

COMPANY NO. 502663

REGISTER

JULIUS A MELLER (IMPORTS) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1994



JULIUS A MELLER (IMPORTS) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

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## JULIUS A MELLER (IMPORTS) LIMITED

### DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31st December 1994.

### 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 of the company for that period. In preparing those financial statements, the directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- d) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 that the financial statements comply with the Companies Act 1985. The directors 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.

### ACTIVITY

The principal activity of the company which has remained unchanged during the financial year was the sale of gifts, homeware and fashion accessories to retail stores.

### BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The company has been affected by the continued recessionary conditions which have led to a reduction in turnover and a loss for the year. The directors are optimistic that profitability will be increased in the near future.

### RESULTS AND DIVIDENDS

The loss for the year after taxation, amounted to £256,000 and is dealt with as on page 4.

In view of the company's current and future requirements and the maintenance and development of the company's business the directors do not recommend the payment of a dividend.

### FIXED ASSETS

Details of changes in fixed assets are as set out in note 8 to the financial statements.

JULIUS A MELLER (IMPORTS) LIMITED

DIRECTORS' REPORT (Continued)

MARKET VALUE OF LAND AND BUILDINGS

The directors consider that there is no significant difference between the value of land and buildings as shown in the balance sheet and market value.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were as follows:

M J Meller  
D R Meller  
J N Curtis FCA  
K Hogan

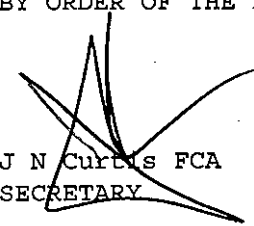
No director had any interest in the share capital of the company.

The interests of the directors in the shares of the parent company are disclosed in that company's directors' report.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the re-appointment of Casson Beckman, chartered accountants, as auditors to the company will be put to the annual general meeting.

BY ORDER OF THE BOARD



J N Curtis FCA  
SECRETARY

DATED: 9TH JUNE 1995

REGISTERED OFFICE: Meller House  
42-43 Chagford Street  
London NW1 6EB

## AUDITORS' REPORT TO THE MEMBERS OF JULIUS A MELLER (IMPORTS) LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies as set out on pages 6 and 7.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report, 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 financial statements and to report our opinion to shareholders.

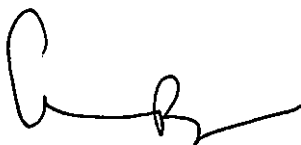
### BASIS OF OPINION

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, are consistently applied and are 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 31st December 1994 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



CASSON BECKMAN  
Chartered Accountants  
and Registered Auditors  
London

DATED: 9TH JUNE 1995

JULIUS A MELLER (IMPORTS) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1994

	Notes	<u>1994</u> £'000	<u>1993</u> £'000
Turnover	2	4,421	6,366
Cost of sales		(3,586)	(5,204)
Gross profit		835	1,162
Distribution costs	3	(307)	(341)
Administrative expenses	4	(748)	(746)
Operating (loss)/profit		(220)	75
Interest receivable		28	38
		(192)	113
Interest payable	5	(64)	(153)
Loss on ordinary activities before taxation		(256)	(40)
Tax on loss on ordinary activities	7	-	5
Loss for the year		(256)	(35)
Retained profit brought forward		2,391	2,426
Retained profit carried forward		2,135	2,391

There are no recognised gains or losses other than the loss for the financial year.

Turnover and operating loss all derive from continuing operations.

JULIUS A MELLER (IMPORTS) LIMITED

BALANCE SHEET

AT 31ST DECEMBER 1994

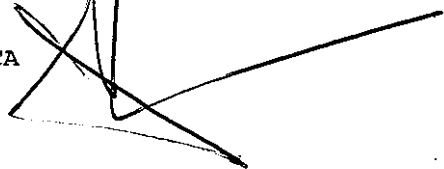
	Notes	1994 £'000	1993 £'000
Fixed assets			
Tangible assets	8	716	770
Current assets			
Stocks	9	182	89
Debtors	10	2,328	2,721
Investments	11	49	66
Cash at bank and in hand		1,368	2,649
		<hr/> 3,927	<hr/> 5,525
Creditors: Amounts falling due within one year	12	(2,184)	(3,544)
		<hr/>	<hr/>
Net current assets		<hr/> 1,743	<hr/> 1,981
Total assets less current liabilities		<hr/> 2,459	<hr/> 2,751
Creditors: Amounts falling due after more than one year	13	(1)	(37)
		<hr/> 2,458	<hr/> 2,714
		<hr/> =====	<hr/> =====
Capital and reserves			
Called up share capital	14	250	250
Revaluation reserve	15	73	73
Profit and loss account	15	2,135	2,391
		<hr/> 2,458	<hr/> 2,714
		<hr/> =====	<hr/> =====

Signed on behalf of the Board of Directors

M J Meller



J N Curtis FCA



JULIUS A MELLER (IMPORTS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

1. Accounting policies

The financial statements have been prepared in accordance with statements of standard accounting practice issued by UK accounting bodies.

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

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention with the exception of freehold land and buildings which are stated at revalued amounts.

(b) Turnover

Turnover represents amounts invoiced by the company in respect of goods sold and services rendered during the year stated net of value added tax.

(c) Tangible fixed assets

Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over the expected useful life as follows:

Freehold buildings	- 2% per annum on cost
Computer and other office equipment	- 33 1/3% per annum straight line basis
Furniture, fixtures and fittings	- 33 1/3% per annum straight line basis
Motor vehicles	- 25% per annum straight line basis

(d) Stocks

Stocks are valued on a weighted average cost basis at the lower of cost and net realisable value.

Cost includes all expenditure incurred in the normal course of business in bringing stocks to their present location and condition.

Net realisable value is based on the estimated selling price less further costs expected to be incurred to completion and subsequent disposal.

(e) Leases

Assets held under finance leases or hire purchase agreements and the related obligations are recorded in the balance sheet at the fair value of the assets at the inception of the agreements. The excess of the payments over the recorded obligations are treated as finance charges which are amortised over the term of each agreement to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.



JULIUS A MELLER (IMPORTS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

1. Accounting policies (continued)

(f) Deferred taxation

Deferred taxation is calculated on the liability method. It is provided to the extent that it is considered, with reasonable probability, that a liability will become payable within the foreseeable future.

(g) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rates ruling at the date of the transactions. All differences are taken to the profit and loss account.

(h) Investments

Investments held as current assets are stated at the lower of cost and net realisable value.

2. Turnover and company result

The turnover of the company during the year was made in the United Kingdom.

The turnover and loss of the company for the year derive from the same class of business as noted in the directors' report.

3. Distribution costs

	<u>1994</u>	<u>1993</u>
	£'000	£'000

Distribution costs include:

Depreciation	49	65
Profit on sale of fixed assets	-	(6)
	===	===

4. Administrative expenses

	<u>1994</u>	<u>1993</u>
	£'000	£'000

Administrative expenses include:

Auditors' emoluments	14	12
Depreciation	6	9
	===	===

5. Interest payable

	<u>1994</u>	<u>1993</u>
	£'000	£'000

Bank loans, overdrafts and other loans wholly repayable within five years	57	142
Finance charges on finance leases and hire purchase obligations	7	11
	-----	-----

	64	153
	=====	=====

JULIUS A MELLER (IMPORTS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

6. <u>Employees and directors</u>	<u>1994</u> £'000	<u>1993</u> £'000
Staff costs including executive directors during the year amounted to:-		
Wages and salaries	189	216
Social security costs	20	21
	<hr/>	<hr/>
	209	237
	=====	=====
 The average weekly number of employees during the year was:-	No.	No.
Office and management	10	10
Selling and distribution	7	7
	<hr/>	<hr/>
	17	17
	===	===
 Directors' emoluments	£'000	£'000
Staff costs include the following emoluments in respect of directors:-		
Directors' remuneration	13	48
	===	===
 Included above is remuneration paid to:		
The chairman	Nil	Nil
	===	===
 The highest paid director	13	48
	===	===
 The number of other directors who received remuneration in the following ranges were:	No.	No.
£ 0 - £ 5,000	2	2
	==	==

JULIUS A MELLER (IMPORTS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

7. <u>Taxation</u>	<u>1994</u>	<u>1993</u>
	£'000	£'000

The taxation charge/(credit) which is based on the results of the year is made up as follows:

Current year		
Corporation tax	-	-
Prior year		
Corporation tax	-	(5)
	<u>-</u>	<u>(5)</u>
	==	==

In view of the loss there is no charge to taxation for the year under review. Losses amounting to approximately £166,000 will be surrendered to group companies.

8. <u>Tangible fixed assets</u>	<u>Freehold land and buildings</u>	<u>Computer and other office equipment</u>	<u>Furniture, fixtures and fittings</u>	<u>Motor vehicles</u>	<u>Total</u>
	£'000	£'000	£'000	£'000	£'000
<u>Cost or valuation</u>					
As at 1st January 1994	605	90	95	312	1,102
Additions	-	-	1	-	1
As at 31st December 1994	605	90	96	312	1,103
<u>Depreciation</u>					
As at 1st January 1994	33	89	93	117	332
Charge for the year	4	1	1	49	55
As at 31st December 1994	37	90	94	166	387
<u>Net book value</u>					
At 31st December 1994	568	-	2	146	716
At 31st December 1993	572	1	2	195	770

Included in freehold land and buildings is land valued at £400,000 which is not depreciated.

The net book value of tangible fixed assets include an amount of £125,000 (1993 - £177,000) in respect of assets held under finance lease and hire purchase contracts. Depreciation charged on these assets for the year amounted to £42,000 (1993 - £59,000).

JULIUS A MELLER (IMPORTS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

8. Tangible fixed assets (continued)

Cost or valuation of freehold land and buildings at 31st December 1994 is represented by:-	£'000
Valuation in 1993	600
Assets stated at cost	5
	<hr/>
	605
	=====

Freehold land and buildings were revalued at their open market value at 11th October 1993 by Shelly Sandzer and Co., consultant surveyors.

For land and buildings at valuation

<u>Historical cost</u>	£'000
At 1st January 1994 and 31st December 1994	532
	=====

Depreciation

At 1st January 1994	30
Charge for the year	4
	<hr/>
At 31st December 1994	34
	===

Net historical cost book value

At 31st December 1994	498
	=====
At 31st December 1993	502
	=====

9. <u>Stocks</u>	<u>1994</u> £'000	<u>1993</u> £'000
Raw materials	10	11
Finished goods and goods for resale	172	78
	<hr/>	<hr/>
	182	89
	=====	===

The replacement cost of stocks is not considered by the directors to be materially different from the amount stated above.

JULIUS A MELLER (IMPORTS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

10. Debtors	<u>1994</u>	<u>1993</u>
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	374	647
Amounts owed by group undertakings:		
- Amounts owed by parent and fellow subsidiary undertakings	1,928	2,006
Other debtors	26	68
	<hr/>	<hr/>
	2,328	2,721
	=====	=====

11. Current asset investments	<u>1994</u>
	£'000
Cost	
At 1st January 1994	66
Provision for diminution in value	(17)
	<hr/>
At 31st December 1994	49
	===

The investments are unlisted. In the opinion of the directors, their market value at 31st December 1994 is not significantly different to book value.

12. Creditors: Amounts falling due within one year	<u>1994</u>	<u>1993</u>
	£'000	£'000
Bank loans and overdrafts	-	1,609
Obligations under finance leases and hire purchase contracts	37	74
Trade creditors	737	404
Amounts owed to group undertakings:		
- Amounts owed to parent and fellow subsidiary undertakings	143	128
Other taxation and social security costs	1,180	1,265
Accruals and deferred income	87	64
	<hr/>	<hr/>
	2,184	3,544
	=====	=====

Obligations under finance leases and hire purchase contracts are secured on the related assets.

JULIUS A MELLER (IMPORTS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1994

13. Creditors: Amounts falling due after more than one year

<u>1994</u>	<u>1993</u>
<u>£'000</u>	<u>£'000</u>

Obligations under finance leases and hire purchase contracts

1	37
===	===

Obligations under finance leases and hire purchase contracts are secured on the related assets and are fully repayable within five years.

14. Share capital

<u>1994</u>	<u>1993</u>
<u>£'000</u>	<u>£'000</u>

Authorised:

250,000 ordinary shares of £1 each

250	250
====	====

Allotted, issued and fully paid:

250,000 ordinary shares of £1 each

250	250
====	====

15. Reserves and reconciliations of movements in shareholders' funds

	<u>Share capital</u>	<u>Revaluation reserve</u>	<u>Profit and loss account</u>	<u>Total shareholders' funds</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Opening shareholders' funds	250	73	2,391	2,714
Loss for the financial year	-	-	(256)	(256)
Closing shareholders' funds	250	73	2,135	2,458
	=====	=====	=====	=====

16. Financial commitments

The company has entered into forward exchange contracts to buy foreign currencies. The sterling equivalent of the commitment in respect of these contracts at 31st December 1994 was £300,000 (1993: £163,000).

17. Contingent liabilities

The company has guaranteed the borrowings of the parent company and fellow subsidiaries as part of group banking arrangements. This guarantee is secured by a fixed and floating charge over the assets of the companies involved. At 31st December 1994 the contingent liability in respect of this guarantee was £1,047,000 (1993 - £849,000).

18. Ultimate parent company

The company's ultimate parent company is Julius A Meller Holdings Plc incorporated in Great Britain and registered in England.

19. Approval of financial statements

These financial statements were formally approved by the board of directors on 9th June 1995.