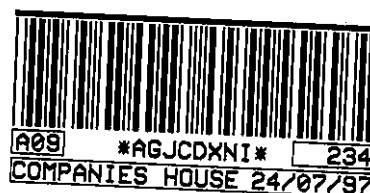


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MINT CORPORATION LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1996



MINT CORPORATION LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

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MINT CORPORATION LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

1

COMPANY INFORMATION

DIRECTOR	P Groom R A Porter Smith
SECRETARY	Mrs A Groom
BANKERS	Lloyds Bank Plc 9 Poplar Road Solihull West Midlands B91 3AN
AUDITORS	Phibbs Edge & Co. 10 George Street Alderley Edge Cheshire SK9 7EJ
REGISTERED OFFICE	10 George Street Alderley Edge Cheshire SK9 7EJ
REGISTERED NUMBER	2832624 (England and Wales)

MINT CORPORATION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 1996.

PRINCIPAL ACTIVITY

The principal activity of the company throughout the year continued to be that of consumer goods traders and consultancy.

REVIEW OF BUSINESS

The results for the year are set out in the annexed profit and loss account.

Turnover has increased during the year by 255.6% to £635,540. The directors consider the profit for the year achieved on ordinary activities before taxation to be satisfactory in the light of current trading conditions.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year.

No dividends were declared in respect of the previous year.

DIRECTORS

The directors who held office during the year and their beneficial interests in the issued share capital was as follows:

	Ordinary shares of £1 each	
	31 December 1996	31 December 1995
P Groom	10,100	50
R A Porter Smith	-	50

FIXED ASSETS

The movements in the fixed assets of the company are disclosed in note 7 to the financial statements.

MINT CORPORATION LIMITED**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996****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 as at the end of the financial year 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 enable them to ensure that the financial statements comply with the Companies Act. 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.

AUDITORS

The auditors, Phibbs Edge & Co., will be proposed for re-appointment in accordance with Section 384 of the Companies Act 1985.

Signed on behalf of the board of directors

Audrea L. Groom

Mrs A Groom - Company Secretary

Approved by the board on: *16 July 97*

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
MINT CORPORATION LIMITED**

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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.

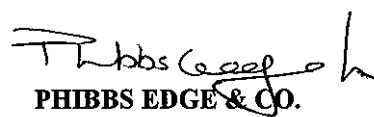
Basis of opinion

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 at 31 December 1996 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PHIBBS EDGE & CO.
Registered Auditor and
Chartered Accountants

10 George Street
Alderley Edge
Cheshire SK9 7EJ

Dated:- 22 July 1997

MINT CORPORATION LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
		£	£
TURNOVER	2	635,540	178,708
Cost of sales		454,632	63,086
GROSS PROFIT		180,908	115,622
Selling and distribution costs		26,137	14,410
Administrative expenses		125,393	93,407
		151,530	107,817
OPERATING PROFIT	3	29,378	7,805
Interest receivable		1,703	161
		31,081	7,966
Interest payable	5	10,713	1,828
PROFIT on ordinary activities before taxation		20,368	6,138
TAXATION on profit on ordinary activities	6	5,334	184
PROFIT on ordinary activities after taxation		15,034	5,954
RETAINED PROFIT/(DEFICIT) BROUGHT FORWARD		2,311	(3,643)
BALANCE CARRIED FORWARD		£17,345	£2,311

There were no recognised gains or losses other than those included in the profit and loss account above.

None of the company's activities were acquired or discontinued during the above two years.


The notes on pages 7 to 13 form part of these accounts

MINT CORPORATION LIMITED

BALANCE SHEET - 31 DECEMBER 1996

	Notes	1996		1995	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		17,953		15,860
CURRENT ASSETS					
Stock	8	53,512		-	
Debtors	9	183,393		44,576	
Cash at bank and in hand		55,922		80,743	
		292,827		125,319	
CREDITORS: amounts falling due within one year	10	167,950		56,395	
NET CURRENT ASSETS			124,877		68,924
TOTAL ASSETS LESS CURRENT LIABILITIES			142,830		84,784
CREDITORS: amounts falling due after more than one year	11		115,385		82,373
			£27,445		£2,411
CAPITAL AND RESERVES					
Called up share capital	13	10,100		100	
Profit and loss account		17,345		2,311	
SHAREHOLDERS FUNDS	14		£27,445		£2,411

Approved by the board of directors on 16/7/97 and signed on its behalf.



P S Groom - Director

The notes on pages 7 to 13 form part of these accounts

MINT CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

1 ACCOUNTING POLICIES

The principal accounting policies which are adopted in the preparation of the financial statements are set out below.

Basis of accounting

The financial statements have been prepared in under the historical cost convention and in accordance with applicable accounting standards. The company has not prepared a cash flow statement as, being a small company, it is exempt from FRS 1.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at rates calculated to write off each asset over its estimated useful life. The principal annual rates in use are:

Motor vehicles	25%	reducing balance
Fixtures and fittings	20%	reducing balance
Plant and machinery	20%	reducing balance

Leased assets

Leased equipment, financed by leasing or hire purchase agreements that give rights approximating to ownership, are treated as if they had been purchased outright and the corresponding obligations treated as liabilities. The charge to the profit and loss account is represented by depreciation, calculated in accordance with the company's policy, and interest. The total invoiced cost is charged to the profit and loss account, so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

Stock

Stock is valued at the lower of cost and estimated net realisable value, after making due allowance for obsolete and slow moving items, where cost includes direct expenditure only.

Deferred taxation

Provision is made at appropriate rates for taxation deferred in respect of all material timing differences only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

Pension contributions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions paid by the company to the scheme during the year.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

MINT CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

(continued)

2 TURNOVER

The turnover and profit for the year before taxation is attributable to the one principal activity of the company.

No exports were made by the company during the year.

3 OPERATING PROFIT

The operating profit is stated after charging:

	1996	1995
	£	£
Directors' emoluments	46,010	29,012
Staff costs	39,090	17,466
	<hr/>	<hr/>
Total staff costs (note 4)	85,100	46,478
Depreciation	4,199	3,964
Auditors' remuneration	1,200	-
	<hr/>	<hr/>

4 STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	1996	1995
	£	£
Wages and salaries	77,693	41,280
Social security costs	5,477	4,072
Other pension costs	1,930	1,126
	<hr/>	<hr/>
	85,100	46,478
	<hr/>	<hr/>

The average weekly number of employees during the year was as follows:

Office and management	4	4
	<hr/>	<hr/>

5 INTEREST PAYABLE

	1996	1995
	£	£
Repayable within five years:		
Bank loans and overdrafts	10,505	1,200
Hire purchase interest	208	628
	<hr/>	<hr/>
	10,713	1,828
	<hr/>	<hr/>

MINT CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

(continued)

6 TAXATION

	1996	1995
	£	£
Corporation tax on ordinary activities at 24.25% (25%)	5,334	184

7 TANGIBLE FIXED ASSETS

	Motor vehicles	Fixtures and fittings	Office equipment	Total
<u>Cost or valuation</u>				
At 31 December 1995	16,000	8,165	-	24,165
Additions	-	1,496	4,796	6,292
At 31 December 1996	16,000	9,661	4,796	30,457
<u>Depreciation</u>				
At 31 December 1995	5,366	2,939	-	8,305
Charge for the year	2,658	1,095	446	4,199
At 31 December 1996	8,024	4,034	446	12,504
<u>Net book value</u>				
At 31 December 1996	£7,976	£5,627	£4,350	£17,953
At 31 December 1995	£10,634	£5,226	£-	£15,860

The net book value of fixed assets at 31 December 1996 includes £7,976 (31 December 1995 - £10,634) in respect of assets leased and on hire purchase, made up as follows:

	1996	1995
	£	£
Motor vehicles	7,976	10,634

The depreciation charge for the year includes £2,658 (31 December 1995 - £2,658) in respect of assets leased or on hire purchase, made up as follows:

	1996	1995
	£	£
Motor vehicles	2,658	2,658

MINT CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

(continued)

8 STOCK

	1996	1995
	£	£
Finished goods	<u>53,512</u>	<u>-</u>

9 DEBTORS

	1996	1995
	£	£
Trade debtors	9,751	44,576
Factored debtors	97,900	-
Other debtors	5,186	-
Prepaid expenses	<u>70,556</u>	<u>-</u>
	<u>183,393</u>	<u>44,576</u>

Factored debtors have been assigned, without recourse, to International Factors, and the advances received are included within creditors.

10 CREDITORS: amounts falling due within one year

	1996	1995
	£	£
Trade creditors	42,463	33,222
Accrued expenses	29,195	6,498
Factors advance	53,150	-
Social security and other taxes	2,065	3,642
Hire purchase	687	3,041
Director's current account	<u>11,769</u>	<u>577</u>
	139,329	46,980
Bank loan and overdraft	23,287	9,231
Taxation	<u>5,334</u>	<u>184</u>
	<u>167,950</u>	<u>56,395</u>

MINT CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

(continued)

11 CREDITORS: amounts falling due after more than one year

	1996	1995
	£	£
Bank loans	115,385	80,769
Hire purchase	-	1,604
	<u>115,385</u>	<u>82,373</u>

12 BANK LOANS AND OVERDRAFTS

The aggregate amount of bank loans and overdrafts was as follows:

	1996	1995
	£	£
(a) Falling due within one year		
Bank overdraft	210	-
Bank loan - current portion	23,077	9,231
	<u>23,287</u>	<u>9,231</u>
(b) Falling due after more than one year		
Bank loan	115,385	80,769
	<u>115,385</u>	<u>80,769</u>
Aggregate amounts	<u>138,672</u>	<u>90,000</u>

On 14 November 1995 the company commenced a loan of £90,000 and on 28 March 1996 commenced a second loan of £60,000, both under the Small Firms Loan Guarantee Scheme. The loans are repayable over 78 instalments commencing after six months. Interest is charged at 2% over Lloyds Bank base rate and both loans are subject to a quarterly guarantee premium of 1.5% on the outstanding balance.

Additional security is given by an unlimited Debenture in banks standard form dated 1 December 1995 and a personal guarantee to £25,000 from R A Porter-Smith.

MINT CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

(continued)

13 CALLED UP SHARE CAPITAL

	1996	1995
	£	£
Authorised		
Shares of £1 each	100,000	100
Allotted, issued, called up and fully paid		
Ordinary shares of £1 each	5,100	100
Preference shares of £1 each	5,000	-
	10,100	100

On 26 April 1996 the authorised share capital of the company was increased from £100 to £100,000. On 1 November 1996 the company issued 5,000 ordinary shares and 5,000 preference shares at par for cash.

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996	1995
	£	£
Profit for the year	15,034	5,954
Shares issued during the year	10,000	98
	25,034	6,052
Shareholders' funds at 31 December 1995	2,411	(3,641)
Shareholders' funds at 31 December 1996	27,445	2,411
Analysis of shareholders funds		
Equity interests		
Ordinary share capital	5,100	100
Profit and loss account	17,345	2,311
	22,445	2,411
Non-equity interests		
Preference share capital	5,000	-
	27,445	2,411

MINT CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1996

(continued)

15 CONTINGENT LIABILITIES

At 31 December 1996 there were no contingent liabilities (1995-nil).

16 LEASING COMMITMENTS

Finance leases

The future minimum payments to which the company was committed at 31 December 1996 were as follows:

	1996	1995
	£	£
Payable within:		
One year	695	3,249
Two to five years	-	1,612
	695	4,861
Amounts representing interest	8	216
	687	4,645
Summary:		
Repayable within one year	687	3,041
Repayable after more than one year	-	1,604
	687	4,645

17 TRANSACTIONS WITH DIRECTORS

Included within creditors is £11,769 due to P S Groom. During the year the company charged Mint Apparel Limited, a company under common control, £19,596 for consultancy work. Included within trade debtors is £3,231 due from Mint Apparel Limited.