

Vanity Fayre International Limited

2977973

Director's Report and Financial Statements

for the year ended 31st October 1997



Sears Watson
Chartered Accountants
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London SE1 8ST

Vanity Fayre International Limited

Company Information

Director	J Goodman
Secretary	I Goodman
Company Number	2977973
Registered Office	2 Waterloo Court 10 Theed Street London SE1 8ST
Business Address	Flat 3 27 Mowbray Road London NW6 7QS
Bankers	Midland Bank plc 69 Park Royal Road Park Royal London NW10 7JR

Vanity Fayre International Limited

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Vanity Fayre International Limited

Director's Report for the year ended 31st October 1997

The director presents her report and the financial statements for the year ended 31st October 1997.

Principal Activity

The principal activity of the company was that of the licence holder of patented products.

Director and her Interest

The director who served during the year and her interest in the company are as stated below:

	Ordinary shares	
	1997	1996
J Goodman	1	1

Director's Responsibilities

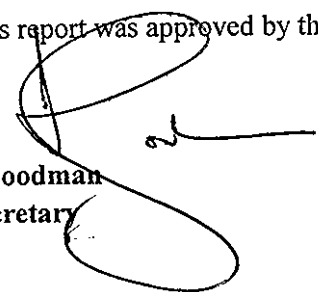
Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the director is required to:

- select suitable accounting policies and 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable her to ensure that the financial statements comply with the Companies Act 1985. She is 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.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 25th June 1998 and signed on its behalf by


I Goodman
Secretary

Vanity Fayre International Limited

Profit and Loss Account for the year ended 31st October 1997

Continuing operations

		1997	1996
	Notes	£	£
Turnover	2	65,600	53,372
Direct costs		(15,450)	(14,681)
Gross profit		50,150	38,691
Administrative expenses		(39,855)	(38,856)
Profit/(loss) on ordinary activities before taxation		10,295	(165)
Tax on profit/(loss) on ordinary activities	5	(2,491)	(62)
Retained profit/(loss) for the year		7,804	(227)
Retained profit brought forward		652	879
Retained profit carried forward		8,456	652

None of the company's activities were acquired or discontinued during the above two financial years.
There were no recognised gains or losses other than those included in the profit or loss account.
The profit on ordinary activities before taxation and the retained profit have been calculated on the historical cost convention.

The notes on pages 5 to 7 form an integral part of these financial statements.

Vanity Fayre International Limited

**Balance Sheet
as at 31st October 1997**

		1997		1996	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	6		1,472		255
Current Assets					
Debtors	7	10,651		8,988	
Cash at bank		19,226		15,518	
		<u>29,877</u>		<u>24,506</u>	
Creditors: amounts falling due within one year	8	<u>(22,891)</u>		<u>(24,107)</u>	
Net Current Assets			<u>6,986</u>		<u>399</u>
Total Assets Less Current Liabilities			<u>8,458</u>		<u>654</u>
Capital and Reserves					
Called up share capital	9		2		2
Profit and loss account			8,456		652
Equity Shareholders' Funds	10		<u>8,458</u>		<u>654</u>

The director's statements required by Section 249B(4) are shown on the following page which forms part of this Balance Sheet.

The notes on pages 5 to 7 form an integral part of these financial statements.

Vanity Fayre International Limited

Balance Sheet (continued)

**Director's statements required by Section 249B(4)
for the year ended 31st October 1997**

In approving these financial statements as director of the company I hereby confirm:

(a) that for the year stated above the company was entitled to the exemption conferred by Section 249A(1) of the Companies Act 1985;

(b) that no notice has been deposited at the registered office of the company pursuant to Section 249B(2) requesting that an audit be conducted for the year ended 31st October 1997 and

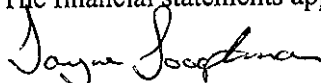
(c) that I acknowledge my responsibilities for:

(1) ensuring that the company keeps accounting records which comply with Section 221, and

(2) preparing financial statements 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 year then ended in accordance with the requirements of Section 226 and which otherwise comply with the provisions of the Companies Act relating to financial statements, so far as applicable to the company.

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements approved by the Board on 25th June 1998 and signed on its behalf by



J Goodman
Director

The notes on pages 5 to 7 form an integral part of these financial statements.

Vanity Fayre International Limited

Notes to the Financial Statements for the year ended 31st October 1997

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement because it is a small company.

1.2 Turnover

Turnover represents the total invoice value, excluding value added tax, of royalties receivable during the year.

1.3 Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	- 25% Written Down Value
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2. Turnover

Turnover attributable to geographical markets outside the United Kingdom amounted to 82% for the year, (1996 - 57%) .

3. Operating profit/(loss)

	1997 £	1996 £
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	519	85

4. Director's emoluments

There were no employees during the year apart from the director.

	1997 £	1996 £
Remuneration and other benefits	2,000	-

5. Taxation

	1997 £	1996 £
UK current year taxation		
UK Corporation Tax at 22% (1996 - 24%)	2,491	62

Vanity Fayre International Limited

Notes to the Financial Statements for the year ended 31st October 1997

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6. Tangible assets

	Fixtures, fittings equipment	Total
	£	£
Cost		
At 1st November 1996	340	340
Additions	1,736	1,736
At 31st October 1997	<u>2,076</u>	<u>2,076</u>
Depreciation		
At 1st November 1996	85	85
Charge for the year	519	519
At 31st October 1997	<u>604</u>	<u>604</u>
Net book values		
At 31st October 1997	<u>1,472</u>	<u>1,472</u>
At 31st October 1996	<u>255</u>	<u>255</u>

7. Debtors

	1997 £	1996 £
Trade debtors	-	183
Prepayments and accrued income	10,651	8,805
	<u>10,651</u>	<u>8,988</u>

8. Creditors: amounts falling due within one year

	1997 £	1996 £
Trade creditors	10,029	10,643
Corporation tax	2,491	62
Other taxes and social security costs	963	1,022
Director's accounts	43	4,920
Accruals	9,365	7,460
	<u>22,891</u>	<u>24,107</u>

Vanity Fayre International Limited

Notes to the Financial Statements
for the year ended 31st October 1997

..... continued

9. Share capital	1997	1996
	£	£
Authorised equity		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid equity		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>
10. Reconciliation of movements in shareholders' funds	1997	1996
	£	£
Profit/(loss) for the year	7,804	(227)
Opening shareholders' funds	<u>654</u>	<u>881</u>
Closing shareholders' funds	<u>8,458</u>	<u>654</u>

11. Director and related party transactions

There is an amount of £43, (1996: £4,920) due to the director, J Goodman, included in creditors falling due under one year. Interest is not payable on the balance.