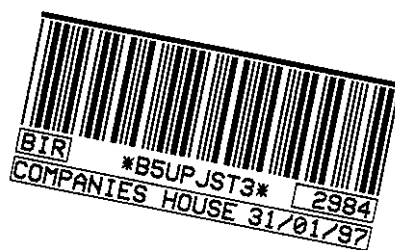


**Company Number: 2690536**

**Future Garments plc**

**Financial Statements**

**for the year ended 31 May 1996**



**Future Garments plc**

**Company Information**

**Company No: 2690536**

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**Chairman**

Kuldip Singh Palak Esq

**Registered Office**

Aqua House  
Buttress Way  
Smethwick  
West Midlands  
B66 3DL

**Directors**

Kuldip Singh Palak Esq  
Hardip Singh Palak Esq

**Secretary**

Kuldip Singh Palak Esq

**Auditors**

Haines Watts  
Sterling House  
71 Francis Road  
Edgbaston  
Birmingham  
B16 8SP

**Bankers**

Barclays Bank plc  
351/359 Soho Road  
Handsworth  
Birmingham  
B21 9SE

**Page No.**

1 and 2	Directors' Report
3	Auditors' Report
4	Profit and Loss Account
5	Balance Sheet
6	Cash Flow Statement
7 to 13	Notes to the Financial Statements

The directors submit their report together with the audited financial statements for the year ended 31st May 1996.

**Directors' Statement**

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 loss for that year. 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.

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 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.

**Results and Dividends**

The trading loss for the year after taxation and dividends was £9,722 and it has been transferred from reserves.

The directors recommend dividends amounting to £80,000.

**Principal Activity and Business Review**

The principal activity of the company continued to be that of a clothing manufacturer.

In 1995/96 the company showed excellent growth and the prospects for 1996/97 look progressively better.

We believe that this has been made possible by restructuring the internal systems and departments, leading to greater efficiencies.

**Fixed Assets**

The significant changes in fixed assets are shown in the notes to the financial statements.

**Directors**

The directors, none of whom is beneficially interested in the shares of the company, who served during the year were as follows:

Kuldip Singh Palak Esq  
Hardip Singh Palak Esq

The directors' interest in the share capital of the holding company, Aqua Holdings plc, are disclosed in the accounts of that company.

**Future Garments plc**

**Directors' Report**

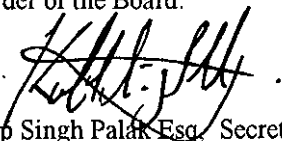
**for the year ended 31st May 1996**

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**Auditors**

The Auditors, Haines Watts Chartered Accountants, have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

By Order of the Board:



Kuldeep Singh Palak Esq. Secretary

Date 29.01.97.

**Auditors' Report to the Shareholders**

**on the Accounts for the year ended 31st May 1996**

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We have audited the financial statements on pages 4 to 13, which have been prepared under the historical cost convention and the accounting policies set out on page 7.

**Respective responsibilities of the directors and auditors**

As described on page 1 the company's directors are responsible for the preparation of the 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.

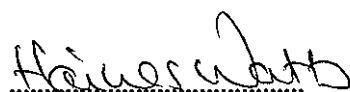
**Basis of Opinion**

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 information and explanations which we consider 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 other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the 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 May 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Haines Watts**  
**Chartered Accountants**  
**and Registered Auditor**  
**Sterling House**  
**71 Francis Road**  
**Edgbaston**  
**Birmingham**  
**B16 8SP**

**Date: 30th January 1997**

**Future Garments plc****Profit and Loss Account****for the year ended 31st May 1996**

	Notes	1996 £	1995 £
<b>Turnover</b>	2	3,140,128	2,898,442
Cost of sales		<u>(2,609,380)</u>	<u>(2,491,078)</u>
<b>Gross profit</b>		530,748	407,364
Administrative expenses		<u>(429,513)</u>	<u>(336,775)</u>
<b>Operating profit</b>	3	101,235	70,589
Interest payable	4	<u>(7,688)</u>	<u>(2,020)</u>
<b>Profit on ordinary activities before Taxation</b>		93,547	68,569
Tax on profit on ordinary activities	6	<u>(23,269)</u>	<u>(18,661)</u>
<b>Profit on ordinary activities after Taxation</b>		70,278	49,908
Dividends	7	<u>(80,000)</u>	<u>-</u>
<b>Retained (loss)/profit transferred (from)/to reserves</b>	14	<u><u>(9,722)</u></u>	<u><u>49,908</u></u>

*All amounts relate to continuing activities.*

*There have been no recognised gains or losses, other than the results for the financial year, and all profits or losses have been accounted for on an historical cost basis.*

**Future Garments plc**

**Balance Sheet**

**as at 31st May 1996**

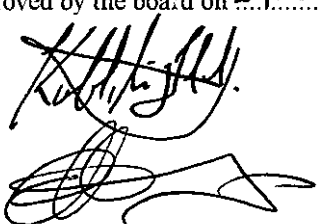
	Notes	1996 £	1996 £	1995 £	1995 £
<b>Fixed Assets</b>					
Tangible fixed assets	8		119,379		57,878
<b>Current Assets</b>					
Stock	9	322,616		256,587	
Debtors	10	1,015,811		1,068,249	
Cash at bank and in-hand		176		250	
		1,338,603		1,325,086	
<b>Creditors:</b>					
Amounts falling due within one year	11	1,278,298		1,193,558	
<b>Net Current Assets</b>			60,305		131,528
<b>Total Assets Less Current Liabilities</b>			179,684		189,406
<b>Capital and Reserves</b>					
Share capital	13		12,500		12,500
Profit and loss account	14		167,184		176,906
	15		179,684		189,406

These accounts were approved by the board on 29.01.97.

Kuldip Singh Palak Esq

Hardip Singh Palak Esq

**Directors**





**Future Garments plc**

**Cash Flow Statement**

**for the year ended 31st May 1996**

	Notes	1996 £	1996 £	1995 £	1995 £
<b>Net Cash Inflow from Operating Activities</b>	17		110,075		70,386
<b>Returns on Investments and Servicing of Finance</b>					
Interest paid		(7,688)		(2,020)	
Dividends paid		(80,000)		-	
<b>Net Cash (Outflow) from Returns on Investments and Servicing of Finance</b>			(87,688)		(2,020)
<b>Taxation</b>					
Corporation tax (paid)		(38,685)		(53,080)	
<b>Tax (Paid)</b>			(38,685)		(53,080)
<b>Investing Activities</b>					
Purchase of tangible fixed assets		(23,578)		(33,252)	
<b>Net Cash (Outflow) from Investing Activities</b>			(23,578)		(33,252)
<b>(Decrease) in Cash and Cash Equivalents</b>	18		(39,876)		(17,966)

**1 Principal Accounting Policies*****Accounting Convention***

The Financial Statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention and incorporate the results of the principal activity which is described in the directors report and is continuing.

***Turnover***

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

***Depreciation***

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

Plant and machinery	15% reducing balance
Motor vehicles	25% reducing balance

***Stocks***

Stocks are stated at the lower of cost and net realisable value.

***Deferred Taxation***

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advanced corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

***Leasing and hire purchase***

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments are taken to the profit and loss account in constant proportion over the life of the asset.

All other leases are regarded as operating leases and the payments made under them are charged to the Profit and Loss Account on a straight-line basis over the lease term.

## Notes to the Financial Statements

31st May 1996

**2 Turnover**

The turnover and operating profit for the year was derived from the company's principal activity.

The geographical analysis of turnover is as follows:

	1996	1995
	£	£
United Kingdom	2,934,135	2,753,520
Europe	205,993	144,922
	<u>3,140,128</u>	<u>2,898,442</u>

**3 Operating Profit**

*The operating profit is stated after charging or crediting:*

	1996	1995
	£	£
Amounts payable to the auditors in respect of audit services	4,000	2,122
Amounts payable to the auditors in respect of non-audit services	11,694	23,650
Depreciation - owned assets	<u>23,322</u>	<u>12,277</u>

**4 Interest Payable**

	1996	1995
	£	£
Bank loans, overdrafts and other loans repayable within five years	7,486	2,020
Other interest payable	<u>202</u>	<u>-</u>
	<u>7,688</u>	<u>2,020</u>

## Notes to the Financial Statements

31st May 1996

**5 Directors and Employees**

Staff costs during the year were as follows:

	1996 £	1995 £
Wages and salaries	302,947	289,328
Social security costs	10,395	6,978
	<u>313,342</u>	<u>296,306</u>

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

	1996 Number	1995 Number
Administration	11	5
Management	2	2
Production	52	50
	<u>65</u>	<u>57</u>

The directors were not remunerated during the year under review.

**6 Tax on Profit on Ordinary Activities**

	1996 £	1995 £
<i>Based on the profit for the year:</i>		
U.K. Corporation tax at 25% (1995: 27%)	23,246	18,661
Prior year adjustments - corporation tax	23	-
	<u>23,269</u>	<u>18,661</u>

**7 Dividends**

	1996 £	1995 £
<b>Equity</b>		
Ordinary shares - final proposed of £6.40 per share	<u>80,000</u>	<u>-</u>

## Notes to the Financial Statements

31st May 1996

**8 Tangible Fixed Assets**

	Plant and machinery	Motor vehicles	Total
<b>Cost</b>	£	£	£
At 1st June 1995	76,856	-	76,856
Additions	63,860	20,963	84,823
At 31st May 1996	<u>140,716</u>	<u>20,963</u>	<u>161,679</u>
<b>Depreciation</b>			
At 1st June 1995	18,978	-	18,978
Charged for the year	18,081	5,241	23,322
At 31st May 1996	<u>37,059</u>	<u>5,241</u>	<u>42,300</u>
<b>Net Book Value</b>			
At 31st May 1996	<u>103,657</u>	<u>15,722</u>	<u>119,379</u>
At 31st May 1995	<u>57,878</u>	<u>-</u>	<u>57,878</u>

**9 Stocks**

	1996 £	1995 £
Raw materials	202,451	126,379
Work in progress	33,775	23,877
Finished goods	86,390	106,331
	<u>322,616</u>	<u>256,587</u>

**10 Debtors**

	1996 £	1995 £
Trade debtors	736,939	471,691
Amounts owed by group undertakings	120,002	65,375
Corporation tax recoverable	40,000	-
Other debtors	101,521	530,401
Prepayments and accrued income	17,349	782
	<u>1,015,811</u>	<u>1,068,249</u>

## Notes to the Financial Statements

31st May 1996

11	Creditors: Amounts Falling Due Within One Year	1996 £	1995 £
	Bank loans and overdrafts	72,427	32,625
	Trade creditors	1,019,397	1,100,384
	Amounts owed to parent and fellow subsidiary undertakings	86,624	29,492
	Corporation tax	43,245	18,661
	Other taxes and social security	18,714	3,070
	Other creditors	32,466	41
	Accruals and deferred income	5,425	9,285
		<u>1,278,298</u>	<u>1,193,558</u>

The bank overdraft is secured by a fixed and floating charge over all property and assets of the company, including goodwill, debtors, uncalled share capital, and fixed assets.

## 12 Deferred Taxation

Deferred taxation provided and unprovided for in the financial statements is set out below. The amount unprovided represents a contingent liability at the Balance Sheet date and is calculated using a tax rate of 25 %.

	Amount Provided		Amount Unprovided	
	1996 £	1995 £	1996 £	1995 £
Accelerated capital allowances	-	-	5,389	2,957
	<u>-</u>	<u>-</u>	<u>5,389</u>	<u>2,957</u>

## 13 Share Capital

Authorised	Number	£
Ordinary shares of £1 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
Allotted and fully paid	Number	£
Ordinary shares of £1 each	12,500	12,500
	<u>12,500</u>	<u>12,500</u>

## 14 Reserves

	Profit and Loss Account £
At 1st June 1995	176,906
Loss for the year	(9,722)
At 31st May 1996	<u>167,184</u>

Notes to the Financial Statements

31st May 1996

<b>15</b>	<b>Reconciliation of the Movement in Shareholders' Funds</b>	<b>1996</b>	<b>1995</b>
		<b>£</b>	<b>£</b>
	Profit for the financial year	70,278	49,908
	Dividends	(80,000)	-
	(Decrease)/Increase in shareholders' funds	(9,722)	49,908
	Opening shareholders' funds	189,406	139,498
	Closing shareholders' funds	179,684	189,406
<b>16</b>	<b>Ultimate Parent Undertaking</b>		
	The ultimate parent undertaking is Aqua Holdings plc, a company registered in England and Wales.		
<b>17</b>	<b>Reconciliation of Operating Profit to Net Cash Flow from Operating Activities</b>	<b>1996</b>	<b>1995</b>
		<b>£</b>	<b>£</b>
	Operating profit	101,235	70,589
	Depreciation	23,322	12,277
	(Increase)/Decrease in stocks	(66,029)	66,073
	Decrease/(Increase) in debtors	31,193	(559,501)
	Increase in creditors	20,354	480,948
	Net Cash Inflow from Operating Activities	110,075	70,386
<b>18</b>	<b>Analysis of Changes in Cash and Cash Equivalents During the Year</b>	<b>1996</b>	<b>1995</b>
		<b>£</b>	<b>£</b>
	Balance at 1st June 1995	(32,375)	(14,409)
	Balance at 31st May 1996	(72,251)	(32,375)
	Net cash movement	(39,876)	(17,966)

**19 Analysis of Changes in Cash or Cash Equivalents  
as Shown in the Balance Sheet**

	Cash at Bank and in Hand £	Bank Overdrafts £
At 31st May 1996	176	(72,427)
At 1st June 1995	250	(32,625)
Change in the year	<u>(74)</u>	<u>(39,802)</u>

**20 Limitation of scope**

In the year ended 31st May 1995 the auditors qualified their audit opinion as they had been unable to obtain adequate audit assurance with regard to the existence of stock as they were not appointed auditors until after the year end. Accordingly they had been unable to satisfy themselves with regard to the existence of opening stock shown in the profit and loss account in the current year. However, in the light of audit evidence now available they do not believe that the stock figure shown in the financial statements for the year ended 31st May 1995 was materially misstated. Therefore they have not qualified their audit opinion in the current year.