

# **Cotton Oxford Limited**

## **Directors' report and financial statements**

**31 December 1995**

Registered number 295777



# Cotton Oxford Limited

## Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1-2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes	6-13

# Cotton Oxford Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1995.

### Principal activities and business review

The principal activity of the company during the year was the distribution of sports footwear, clothing and equipment.

### Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend.

The profit for the year retained in the company is £27,475.

### Post balance sheet events

Since the year end, a further £540,000 £1 ordinary shares in Cotton Oxford were issued by way of capitalisation of the loan account with Peaco Sport Limited. In addition £150,000 £1 redeemable preference shares were issued in favour of the company's bankers by way of capitalisation of part of the company's bank overdraft. The preference shares carry an 8% interest rate, payable quarterly over a 24 month period, with a total premium of £20,000 payable on redemption.

### Significant changes in fixed assets

Information relating to fixed assets is given in notes 7 and 8 to the financial statements.

### Directors and directors' interests

The directors who held office during the year were as follows:

M R Peacock  
I D Powell  
J Bartlett  
M Deegan (resigned 30 June 1995)

As recorded in the register of directors' share interests, the directors who held office at the end of the financial period had no beneficial interest in the shares of the company.

The directors with interests in the share capital of the ultimate holding company are disclosed in the financial statements of that company.

# Cotton Oxford Limited

## Directors' report

### Statement of 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 and of the profit or loss 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

  
*I D Powell*  
Director

Peaco House  
Hyde  
Cheshire



St James' Square  
Manchester M2 6DS

## Auditors' report to the members of Cotton Oxford Limited

We have audited the financial statements on pages 4 to 13.

### *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 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 as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG*

**KPMG**  
Chartered Accountants  
Registered Auditors

24 December 1996



# Cotton Oxford Limited

## Profit and loss account

for the year ended 31 December 1995

	Note	1995 £	1994 £
<b>Turnover</b>	2	<b>3,188,836</b>	2,829,848
Cost of sales		(2,299,134)	(2,064,735)
<b>Gross profit</b>		<b>889,702</b>	765,113
Distribution costs		(373,503)	(267,118)
Administrative expenses	2	(403,420)	(408,281)
<b>Operating profit</b>	2-4	<b>112,779</b>	89,714
Interest payable and similar charges	5	(85,304)	(71,700)
<b>Retained profit for the financial year</b>		<b>27,475</b>	18,014

There are no other recognised gains or losses other than the profit shown above for either year.

All the turnover and operating profit arise from continuing activities.

# Cotton Oxford Limited

## Balance sheet at 31 December 1995

	Note	£	1995 £	£	1994 £
<b>Fixed assets</b>					
Intangible assets	7		5,043		5,609
Tangible assets	8		4,984		7,719
<b>Current assets</b>			<u>10,027</u>		<u>13,328</u>
Stocks	9	531,379		459,477	
Debtors	10	1,161,232		1,067,593	
		<u>1,692,611</u>		<u>1,527,070</u>	
<b>Creditors: amounts falling due within one year</b>	11	(2,257,995)		(2,122,734)	
<b>Net current liabilities</b>			<u>(565,384)</u>		<u>(595,664)</u>
<b>Total assets less current liabilities</b>			<u>(555,357)</u>		<u>(582,336)</u>
<b>Creditors: amounts falling due after more than one year</b>	12		-		(496)
<b>Net liabilities</b>			<u>(555,357)</u>		<u>(582,832)</u>
<b>Capital and reserves</b>					
Called up share capital	14		870,655		870,655
Profit and loss account			(1,426,012)		(1,453,487)
<b>Equity shareholders' funds</b>			<u>(555,357)</u>		<u>(582,832)</u>

These financial statements were approved by the board of directors on 23/12/96 and were signed on its behalf by:



**I D Powell**  
Director

# Cotton Oxford Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting rules and on a going concern basis which assumes that the company will continue to trade.

The validity of this assumption is dependent upon continued support from the company's bankers and ultimate holding company. The ultimate holding company has indicated that it will continue to provide this support.

#### *Cash flow statement*

The company is exempt from the requirements of Financial Reporting Standard No1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Peaco Sport Limited and its cash flows are included within the consolidated cash flow statement of that company.

#### *Fixed assets and depreciation*

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	10% straight line
Fixtures, fittings & equipment	-	25% reducing balance

Patents and trademarks purchased by the company are amortised over their respective lives.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Leases*

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

# Cotton Oxford Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Pension costs*

The company operates a defined contribution pension scheme. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

#### *Taxation*

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

### 2 Profit on ordinary activities before taxation

	1995 £	1994 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration	2,253	8,715
Depreciation and amortisation	3,301	10,151
Hire of plant and machinery - rentals payable under operating leases	22,556	11,529
Hire of other assets - operating leases	324	35,839
<i>after crediting</i>		
Rents receivable	3,048	-

All turnover and profit before taxation arose from the principal activity.

# Cotton Oxford Limited

## Notes (continued)

### 2 Profit on ordinary activities before taxation (continued)

Analysis of turnover by geographical area

	1995 £	1994 £
United Kingdom	1,829,880	1,258,299
Rest of the World	1,358,956	1,571,549
	<u>3,188,836</u>	<u>2,829,848</u>

### 3 Remuneration of directors

The directors received no emoluments in the year (1994: £Nil).

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year analysed by category, was as follows:

	Number of employees	
	1995	1994
Management and administration	20	6
Production	-	6
	<u>20</u>	<u>12</u>

The aggregate payroll costs of these persons were as follows:

	1995 £	1994 £
Wages and salaries	239,562	112,377
Social security costs	21,626	8,886
Other pension costs (see note 17)	3,718	975
	<u>264,906</u>	<u>122,238</u>

# Cotton Oxford Limited

## Notes (continued)

### 5 Interest payable and similar charges

	1995 £	1994 £
On bank loans and overdrafts	83,962	69,870
Finance charges payable in respect of finance leases and hire purchase contracts	1,342	1,830
	<u>85,304</u>	<u>71,700</u>

### 6 Taxation

The tax charge in both the current and prior year is nil as a result of brought forward losses.

### 7 Intangible assets

	Patents £
<b>Cost</b>	
At beginning and end of year	5,656
<b>Amortisation</b>	
At beginning of year	47
Charge for year	566
On disposals	-
At end of year	613
<b>Net book value</b>	
At 31 December 1995	5,043
At 31 December 1994	<u>5,609</u>

# Cotton Oxford Limited

## Notes (continued)

### 8 Tangible assets

	Fixtures fittings tools and equipment £
<i>Cost</i>	
At beginning and end of year	110,468
<i>Depreciation</i>	
At beginning of year	102,749
Charge for year	2,735
At end of year	105,484
<i>Net book value</i>	
At 31 December 1995	4,984
At 31 December 1994	7,719

### 9 Stocks

	1995 £	1994 £
Raw materials and consumables	-	14,027
Finished goods and goods for resale	531,379	445,450
	<u>531,379</u>	<u>459,477</u>

# Cotton Oxford Limited

## Notes (continued)

### 10 Debtors

	1995 £	1994 £
Trade debtors	614,882	503,701
Amounts due by fellow subsidiary undertakings	525,772	503,886
Other debtors	16,246	31,706
Prepayments and accrued income	4,332	28,300
	<u>1,161,232</u>	<u>1,067,593</u>

All debtors fall due within one year.

### 11 Creditors: amounts falling due within one year

	1995 £	1994 £
Bank overdraft	659,389	712,071
Obligations under finance leases and hire purchase contracts	-	5,950
Trade creditors	394,953	433,182
Amounts owed to ultimate holding company	1,033,409	660,831
Amounts owed to fellow subsidiary undertakings	169,936	272,294
Taxation and social security	-	1,430
Accruals and deferred income	173	355
Other creditors	135	36,621
	<u>2,257,995</u>	<u>2,122,734</u>

The bank overdraft is secured by fixed and floating charges over all the assets of the company.

Of the inter company balance with Peaco Sports Limited £540,000 is subordinated to the bank.

### 12 Creditors: amounts falling due after more than one year

	1995 £	1994 £
Obligations under finance leases and hire purchase contracts	-	496
	<u>-</u>	<u>496</u>

# Cotton Oxford Limited

## Notes (continued)

### 13 Provisions for liabilities and charges

The amounts provided for deferred taxation and the amounts not provided are set out below.

	1995		1994	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Difference between accumulated depreciation and capital allowances	-	(1,000)	-	(1,998)
Other timing differences	-	-	-	(9,155)
Losses	-	(260,000)	-	(254,097)
	<u>-</u>	<u>(261,000)</u>	<u>-</u>	<u>(265,250)</u>
	<u><u>-</u></u>	<u><u>(261,000)</u></u>	<u><u>-</u></u>	<u><u>(265,250)</u></u>

### 14 Share capital

	1995	1994
	£	£
<i>Authorised</i>		
Ordinary shares of £1 each	2,000,000	2,000,000
	<u><u>2,000,000</u></u>	<u><u>2,000,000</u></u>
<i>Called up and fully paid</i>		
Ordinary shares of £1 each	870,655	870,655
	<u><u>870,655</u></u>	<u><u>870,655</u></u>

### 15 Reconciliation of movements in shareholders' funds

	1995	1994
	£	£
Profit for the year	27,475	18,014
New share capital	-	462,255
Net addition to shareholders' funds	<u>27,475</u>	<u>480,269</u>
Opening shareholders' funds	(582,832)	(1,063,101)
Closing shareholders' funds	<u><u>(555,357)</u></u>	<u><u>(582,832)</u></u>

# Cotton Oxford Limited

## Notes (continued)

### 16 Contingent liabilities

The company has guaranteed the overdrafts of Total Rugby Limited a fellow subsidiary. The amount outstanding at the year end was £41 (1994: £41).

The company has guaranteed a trade finance facility held by the ultimate holding company. The amount outstanding at the year end was £145,957 (1994: £208,131).

The company has guaranteed the amounts owed by Peaco France SARL, a fellow subsidiary, to Factofrance Holler. The amount outstanding at the year end was £69,000.

### 17 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £3,718 (1994: £975). There were no outstanding contributions at the year end (1994: Nil).

### 18 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	1995		1994	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	33,500	5,010
In the second to fifth years inclusive	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 19 Post balance sheet events

Since the year end, a further £540,000 £1 ordinary shares in Cotton Oxford were issued by way of capitalisation of the loan account with Peaco Sport Limited. In addition £150,000 £1 redeemable preference shares were issued in favour of the company's bankers by way of capitalisation of part of the company's bank overdraft. The preference shares carry an 8% interest rate, payable quarterly over a 24 month period, with a total premium of £20,000 payable on redemption.

### 20 Ultimate parent company

The company is a subsidiary undertaking of Touchline Sports Limited, a company registered in England and Wales.

The ultimate holding company is Peaco Sports Limited, a company registered in England and Wales.

A copy of the financial statements of the parent company is available to the public and may be obtained from Companies House, Maindy, Cardiff.