Taxation over provided in previous years:- | | |
| Corporation tax | (1) | (3,544) |
| | <u>61,919</u> | <u>63,256</u> |

SHAHTEX (LEICESTER) LIMITEDNOTES TO THE ABBREVIATED ACCOUNTS - 31ST DECEMBER 19949. TANGIBLE FIXED ASSETS

| | <u>Leasehold property</u> | <u>Fixtures and fittings</u> | <u>Plant and equipment</u> | <u>Motor vehicles</u> | <u>Total</u> |
|-----------------------|-------------------------------|--------------------------------------|------------------------------------|---------------------------|----------------|
| | <u>£</u> | <u>£</u> | <u>£</u> | <u>£</u> | <u>£</u> |
| <u>Cost</u> | | | | | |
| At 1st January 1994 | 75,343 | 22,582 | 363,548 | 13,150 | 474,623 |
| Additions | - | 26,697 | 312,669 | 10,500 | 349,866 |
| Disposals | - | (7,800) | (33,214) | (2,000) | (43,014) |
| At 31st December 1994 | <u>75,343</u> | <u>41,479</u> | <u>643,003</u> | <u>21,650</u> | <u>781,475</u> |
| <u>Depreciation</u> | | | | | |
| At 1st January 1994 | 6,380 | 8,730 | 94,145 | 8,909 | 118,164 |
| Charge for the year | 3,767 | 6,648 | 38,952 | 4,492 | 53,859 |
| Disposals | - | (1,463) | (6,229) | - | (7,692) |
| At 31st December 1994 | <u>10,147</u> | <u>13,915</u> | <u>126,868</u> | <u>13,401</u> | <u>164,331</u> |
| <u>Net Book Value</u> | | | | | |
| At 31st December 1994 | <u>65,196</u> | <u>27,564</u> | <u>516,135</u> | <u>8,249</u> | <u>617,144</u> |
| At 31st December 1993 | <u>68,963</u> | <u>13,852</u> | <u>269,403</u> | <u>4,241</u> | <u>356,459</u> |

At 31st December 1994 the net book value of plant and equipment included £300,592 (1993 - £91,000) in respect of assets held under lease and hire purchase contracts.

10. STOCKS

Stock comprises:-

| | <u>1994</u> | <u>1993</u> |
|----------------|----------------|----------------|
| | <u>£</u> | <u>£</u> |
| Raw materials | 263,546 | 123,500 |
| Finished goods | 121,617 | 255,836 |
| | <u>385,163</u> | <u>379,336</u> |

11. DEBTORS

| | <u>1994</u> | <u>1993</u> |
|-------------------------|------------------|----------------|
| | <u>£</u> | <u>£</u> |
| Trade debtors | 1,511,672 | 751,711 |
| Other debtors | 84,318 | 25,000 |
| Prepayments | 17,563 | 13,992 |
| Director's loan account | 13,292 | - |
| | <u>1,626,845</u> | <u>790,703</u> |

SHAHTEX (LEICESTER) LIMITEDNOTES TO THE ABBREVIATED ACCOUNTS - 31ST DECEMBER 199412. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

| | <u>1994</u> <u>£</u> | <u>1993</u> <u>£</u> |
|---|-------------------------|-------------------------|
| Bank overdraft | 63,689 | - |
| Hire purchase contracts - Note 13 below | 148,126 | 51,722 |
| Trade creditors | 1,541,691 | 910,257 |
| Corporation tax | 41,420 | 78,081 |
| Other taxes and social security costs | 66,493 | 98,111 |
| Directors' loan accounts - Note (a) below | 810 | 9,822 |
| Other creditors | 311,716 | 11,716 |
| Accruals | 25,573 | 114,171 |
| | <u>2,199,518</u> | <u>1,273,880</u> |

(a) The directors' loan accounts are interest free and repayable on demand.

13. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | <u>1994</u> <u>£</u> | <u>1993</u> <u>£</u> |
|-------------------------|-------------------------|-------------------------|
| Hire purchase contracts | <u>70,341</u> | <u>8,720</u> |

Hire purchase contracts are at normal commercial rates of interest and are secured on the assets concerned.

14. PROVISIONS FOR LIABILITIES AND CHARGES

This comprises deferred taxation.

| | <u>£</u> |
|--|---------------|
| Balance at 1st January 1994 | 29,000 |
| Transferred from profit and loss account | 20,500 |
| At 31st December 1994 | <u>49,500</u> |

The full provision for deferred tax is made up as follows:-

| | <u>1994</u> <u>£</u> | <u>1993</u> <u>£</u> |
|--------------------------------|-------------------------|-------------------------|
| Accelerated capital allowances | <u>49,500</u> | <u>29,000</u> |

SHAHTEX (LEICESTER) LIMITEDNOTES TO THE ABBREVIATED ACCOUNTS - 31ST DECEMBER 199415. SHARE CAPITAL

| | <u>Authorised</u> | | <u>Issued and fully paid</u> | |
|----------------------------|-------------------|---------------|----------------------------------|-------------|
| | <u>1994</u> | <u>1993</u> | <u>1994</u> | <u>1993</u> |
| | <u>£</u> | <u>£</u> | <u>£</u> | <u>£</u> |
| Ordinary shares of £1 each | <u>50,000</u> | <u>50,000</u> | <u>100</u> | <u>100</u> |

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | <u>1994</u> | <u>1993</u> |
|---|----------------|----------------|
| | <u>£</u> | <u>£</u> |
| Profit for the year after taxation | 168,318 | 184,987 |
| Opening shareholders' funds at 1st January 1994 | <u>322,175</u> | <u>137,188</u> |
| Closing shareholders' funds at 31st December 1994 | <u>490,493</u> | <u>322,175</u> |

17. RELATED PARTY TRANSACTIONS

The company trades with Shahbros Trading Company and Nina Fashions. The proprietors of both businesses are also shareholders of Shahtex (Leicester) Limited. All transactions are carried out at arms length. The total purchases during the year from Shahbros Trading Company and Nina Fashions amounted to £1,835,030 and £272,797 respectively.