

SHUBETTE OF LONDON LIMITED

(Company number 622183)

FINANCIAL STATEMENTS
30 September 1995

NYMAN LIBSON PAUL
CHARTERED ACCOUNTANTS
REGINA HOUSE
124 FINCHLEY ROAD
LONDON NW3 5JS



SHUBETTE OF LONDON LIMITED
FINANCIAL STATEMENTS
Year ended 30 September 1995

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SHUBETTE OF LONDON LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 1995.

PRINCIPAL ACTIVITY

The principal activity of the company is the manufacture of ladies' and childrens' outerwear.

BUSINESS REVIEW

The results for the year shown on page 4 of the financial statements.

DIVIDENDS

The directors do not propose the payment of a dividend (1994: nil).

FIXED ASSETS

Changes in fixed assets are shown in note 7 to the financial statements.

The directors are of the opinion that the market value of freehold land and buildings exceeds their net book value.

DIRECTORS

The directors who served during the year were as follows:

H M Offenbach	(Chairman)
G B Offenbach	(Managing director)
C D Offenbach	
H I Asmal	
R Taiano	(retired 4 October 1994)

None of the directors had an interest in the shares of the company.
Directors' interests in the shares of the parent company are shown in the Report of the Directors of that company.

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SHUBETTE OF LONDON LIMITED

REPORT OF THE DIRECTORS (continued)

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 the affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare 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 that 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.

CHARITABLE DONATIONS

During the year the company made charitable donations of £995 (1994: £1,300).

AUDITORS

A resolution to re-appoint Nyman Libson Paul as auditors to the company will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

P A WEBER

H I ASMAL

Joint secretaries

Handwritten signatures of the joint secretaries, P A Weber and H I Asmal, in dark ink.

1 February 1996

Registered Office:
124 Finchley Road
London NW3 5JS



Nyman Libson Paul

CHARTERED ACCOUNTANTS

Regina House, 124 Finchley Road, London NW3 5JS

AUDITORS' REPORT TO THE SHAREHOLDERS OF

SHUBETTE OF LONDON LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 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.

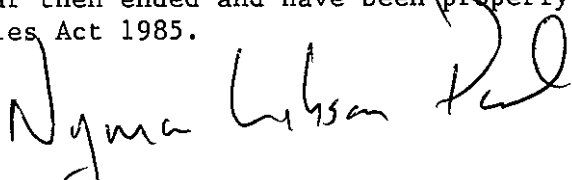
BASIS OF OPINION

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 significant estimates and judgments 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 are 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 30 September 1995 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


NYMAN LIBSON PAUL
Chartered Accountants
& Registered Auditors

1 February 1996

SHUBETTE OF LONDON LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 September 1995

	Note	1995	1994
		£	£
TURNOVER	2	9,676,078	11,021,385
Cost of sales		(7,030,115)	(8,228,961)
GROSS PROFIT		2,645,963	2,792,424
Distribution costs		1,102,109	1,273,490
Administrative expenses		1,566,712	1,533,524
		(2,668,821)	(2,807,014)
		(22,858)	(14,590)
Other operating income		5,835	4,252
OPERATING LOSS	3	(17,023)	(10,338)
Interest receivable		7,504	1,582
		(9,519)	(8,756)
Interest payable	4	(184,683)	(175,954)
LOSS ON ORDINARY ACTIVITIES before taxation		(194,202)	(184,710)
Taxation	6	(94)	(135)
LOSS ON ORDINARY ACTIVITIES after taxation		(194,296)	(184,845)
Retained profit brought forward		1,750,974	1,935,819
RETAINED PROFIT carried forward		1,556,678	1,750,974

The company has no recognised gains or losses other than the results for the above financial years.

The notes on pages 6 to 14 form part of these financial statements

SHUBETTE OF LONDON LIMITED

BALANCE SHEET

At 30 September 1995

	Note	1995	1994
		£	£
FIXED ASSETS			
Tangible assets	7	1,942,719	2,034,923
CURRENT ASSETS			
Stock	8	1,294,993	1,809,116
Debtors	9	1,975,376	2,488,333
Cash at bank and in hand		83,967	58,818
		<u>3,354,336</u>	<u>4,356,267</u>
CREDITORS - amounts falling due within one year	10	<u>1,086,995</u>	<u>1,937,840</u>
Net current assets		<u>2,267,341</u>	<u>2,418,427</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,210,060	4,453,350
CREDITORS - amounts falling due after more than one year	11	<u>(1,653,382)</u>	<u>(1,702,376)</u>
NET ASSETS		<u><u>2,556,678</u></u>	<u><u>2,750,974</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	1,000,000	1,000,000
Profit and loss account		<u>1,556,678</u>	<u>1,750,974</u>
SHAREHOLDERS' FUNDS	13	<u><u>2,556,678</u></u>	<u><u>2,750,974</u></u>

Approved by the Board and signed on its behalf by

G B OFFENBACH

C D OFFENBACH

Directors

1 February 1996

The notes on pages 6 to 14 form part of these financial statements

SHUBETTE OF LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 1995

1 ACCOUNTING POLICIES

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

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net amounts invoiced in respect of goods supplied during the year excluding Value Added Tax.

Depreciation and amortisation

This is calculated to write off the cost of tangible fixed assets over their estimated useful lives at the following rates per annum:

Freehold land and buildings	- 2% on cost
Leasehold land and buildings	- over period of lease
Fixtures, plant and equipment	- 15% on written down value
Motor vehicles	- 20% on written down value
Computer equipment	- 33.3% on written down value

Stock

Stock is valued on a first in first out basis at the lower of cost and net realisable value.

Finance leases and hire purchase commitments

Assets which are the subject of finance leases or hire purchase contracts are capitalised at a value equal to the original cost. The capital element of future payments is included under "obligations under finance leases and hire purchase contracts" and the interest element is charged to the profit and loss account at a rate which apportions the finance charge on a constant basis.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account as incurred over the lease term.

Deferred taxation

Deferred taxation is provided, using the liability method, on all timing differences which are not expected to continue in the future.

NOTES TO THE FINANCIAL STATEMENTS (continued)
 Year ended 30 September 1995

1 ACCOUNTING POLICIES (continued)

Foreign currency

Transactions denominated in a foreign currency are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Year end balances denominated in a foreign currency are translated into sterling at the rate ruling on the balance sheet date.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions paid to the fund during the year.

2 SEGMENT INFORMATION

	1995 £	1994 £
Geographical analysis of turnover:		
United Kingdom	5,115,028	5,708,219
Overseas	4,561,050	5,313,166
	<u>9,676,078</u>	<u>11,021,385</u>

3 OPERATING LOSS

	1995 £	1994 £
This is stated after charging and crediting:		
Depreciation of owned fixed assets	83,838	97,735
Depreciation of assets held under finance leases and hire purchase contracts	9,750	-
Loss (profit) on sale of fixed assets	6,034	(117)
Rent receivable	2,000	4,000
Auditors' remuneration	<u>24,800</u>	<u>27,750</u>

SHUBETTE OF LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 September 1995

4 INTEREST PAYABLE

	1995 £	1994 £
Bank overdraft and loans wholly repayable within five years	34,190	55,628
Other loans	150,493	120,326
	<u>184,683</u>	<u>175,954</u>

5 DIRECTORS' EMOLUMENTS

	1995 £	1994 £
Remuneration	96,442	74,000
Other emoluments	46,958	40,511
Pension costs	12,162	22,176
	<u>155,562</u>	<u>136,687</u>

Chairman's emoluments (excluding pension costs)	<u>20,508</u>	<u>21,466</u>
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Highest paid director (excluding pension costs)	<u>51,237</u>	<u>50,404</u>
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Other directors - by number within each band

	Number of directors	
£10,001 - £15,000	-	2
£15,001 - £20,000	-	1
£35,001 - £40,000	2	-

SHUBETTE OF LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 September 1995

6 TAXATION

	1995 £	1994 £
Adjustment relating to prior years	(58)	135
Withholding tax	152	-
	<u>94</u>	<u>135</u>

No liability to U.K. Corporation tax arises as a result of losses incurred during the year.

Unutilised trading losses carried forward at the balance sheet date amount to approximately £98,000.

7 TANGIBLE FIXED ASSETS

	Land & buildings £	Plant & machinery £	Fixtures, equipment & motor vehicles £	Total £
Cost:				
At 1 October 1994	2,102,788	199,227	580,006	2,882,021
Additions	-	-	56,648	56,648
Disposals	-	(58,000)	(88,220)	(146,220)
	<u>2,102,788</u>	<u>141,227</u>	<u>548,434</u>	<u>2,792,449</u>
At 30 September 1995				
Accumulated depreciation:				
At 1 October 1994	295,847	177,243	374,008	847,098
Provision for the year	45,947	2,391	45,250	93,588
Eliminated on disposal	-	(51,943)	(39,013)	(90,956)
	<u>341,794</u>	<u>127,691</u>	<u>380,245</u>	<u>849,730</u>
At 30 September 1995				
Net book value:				
At 30 September 1995	<u>1,760,994</u>	<u>13,536</u>	<u>168,189</u>	<u>1,942,719</u>
At 30 September 1994	<u>1,806,941</u>	<u>21,984</u>	<u>205,998</u>	<u>2,034,923</u>

SHUBETTE OF LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 September 1995

7 TANGIBLE FIXED ASSETS (continued)

Land and buildings	Freehold £	Short leasehold £	Total £
Cost:			
At 1 October 1994 and 30 September 1995	<u>2,073,394</u>	<u>29,394</u>	<u>2,102,788</u>
Accumulated depreciation:			
At 1 October 1994	279,908	15,939	295,847
Provision for the year	<u>41,467</u>	<u>4,480</u>	<u>45,947</u>
At 30 September 1995	<u>321,375</u>	<u>20,419</u>	<u>341,794</u>
Net book value:			
At 30 September 1995	<u>1,752,019</u>	<u>8,975</u>	<u>1,760,994</u>
At 30 September 1994	<u>1,793,486</u>	<u>13,455</u>	<u>1,806,941</u>

The net book value of fixed assets includes £19,500 (1994: £nil) in respect of assets held under finance leases and hire purchase contracts.

8 STOCK

	1995 £	1994 £
Raw materials and consumables	658,817	737,892
Finished goods and goods for resale	<u>636,176</u>	<u>1,071,224</u>
	<u>1,294,993</u>	<u>1,809,116</u>

9 DEBTORS

	1995 £	1994 £
Trade debtors	1,221,543	2,009,590
Amount owed by parent undertaking	696,134	426,292
Other debtors	21,361	24,252
Prepayments and accrued income	<u>36,338</u>	<u>28,199</u>
	<u>1,975,376</u>	<u>2,488,333</u>

SHUBETTE OF LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 September 1995

10 CREDITORS - amounts falling due within one year

	1995 £	1994 £
Bank loan and overdraft (note 11)	226,156	968,412
Other loans	-	12,667
Obligations under finance leases and hire purchase contracts (note 16)	4,618	-
Trade creditors	622,033	671,172
Other taxation and social security	117,427	87,026
Other creditors	21,413	54,172
Accruals	95,348	144,391
	<u>1,086,995</u>	<u>1,937,840</u>

11 CREDITORS - amounts falling due after
more than one year

	1995 £	1994 £
Bank loan	1,513,750	1,600,250
Other loan	115,000	102,126
	<u>1,628,750</u>	<u>1,702,376</u>
Obligations under finance leases and hire purchase contracts (note 16)	24,632	-
	<u>1,653,382</u>	<u>1,702,376</u>

The bank loan and overdraft are secured by way of a debenture granting a fixed and floating charge over the assets of the company.

The bank loan is repayable in quarterly instalments, of which £1,167,500 falls due after more than five years. Interest is charged at 2% above LIBOR.

12 CALLED UP SHARE CAPITAL

	1995 £	1994 £
Authorised Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

SHUBETTE OF LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 September 1995

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £	1994 £
Loss for the financial year	(194,296)	(184,845)
Opening shareholders' funds	2,750,974	2,935,819
Closing shareholders' funds	<u>2,556,678</u>	<u>2,750,974</u>

14 FORWARD COMMITMENTS

	1995 £	1994 £
At the balance sheet date: Liabilities for documentary credits	<u>133,915</u>	<u>63,010</u>

15 OPERATING LEASE COMMITMENTS

At 30 September 1995, the company had non-cancellable annual operating lease commitments as follows:

	1995 £	1994 £
Land and buildings leases which expire:		
Within two to five years	39,750	39,750
After five years	13,500	13,500
	<u>53,250</u>	<u>53,250</u>

SHUBETTE OF LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 September 1995

16 OBLIGATIONS RELATING TO FINANCE LEASES
AND HIRE PURCHASE CONTRACTS

	1995 £	1994 £
Amounts payable:		
Within one year	5,993	-
Within two to five years	31,964	-
	<u>37,957</u>	<u>-</u>
Interest relating to future years	(8,707)	-
	<u>29,250</u>	<u>-</u>
Finance leases and hire purchase contracts are analysed as follows:		
Current obligations	4,618	-
Non-current obligations	24,632	-
	<u>29,250</u>	<u>-</u>

17 STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including directors) was as follows:

	1995	1994
Management	4	5
Administration, production and sales	89	116
	<u>93</u>	<u>121</u>

The aggregate payroll costs of these persons were as follows:

	1995 £	1994 £
Salaries	1,402,701	1,706,873
Social security costs	141,115	162,599
Pension costs	14,422	26,936
	<u>1,558,238</u>	<u>1,896,408</u>

SHUBETTE OF LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 30 September 1995

18 ULTIMATE PARENT COMPANY

The ultimate parent company is Shubette Group of Companies Limited, a non-trading company registered in England and Wales.