



BDO Blader Hamlyn
Chartered Accountants

**VISAGE RETAIL LIMITED
(FORMERLY SANGARN LIMITED)**

REPORT AND FINANCIAL STATEMENTS

**for the year ended
31 January 1994**



Company Number: 2815336

Ayr Bacup Belfast Birmingham Bristol Bury St Edmunds
Croydon Edinburgh Enniskillen Glasgow Leeds London
Manchester Newbury Newcastle Newmarket Norwich
Nottingham Poole Rochdale St Albans Saltcoats
Stranraer Wolverhampton

VISAGE RETAIL LIMITED

Directors' Report

and

Financial Statements

For the period from 5 May 1993 to 31 January 1994

VISAGE RETAIL LIMITED**Directors**

M K Sehgal
P Sehgal
R K Sehgal
R A Bacon

Secretary

T Parkinson

Registered Office

Visage House
Shaftsbury Avenue
South Shields
Tyne & Wear
NE34 9PH

Auditors

BDO Binder Hamlyn
Chartered Accountants
Pearl Assurance House
7 New Bridge Street
Newcastle upon Tyne
NE1 8BQ

Bankers

Midland Bank Plc
Grey Street
Newcastle upon Tyne

VISAGE RETAIL LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JANUARY 1994

Financial Statements

The directors present their report and financial statements for the period from 5 May 1993 to 31 January 1994.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the company's affairs and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 maintaining 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.

Activities

The principal activity of the company is that of general retailing.

The company was incorporated on 5 May 1993 and began trading in October 1993. The company changed its name from Sangam Limited on 30 June 1993.

Development during the year and the company's position at 31 January 1993 are as shown in the attached financial statements.

Future Developments

The directors foresee an increase in turnover and a move to profitability as the company enters its second period of trading. The losses are attributable to pre-trading expenses and the cost of developing from a nil base a new retail outlet in Sunderland. Funding has been and will continue to be supported by the Visage Group of Companies.

Dividends

The directors do not recommend payment of a dividend for the period ended 31 January 1994.

Fixed Assets

Significant changes in fixed assets include fully re-fitting the Sunderland store premises prior to commencement of trading.

Tax Status

In the opinion of the directors the company is a close company within the meaning of Section 414 Income and Corporation Taxes Act 1988.

VISAGE RETAIL LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 JANUARY 1994

Directors

The members of the board during the year were:

M K Sehgal	(appointed 24 August 1993)
P Sehgal	(appointed 24 August 1993)
R K Sehgal	(appointed 24 August 1993)
R A Bacon	(appointed 1 October 1993)

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that BDO Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 27 May 1994.



M K SEHGAL

Director

AUDITORS' REPORT
to the members of Visage Retail Limited

We have audited the financial statements on pages 6 to 15 which have been prepared on the basis of the accounting policies set out on page 10.

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 to report our opinion to you.

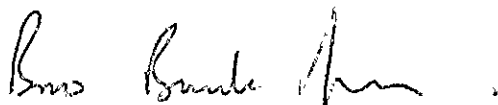
Basis of opinion

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 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 31 January 1994 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

**Chartered Accountants****Registered Auditors****28 May 1994**

VISAGE RETAIL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 JANUARY 1994

	Notes	1994 (4 Months) £
Turnover		1,157,307
Cost of Sales		(720,381)
Gross Profit		<u>436,926</u>
Distribution Costs		(13,533)
Administrative Expenses		(831,185)
Other Operating Income		<u>69,883</u>
Operating Loss		(367,909)
Interest payable and similar charges	3	<u>(12,488)</u>
Loss on ordinary activities before taxation		(380,397)
Tax on loss on ordinary activities	4	<u>110,000</u>
Loss on ordinary activities after taxation for the financial year transferred to accumulated losses	10	<u>(270,397)</u> =====


The results for the period shown above all derive from continuing activities. There were no other gains or losses in the year other than those shown in the profit and loss account above.

VISAGE RETAIL LIMITED

BALANCE SHEET AT 31 JANUARY 1994

	Notes	£	£
1994			
Fixed Assets			
Tangible Assets	5		1,537,439
Current Assets			
Stocks		589,913	
Debtors	6	180,565	
Cash at Bank and in Hand		8,500	
		<hr/>	
		778,978	
Creditors (amounts due within one year)	7		
		<hr/>	
		(1,428,220)	
Net Current Liabilities			(649,242)
Total Assets less Current Liabilities			<hr/>
			888,197
Creditors (amounts due after more than one year)	8		
			(1,158,494)
Net Liabilities			<hr/>
			(270,297)
Capital and Reserves			
Called up Share Capital	9		100
Profit and Loss Account	10		(270,397)
		<hr/>	
		(270,297)	
		<hr/>	

The financial statements on pages 6 to 15 were
approved by the Board on 27 May 1994.



M K SEHGAL

Director

MISAGE RETAIL LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 JANUARY 1994

1994

£

£

Net Cash inflow from
operating activities (Note 1)

186,633

Returns on investments and
servicing of finance:
Interest paid

(10,410)

Net Cash outflow from returns
on investments and servicing
of finance

(10,410)

Investing Activities:

Payments to acquire tangible
fixed assets

(217,986)

Receipts from sales of tangible
fixed assets

7,430

Net Cash outflow from investing
activities

(210,556)

Net Cash outflow before financing

(34,333)

Financing:

Issue of share capital

100

Repayment of inter-company loan

(400,000)

Net Cash outflow from financing

(399,900)

Decrease in cash and cash
equivalents (Note 3)

(434,233)

=====

VISAGE RETAIL LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 JANUARY 1994

1 Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	1994
£	£
Operating Loss	(367,909)
Depreciation	55,293
Increase in Stocks	(589,913)
Increase in Debtors	(70,565)
Increase in Creditors	1,159,727
	<hr/>
Net cash inflow from operating activities	186,633
	<hr/>

2 Analysis of changes in Cash and Cash Equivalents during the Period

Net cash outflow	(434,233)
	<hr/>
Balance at 31 January 1994	(434,233)
	<hr/>

3 Analysis of the Balances of Cash and Cash Equivalents as shown in the Balance Sheet

	1994
	being change in Period
	£
Cash at bank and in hand	8,500
Bank Overdrafts	(442,733)
	<hr/>
	(434,233)
	<hr/>

4 Analysis of Changes in Financing during the Period

	Share Capital	Loan
	£	£
Cash inflows/outflows, from financing	100	(400,000)
Inception of inter-company loan (note 5)	-	1,558,494
	<hr/>	<hr/>
Balance at 31 January 1994	100	1,158,494
	<hr/>	<hr/>

5 Non-cash Transactions

During the year a fellow subsidiary met expenditure on behalf of the company creating an inter-company loan account. No cash movement occurred, payments being made directly to the third party involved. This expenditure comprised of payments for fixed assets of £1,382,716 and the balance for trading expenses.

VISAGE RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 1994

1 Accounting Policies

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

Accounting Convention

These financial statements have been prepared under the historical cost convention.

Tangible Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided at rates calculated to write down the assets to their estimated residual values over the course of their anticipated working lives.

The rates of depreciation used on the straight line method are as follows:-

Improvements to Leasehold Property	- 10% per annum
Office Equipment	- 25% per annum
Computer Equipment	- 25% per annum

Stock

Stock being goods for resale is stated at the lower of historical cost and net realisable value.

Leasing Commitments

Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

Grants

Capital grants are released to profit and loss account over the life of the asset to which they relate. Revenue based grants are released to profit and loss account in the year in which the related expenditure is incurred.

Accounting Period

These financial statements cover the period from 5 May 1993, being the date of incorporation, to 31 January 1994. Future financial statements will be prepared to 31 January annually.

VISAGE RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 1994

2 Operating Loss is stated after charging

	1994
	£
Depreciation	55,293
Rentals under Operating Leases - Equipment	20,890
- Other	150,000
Auditors remuneration	7,000

3 Interest Payable and Similar Charges

	1994
	£
Bank Overdraft repayable:	
Within five years not by instalments	12,480

4 Tax on Loss on Ordinary Activities

	1994
	£
Group Relief Receivable at 33%	110,000

VISAGE RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 1994

5 Tangible Fixed Assets

	Office Equipment	Property Refurbish -ment	Computer Equipment	Total
	£	£	£	£
Cost				
Additions	13,404	1,554,860	31,898	1,600,162
Disposals	-	-	(7,430)	(7,430)
At 31 January 1994	13,404	1,554,860	24,468	1,592,732
Depreciation				
Provision for period	574	52,698	2,021	55,293
At 31 January 1994	574	52,698	2,021	55,293
Net Book Value				
At 31 January 1994	12,830	1,502,162	22,447	1,537,439
	=====	=====	=====	=====

6 Debtors

	1994
	£
Group Relief Receivable	110,000
Other Debtors	6,250
Prepayments and Accrued Income	64,315
	=====
	180,565
	=====

7 Creditors (amounts due within one year)

	1994
	£
Bank Overdrafts	442,733
Trade Creditors	191,354
Amounts owed to parent undertaking and fellow subsidiary undertakings	452,806
Other Creditors	54,394
Other Taxes and Social Security	84,770
Accruals and Deferred Income	202,163
	=====
	1,428,220
	=====

The bank overdraft is secured by an unlimited cross guarantee from Visage Holdings Limited and a fixed and floating charge over the assets of the company.

VISAGE RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 1994

8 Creditors (amounts due after more than one year)1994
£

Amounts owed to fellow subsidiary undertaking

1,158,494
=====9 Called up Share Capital1994
£Authorised, Allotted and Fully Paid
ordinary shares of £1 each100
=====

During the period 100 ordinary shares of £1 each were issued at par to form the initial capital of the company.

10 ReservesProfit and
Loss Account
£

At 31 January 1994 being loss for year

(270,397)
=====

VISAGE RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 1994

11 Reconciliation of movements in shareholders' Funds

	1994 £
New Share Capital Subscribed	100
Net reduction to shareholders' funds	(270,397)
	<hr/>
Closing shareholders' Funds	(270,297)
	=====

12 Financial Commitments

Operating Leases

At 31 January 1994 the company had annual commitments under non-cancellable operating leases as follows:

	1994 Equipment £
Operating Leases which expire Two to five years	98,574
	<hr/>
	98,574
	=====

Commitments on behalf of group undertakings:-

The company is party to a VAT group election under which it is jointly and severally liable for the VAT liabilities of Visage Holdings Limited, Visage Imports Limited, Visage Wholesale Limited and Visage Properties Limited. At the year end, this liability amounted to:

	£
Visage Wholesale Limited	63,527

13 Information Regarding Directors

Share Interests:

M K Sehgal, P Sehgal, R K Sehgal and R A Bacon were directors of the company at 31 January 1994. No director had any beneficial interest in the shares. M K Sehgal held jointly one share on trust for Visage Holdings Limited.

	1994 £
M K Sehgal (and Visage Holdings Ltd)	1

The directors received no remuneration during the period. The services of the directors are provided by a fellow subsidiary and no part of their remuneration is specifically attributed to their services to this company.

VISAGE RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 1994

14 Particulars of Employees

The average number of persons employed by the company (including directors with contract of services) during the year were:

	1994
Category:	
Directors	4
Warehouse and Security	25
Administration and Management	16
Sales Staff	71
	<hr/>
	116
	===

Their total remuneration was:

	1994 (4 Months) £
Wages and Salaries	286,433
Social Security Costs	20,643
	<hr/>
	307,076
	=====

15 Ultimate Parent Company

Visage Holdings Limited incorporated in UK is regarded by the directors as being the company's ultimate parent company.