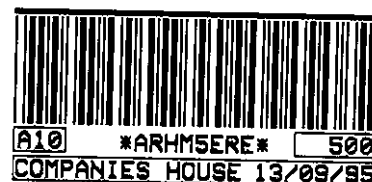




LILLYWHITES LIMITED
Registered Number 290939

REPORT AND ACCOUNTS
YEAR ENDED 31 JANUARY 1995



LILLYWHITES LIMITED

DIRECTORS' REPORT

The Directors present their Report and Accounts for the year ended 31 January 1995.

PRINCIPAL ACTIVITY

The Company's principal activity is that of retailing sports equipment and clothing including the operation of a speciality store.

TRADING RESULTS

The profit on ordinary activities before taxation for the year was £1,347,388 (1994: loss £153,921), and £1,103,388 has been transferred to reserves (1994: £153,921 from reserves).

DIVIDEND

The Directors do not recommend the payment of a dividend for the year (1994: £nil).

DIRECTORS

The Directors during the year ended 31 January 1995 were as follows:

Lord Forte	The Hon Sir Rocco Forte
The Hon Mrs O Polizzi	K Bartle
N C Garrett	A P Meyer
Mrs A C Sanna	

D A Main resigned as a Director of the Company on 31 December 1994

None of the Directors had a direct interest in the issued share capital of the Company.

The beneficial interests of the Directors in the issued share capital of Forte Plc were as follows:

	As at 31 January 1995	As at 1 February 1994
Lord Forte	15,494,921	13,098,323
N C Garrett	33,324	36,000
Mrs A C Sanna	841,500	841,500

The following Directors held share options under the Forte Plc Executive and Savings Related Share Option Schemes:

	As at 31 January 1995	As at 1 February 1994	Granted	Exercised
Lord Forte	268,479	266,427	3,614	-
A P Meyer	79,000	79,000	-	-

The Hon Sir Rocco Forte and The Hon Mrs Olga Polizzi are also Directors of Forte Plc and, as such, their interests are shown in the Report and Accounts of that company.

LILLYWHITES LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

It is the responsibility of 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 the profit or loss for that period.

The Directors consider that, in preparing the financial statements on pages 4 to 12, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, that all accounting standards which they consider to be applicable have been followed and that it is appropriate to use a going concern basis.

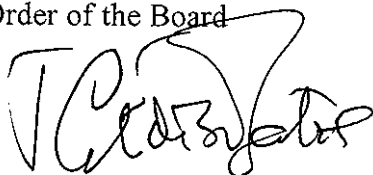
The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

ELECTIVE RESOLUTIONS

The Company has passed Elective Resolutions to dispense with the laying of the Annual Report and Accounts before the Company in General Meeting, the appointment of auditors annually and the holding of Annual General Meetings, pursuant to Sections 252, 386 and 366A respectively of the Companies Act 1985.

By Order of the Board



J G Edis-Bates
Secretary

14 July 1995

Registered Office :
166 High Holborn
London WC1V 6TT

Price Waterhouse



AUDITORS' REPORT TO THE SHAREHOLDERS OF LILLYWHITES LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention, as modified by revaluations of certain properties and investments and the accounting policies set out on page 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2 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 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 1995 and its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Chartered Accountants
and Registered Auditors

14 July 1995

LILLYWHITES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 1995

		1995			1994
	Notes	Total	Before Exceptional Items	Exceptional Items	Total
		£	£	£	£
SALES	2	14,406,610	11,134,941	-	11,134,941
COST OF SALES		<u>(7,902,542)</u>	<u>(5,858,498)</u>	<u>-</u>	<u>(5,858,498)</u>
GROSS PROFIT		6,504,068	5,276,443	-	5,276,443
OPERATING COSTS	3	<u>(5,156,680)</u>	<u>(4,802,784)</u>	<u>(627,580)</u>	<u>(5,430,364)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	1,347,388	<u>473,659</u>	<u>(627,580)</u>	(153,921)
TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES	6	<u>(244,000)</u>			<u>-</u>
RETAINED PROFIT/(LOSS)	14	1,103,388			(153,921)
		<u><u> </u></u>			<u><u> </u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 JANUARY 1995
The company had no recognised gains or losses during the year other than those reflected in the above profit and loss account.

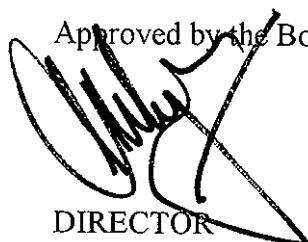
NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 31 JANUARY 1995
There is no difference between the reported losses for the year and those that would be reported under the historical cost convention.

LILLYWHITES LIMITED

BALANCE SHEET AT 31 JANUARY 1995

	Notes	1995 £	1994 £
FIXED ASSETS			
Tangible assets	7	9,605,227	9,781,627
Investments in subsidiary undertakings	8	<u>102,299</u>	<u>102,299</u>
		<u>9,707,526</u>	<u>9,883,926</u>
CURRENT ASSETS			
Stocks	9	3,217,797	2,242,602
Debtors	10	1,178,088	575,016
Cash at bank and in hand		<u>9,855</u>	<u>9,480</u>
		4,405,740	2,827,098
CREDITORS - amounts falling due within one year	11	<u>(2,943,947)</u>	<u>(2,744,531)</u>
NET CURRENT ASSETS		<u>1,461,793</u>	<u>82,567</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,169,319	9,966,493
CREDITORS - amounts falling due after more than one year	12	<u>(9,093,958)</u>	<u>(8,994,520)</u>
		<u>2,075,361</u>	<u>971,973</u>
CAPITAL AND RESERVES			
Called up share capital	13	416,995	416,995
Profit and loss reserve	14	<u>1,658,366</u>	<u>554,978</u>
		<u>2,075,361</u>	<u>971,973</u>

Approved by the Board of Directors on 14 July 1995


DIRECTOR

LILLYWHITES LIMITED

NOTES TO THE ACCOUNTS 31 JANUARY 1995

1 ACCOUNTING POLICIES

a) ACCOUNTING CONVENTION

These accounts have been prepared under the historical cost convention as modified by revaluations of certain properties and investments and in accordance with the Companies Act 1985, as amended by the Companies Act 1989, and applicable Accounting Standards.

b) SALES

Sales represent the amounts receivable for goods sold and services provided excluding VAT.

c) DEPRECIATION

No depreciation is provided on properties on leases with twenty years or more to run at the balance sheet date or on integral fixed plant. It is the Company's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time. Accordingly the Directors consider that the lives of these assets and residual values (based on prices prevailing at the time of acquisition) are such that their depreciation is insignificant.

Trading losses less profits, together with interest and any related taxation credits incurred during the refurbishment of the Piccadilly store were capitalised and are being written off over the first ten years of post development trading.

Depreciation is provided on furniture and equipment on a straight line basis over their estimated useful lives, 4-10 years.

d) STOCKS

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

e) DEFERRED TAXATION

Provision is made for deferred taxation arising from timing differences between profits as computed for taxation purposes and profits as stated in the accounts to the extent that the liability will be payable in the foreseeable future.

f) LEASES

The rentals on operating leases are charged to the profit and loss account as incurred.

LILLYWHITES LIMITED

NOTES TO THE ACCOUNTS 31 JANUARY 1995

1 ACCOUNTING POLICIES (continued)

g) PENSION COSTS

Contributions to the Forte group pension schemes are assessed by a qualified actuary based on the cost of providing pensions across all participating Forte group companies, rather than on an individual company basis. Employers contributions are charged to the Profit and Loss account in the period in which they become payable.

2 SALES - SEGMENT INFORMATION

The Company retails sports equipment and clothing. All sales were in the United Kingdom and relate to continuing operations.

3 OPERATING COSTS

	<u>1995</u>	<u>1994</u>
	£	£
STAFF COSTS:		
Wages and salaries	2,269,302	2,011,766
Social security costs	197,104	163,233
Other pension costs	<u>81,796</u>	<u>60,881</u>
	2,548,202	2,235,880
OTHER OPERATING COSTS:		
Other external charges	2,071,367	2,060,107
Depreciation	311,111	260,297
Amortisation of capitalised trading losses	<u>226,000</u>	<u>246,500</u>
	<u>5,156,680</u>	<u>4,802,784</u>
EXCEPTIONAL ITEMS:		
	<u>1995</u>	<u>1994</u>
	£	£
Project costs written off	<u>-</u>	<u>627,580</u>

The project costs written off relate to the start-up costs and trials of the new direct mail business, and Lillywhites own brand product lines.

LILLYWHITES LIMITED

NOTES TO THE ACCOUNTS 31 JANUARY 1995

4 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(Loss) on ordinary activities before taxation is stated after charging/(crediting):

	1995	1994
	£	£
Directors' emoluments (Note 5)	163,700	140,839
Auditors' remuneration	25,000	24,600
Hire of plant and machinery	6,781	2,286
Operating lease rentals	31,895	17,934
Rent receivable	(371,512)	(378,246)
Rates Rebate relating to prior years	(571,204)	-

No amount was paid to the auditors for non audit services (1994-£nil).

5 DIRECTORS' EMOLUMENTS AND EMPLOYEE NUMBERS

	1995	1994
	£	£
Chairman	Nil	Nil
Highest paid director	143,277	120,021

The total emoluments, excluding pension contributions, of the Directors working mainly in the United Kingdom were within the following bands:

	1995	1994
	Number	Number
£ Nil - £5,000	5	5
£ 5,001 - £10,000	1	1
£10,001 - £15,000	1	1
£100,001 - £105,000	-	1
£120,001 - £125,000	1	-

The average number of employees employed by the Company was:

	1995	1994
	Number	Number
United Kingdom - full time	135	123
- part time	22	22
	157	145

LILLYWHITES LIMITED

NOTES TO THE ACCOUNTS 31 JANUARY 1995

6 TAX CHARGE ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The taxation charge based on the profit/(loss) on ordinary activities is made up as follows:

	1995 £	1994 £
UK corporation tax at 33%(1994 - 33%)	244,000	-

7 FIXED ASSETS - TANGIBLE ASSETS

	Land & Buildings Long Lease £	Capitalised trading losses £	Furniture and equipment £	Assets in course of construction £	Total £
COST					
At 31 January 1994	-	2,260,276	1,493,904	7,407,821	11,162,001
Additions	-	-	141,961	218,750	360,711
Amounts fully written-off	-	-	(857,139)	-	(857,139)
Reclassifications	6,462,299	-	1,000,952	(7,463,251)	-
At 31 January 1995	<u>6,462,299</u>	<u>2,260,276</u>	<u>1,779,678</u>	<u>163,320</u>	<u>10,665,573</u>
ACCUMULATED DEPRECIATION					
At 31 January 1994	-	246,500	1,032,744	101,130	1,380,374
Charge for the year	-	-	311,111	-	311,111
Amounts fully written-off	-	-	(857,139)	-	(857,139)
Amortisation of capitalised losses	-	226,000	-	-	226,000
Reclassifications	-	-	101,130	(101,130)	-
At 31 January 1995	<u>-</u>	<u>472,500</u>	<u>587,846</u>	<u>-</u>	<u>1,060,346</u>
NET BOOK AMOUNT					
At 31 January 1995	<u>6,462,299</u>	<u>1,787,776</u>	<u>1,191,832</u>	<u>163,320</u>	<u>9,605,227</u>
At 31 January 1994	<u>-</u>	<u>2,013,776</u>	<u>461,160</u>	<u>7,306,691</u>	<u>9,781,627</u>

LILLYWHITES LIMITED

NOTES TO THE ACCOUNTS 31 JANUARY 1995

8 FIXED ASSETS - INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

SHARES AT COST/VALUATION

	£
At 31 January 1995 and 31 January 1994	<u>102,299</u>

ANALYSIS OF COST/VALUATION

	£
At historical cost	204,388
Amount written off	<u>(102,089)</u>
At 31 January 1995	<u>102,299</u>

Shares in subsidiary undertakings have been revalued in the previous years by reference to the cost of shares less amounts written off plus net retained profits. Group accounts have not been prepared as the Company is a wholly owned subsidiary undertaking of Forte Plc. In the opinion of the Directors the value of the Company's investments in its subsidiary undertakings is not less than the amount at which they are stated in the balance sheet.

The principal subsidiary undertakings of the Company, of which the Company owns all the issued shares and which are registered in England, are as follows:

Lillywhites International Limited
Lillywhites Sportswear Limited
Forte Hotels and Resorts Limited (formerly Forte Grand Limited)
James Lillywhites Limited

9 STOCKS

The stocks of the Company consist entirely of finished goods purchased for resale.

10 DEBTORS

	<u>1995</u>	<u>1994</u>
	£	£
Trade debtors	261,335	233,001
Prepayments and accrued income	234,774	245,045
Other debtors	<u>681,979</u>	<u>96,970</u>
	<u>1,178,088</u>	<u>575,016</u>

LILLYWHITES LIMITED

NOTES TO THE ACCOUNTS 31 JANUARY 1995

11 CREDITORS

AMOUNTS FALLING DUE WITHIN ONE YEAR:

	1995	1994
	£	£
Trade creditors	820,915	1,060,555
Amount owed to parent undertaking	-	1,634
Bank overdraft	907,188	631,486
Amount owed to fellow group undertakings	175,729	135,206
Corporation Tax	244,000	29,033
Other taxation and social security	151,748	250,479
Sundry credits and accruals	644,367	636,138
	<u>2,943,947</u>	<u>2,744,531</u>

12 CREDITORS amounts falling due after more than one year

	1995	1994
	£	£
Loan from Forte Plc	<u>9,093,958</u>	<u>8,994,520</u>

The loan from Forte Plc is interest free and has no fixed date of repayment. Interest of 11¾% was payable on the loan during the refurbishment period.

13 CALLED UP SHARE CAPITAL

	1995	1994
	£	£
AUTHORISED		
3,500,000 ordinary shares (equity shares) of 10p each	350,000	350,000
200,000 cumulative 6% preference shares (non-equity shares) of 50p each	<u>100,000</u>	<u>100,000</u>
	<u>450,000</u>	<u>450,000</u>
ISSUED, ALLOTTED AND FULLY PAID		
3,169,950 ordinary shares (equity shares) of 10p each	316,995	316,995
200,000 cumulative 6% preference shares (non-equity shares) of 50p each	<u>100,000</u>	<u>100,000</u>
	<u>416,995</u>	<u>416,995</u>

The holder of the cumulative 6% preference shares, Forte Plc, has waived its rights to dividends since 1970, and has indicated that it is not its present intention to seek payment of future dividends.

LILLYWHITES LIMITED

NOTES TO THE ACCOUNTS 31 JANUARY 1995

14 PROFIT AND LOSS RESERVE

	£
At 1 February 1994	554,978
Profit for year	<u>1,103,388</u>
At 31 January 1995	<u><u>1,658,366</u></u>

15 COMMITMENTS FOR CAPITAL EXPENDITURE

	<u>1995</u>	<u>1994</u>
	£	£
Contracted not provided	<u>-</u>	<u>-</u>
Approved but not committed	<u>260,000</u>	<u>11,954</u>

16 PENSION COSTS

The Company participates in the Forte Plc Pension and Life Assurance Fund. This scheme is of the defined benefit type providing benefits to certain employees within the Forte group and the assets are held separately from the group's assets.

The latest actuarial valuation of this scheme was carried out as at 5 April 1994. Details of this valuation are contained in the group accounts of Forte Plc. The total pension cost for the year for the company was £81,796 (1994 - £60,881).

17 ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary undertaking of Forte Plc, a company registered in England. Copies of the group accounts can be obtained from: 166 High Holborn, London WC1V 6TT.