

MUSCLE ENVELOPE COMPANY LIMITED

Company Registration Number 3950310

Abbreviated Accounts 2001

Brown Butler
Chartered Accountants
Leeds



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Muscle Envelope Company Limited

Auditor's Report to the Directors of Muscle Envelope Company Limited
Pursuant to Section 247B of the Companies Act 1985

We have examined the abbreviated accounts on pages 3 to 5 together with the full financial statements of Muscle Envelope Company Limited prepared under Section 226 of the Companies Act 1985 for the year ended 30 November 2001.

Respective responsibilities of directors and auditors

The directors are responsible for preparing abbreviated accounts in accordance with Section 246 of and Schedule 8A to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts prepared in accordance with Section 246(5) and (6) of the Companies Act 1985 and whether the abbreviated accounts are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

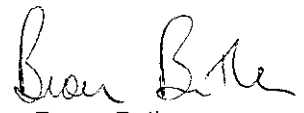
We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did 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 to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985 and the abbreviated accounts to be delivered are properly prepared in accordance with those provisions.

Yorkshire Bank Chambers
Infirmary Street
Leeds
LS1 2JT

8 April 2002


Brown Butler
Chartered Accountants
and Registered Auditor

Muscle Envelope Company Limited

Abbreviated Balance Sheet

30 November 2001

	Note	2001 £	2000 £
Fixed assets			
Intangible assets	2	4,380	4,380
Tangible assets	3	1,029	1,029
		<u>5,409</u>	<u>5,409</u>
Current assets			
Debtors		7,343	34,789
Cash at bank		4,182	10,900
		<u>11,525</u>	<u>45,689</u>
Creditors: amounts falling due within one year		<u>6,339</u>	<u>40,198</u>
Net current assets		5,186	5,491
Total assets less current liabilities		<u>10,595</u>	<u>10,900</u>
Capital and reserves			
Called up equity share capital	4	10,900	10,900
Profit and loss account - (adverse balance)		(305)	-
		<u>10,595</u>	<u>10,900</u>

The directors have taken advantage, in the preparation of the abbreviated accounts, of the special provisions of Part VII of the Companies Act 1985 relating to small companies.

A S Gill

J Gill

[Handwritten signatures of A S Gill and J Gill]

Directors

8 April 2002

The notes on pages 4 and 5 form part of these abbreviated accounts.

1 Accounting policies

(a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Turnover

Turnover represents amounts receivable for goods and services net of VAT.

(c) Trademarks

Trademarks are valued at cost less accumulated amortisation. No amortisation has been charged since the trademarks have not yet been brought into use

(d) Depreciation

Depreciation of tangible fixed assets is provided on cost over their estimated useful lives. The annual rates and methods of depreciation are as follows:-

Plant and machinery	10% straight line basis
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(e) Pensions

The company has a defined contribution pension scheme. The pension costs charged to the profit and loss account are the premiums payable in respect of the accounting period.

(f) Deferred tax

Deferred tax is the tax attributable to timing differences between profits or losses as computed for tax purposes and results as stated in the financial statements.

Deferred tax is provided to the extent that it is probable that a liability will crystallise in the foreseeable future.

(g) Cash flow statement

The company is a wholly owned subsidiary of a company registered in England. The directors have taken advantage of the exemption under FRS 1 not to prepare a cash flow statement.

2 Intangible assets

Cost	£
At 1 December 2000 & at 30 November 2001	4,380

3 Tangible assets

Cost	£
At 1 December 2000 & at 30 November 2001	1,029

Muscle Envelope Company Limited

Notes to the Abbreviated Accounts
Year ended 30 November 2001

4 Called up equity share capital

	30 11 01 £	30 11 00 £
Authorised 10,000,000 Ordinary shares of 1p each	100,000	100,000
Allotted, called up and fully paid Ordinary shares of 1p each At 1 December 2000	10,900	-
Issued during the year /period	-	10,900
At 30 November 2001	10,900	10,900

5 Ultimate parent company

The ultimate parent undertaking is Encore Direct plc.