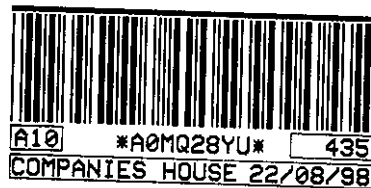


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LESLIE WISE LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 NOVEMBER 1997**



LESLIE WISE LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 1997**

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LESLIE WISE LIMITED

COMPANY INFORMATION
AS AT 30 NOVEMBER 1997

DIRECTORS

N. H. Wise
J. H. Gowers

SECRETARY

E. Larbi

REGISTERED OFFICE

32 Queen Anne Street
London
W1M 0HD

REGISTERED NUMBER

885078

BUSINESS ADDRESS

33 Great Portland Street
London
W1N 5DD

AUDITORS

Sinclairs
Registered Auditors
32 Queen Anne Street
London
W1M 0HD

LESLIE WISE LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the year ended 30 November 1997.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of Textile Merchants.

No significant change in the nature of these activities occurred during the year.

REVIEW OF THE BUSINESS

The net profit after providing for taxation amounted to £852,993.

During the year, the turnover increased by approximately 17% and this has resulted in higher profits. The directors hope that this trend would continue in the future.

DIVIDENDS

The directors have recommended that a final dividend of £852,000 be paid for the year ended 30 November 1997.

POST BALANCE SHEET EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in financial years subsequent to the financial year ended 30 November 1997.

FUTURE DEVELOPMENTS

There are no plans for major developments in the operations of the company and the company is expected to be profitable in the future.

DIRECTORS AND THEIR INTERESTS

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

		Number of Shares	
		1997	1996
N. H. Wise	Ordinary shares	-	-
J. H. Gowers	Ordinary shares	-	-

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 as at the end of the financial year and of the profit or loss of the company 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;
- comply with applicable Accounting Standards, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

LESLIE WISE LIMITED

DIRECTORS' REPORT

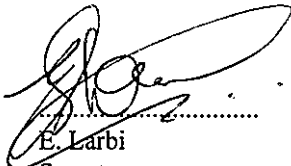
POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the company made charitable contributions totalling £1,590.

AUDITORS

The auditors, Sinclairs, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

By order of the board:



.....
E. Larbi
Secretary

Approved by the board: 18th March 1998

LESLIE WISE LIMITED

AUDITORS' REPORT TO THE MEMBERS OF LESLIE WISE LIMITED

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and on the basis of accounting policies set out on pages 7 and 8.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the directors' report, 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 as to whether 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 affairs of the company as at 30 November 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Sinclairs
Registered Auditors

32 Queen Anne Street
London
W1M 0HD

18th March 1998

LESLIE WISE LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 NOVEMBER 1997**

	Notes	1997 £	1996 £
TURNOVER	2	7,635,478	6,517,931
Cost of sales		5,537,829	4,796,504
GROSS PROFIT		2,097,649	1,721,427
Distribution costs		310,852	313,180
Administrative expenses		808,753	1,095,201
		978,044	313,046
Other operating income		308,000	410,000
OPERATING PROFIT	3	1,286,044	723,046
Investment income and interest receivable	4	-	260,000
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,286,044	983,046
Tax on profit on ordinary activities	7	(433,051)	(232,180)
PROFIT FOR THE FINANCIAL YEAR		852,993	750,866
Dividends	8	(852,000)	(750,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	993	866

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

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

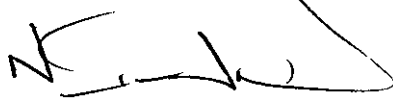
The notes on pages 7 to 16 form part of these financial statements.

LESLIE WISE LIMITED**BALANCE SHEET
AT 30 NOVEMBER 1997**

	Notes	£	1997 £	£	1996 £
FIXED ASSETS					
Tangible assets	9		178,782		258,462
Investments	10		79,203		79,203
			<u>257,985</u>		<u>337,665</u>
CURRENT ASSETS					
Stocks	11	208,182		143,072	
Debtors	12	4,323,215		4,228,359	
Cash at bank and in hand		443,405		155,155	
		<u>4,974,802</u>		<u>4,526,586</u>	
CREDITORS: amounts falling due within one year	13	<u>(1,786,820)</u>		<u>(1,419,277)</u>	
NET CURRENT ASSETS			<u>3,187,982</u>		<u>3,107,309</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,445,967</u>		<u>3,444,974</u>
CAPITAL AND RESERVES					
Called up share capital	15		251,256		251,256
Other reserves	16		77,872		77,872
Profit and loss account	17		3,116,839		3,115,846
TOTAL SHAREHOLDERS' FUNDS	18		<u>3,445,967</u>		<u>3,444,974</u>

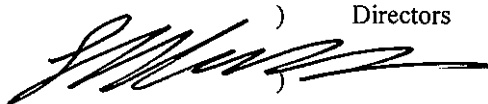
The financial statements were approved by the board of directors on 18th March 1998 and signed on its behalf by:

N. H. Wise



) Directors

J. H. Gowers



The notes on pages 7 to 16 form part of these financial statements.

LESLIE WISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1997

1. STATEMENT OF ACCOUNTING POLICIES

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

Cash flow

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 from presenting a cash flow statement, being a wholly owned subsidiary of a EU registered parent undertaking.

Turnover

The turnover for the year represents amounts invoiced for goods sold and services provided, excluding value added tax.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Short leasehold land and buildings	Equal annual amounts over the unexpired period of the lease
Motor vehicles	25% per annum on reducing balance
Fixtures and fittings	10% - 25% per annum on cost

Stocks

Work in progress and finished stocks are valued at lower of cost (including overheads) and net realisable value.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

Dividends are brought to account in the profit and loss account when received.

Deferred taxation

Provision is made for deferred taxation using the liability method, for all timing differences other than those which are expected, with reasonable probability, to continue in the foreseeable future.

Foreign currencies

Transactions in foreign currencies are translated into sterling at the rates of exchange current at the dates of the transactions. Foreign currency monetary assets and liabilities in the balance sheet are translated into sterling at the rates of exchange ruling at the end of the year. Resulting exchange gains and losses are taken to the profit and loss account.

Operating lease commitments

Rentals payable under operating leases are taken to the profit and loss account as incurred.

LESLIE WISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1997

1. STATEMENT OF ACCOUNTING POLICIES - (continued)

Pension Schemes

- Defined benefit scheme

Contributions are charged to the profit and loss account so as to spread the cost of the pensions over employees' working lives with the company.

- Defined contribution scheme

Contributions are charged to the profit and loss account as incurred.

2. TURNOVER

	1997 £	1996 £
Analysis by geographical market:		
United Kingdom	7,633,475	6,497,998
Exports	2,003	19,933
	<u>7,635,478</u>	<u>6,517,931</u>

3. OPERATING PROFIT

Operating profit is stated:	1997 £	1996 £
After charging:		
Depreciation of fixed assets	80,708	63,492
Auditors' remuneration	11,000	12,750
Operating lease rentals		
Land and buildings	179,162	183,798
	<u>179,162</u>	<u>183,798</u>
After crediting:		
Profit on foreign currencies	375	1,792
	<u>375</u>	<u>1,792</u>

4. INVESTMENT INCOME AND INTEREST RECEIVABLE

	1997 £	1996 £
Investment income		
Income from group undertakings	-	260,000
	<u>-</u>	<u>260,000</u>

LESLIE WISE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 1997****5. INFORMATION ON DIRECTORS AND EMPLOYEES**

	1997	1996
	£	£
Staff costs		
Wages and salaries	438,690	704,181
Social security costs	45,565	72,694
Other pension costs	33,463	12,793
	<u>517,718</u>	<u>789,668</u>

	1997	1996
	No.	No.
The average number of employees during the year was made up as follows:		
Production	5	4
Selling and distribution	8	8
Management and administration	9	11
	<u>22</u>	<u>23</u>

	1997	1996
	£	£
Directors' emoluments		
Remuneration for management services	<u>103,869</u>	<u>362,223</u>

	1997	1996
	No.	No.
Directors in defined benefit pension scheme	<u>2</u>	<u>2</u>

	1997	1996
	£	£
Details of highest paid director's emoluments		
Emoluments (excluding pension contributions)	<u>53,602</u>	<u>181,303</u>

LESLIE WISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1997

6. PENSION COSTS

Defined contribution Scheme

The company is part of the Group's defined contribution pension scheme and makes contributions towards this scheme. The Group operates a defined contribution pension schemes for certain senior employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £25,743 (1996: £15,793).

Defined benefit scheme

The company is part of the Group's defined benefit scheme and makes contributions towards this scheme. The Group operates this defined benefit scheme for its employees which is set up under a separate trust fund.

The latest actuarial valuation was carried out at 1st March 1996 by a qualified actuary using the attained age method and placed a value of £3,152,000 on the assets of the scheme which was sufficient to cover 120% of the benefits that had accrued to members after allowing for expected future increases in earnings. The main financial assumption used in the funding review is an investment return of 2.5% per annum in excess of salary increases. Pensions increases of 3.25% per annum have been incorporated into the review representing the statutory requirement for pensions accruing to members in respect of service after 5th April 1997.

Group contribution to the pension scheme had previously been suspended since 1988 having regard to the surplus disclosed by the relevant valuation. The actuary has calculated the regular pension cost attributable to the Group on the basis of the assumptions stated above after accounting for the benefit improvements, to be 14% per annum of pensionable salary. Accordingly a charge of £7,720 (1996: (£3,000)) has been made in these accounts for contributions and is included in creditors.

During the period the pensions accrual for the Directors category changed to 1/50th including limited price indexation for each year and month of total pensionable service with normal retirement age reducing to sixty. In the event of early retirement, Directors benefit will be payable undiscounted subject to company consent.

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
The taxation charge comprises:		
UK Corporation tax at 31% (1996 - 33%)	433,051	232,180

LESLIE WISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1997

8. DIVIDENDS PAID OR PROPOSED

	1997 £	1996 £
On ordinary shares:		
Final dividend proposed	<u>852,000</u>	<u>750,000</u>

9. TANGIBLE FIXED ASSETS

	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
Cost:				
At 1 December 1996	11,084	387,699	393,530	792,313
Additions	-	-	2,760	2,760
Disposals	-	-	(22,680)	(22,680)
At 30 November 1997	<u>11,084</u>	<u>387,699</u>	<u>373,610</u>	<u>772,393</u>
Depreciation:				
At 1 December 1996	4,030	345,807	184,015	533,852
Charge for year	504	27,568	52,636	80,708
On disposals	-	-	(20,949)	(20,949)
At 30 November 1997	<u>4,534</u>	<u>373,375</u>	<u>215,702</u>	<u>593,611</u>
Net book value:				
At 30 November 1997	<u>6,550</u>	<u>14,324</u>	<u>157,908</u>	<u>178,782</u>
At 30 November 1996	<u>7,054</u>	<u>41,892</u>	<u>209,516</u>	<u>258,462</u>
			1997 £	1996 £
Analysis of net book value of land and buildings:				
Short leasehold			<u>6,550</u>	<u>7,054</u>

LESLIE WISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1997

10. INVESTMENTS

Other investments other than loans

Shares in related undertakings:

Cost or valuation:	Beginning and end of year £
Shares:	
Group undertaking	79,203
Net book value	79,203

The directors consider the value of the company's investment in its subsidiary undertaking is not less than the amount stated in the company's balance sheet.

The operating subsidiary at the balance sheet date was:

<u>Subsidiary undertaking</u>	<u>Description and proportion of share capital owned</u>	<u>Country of incorporation or registration</u>	<u>Nature of business</u>
Tomorrows Textiles Today Limited	Ordinary 100%	England	Textile Merchants

The company is exempt from the obligations to prepare group financial statements as it is itself a subsidiary undertaking and its immediate parent undertaking is established under the law of a member state of the European Union.

11. STOCKS

	1997 £	1996 £
Work in progress	22,979	43,714
Finished goods and goods for resale	185,203	99,358
	208,182	143,072

LESLIE WISE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 1997****12. DEBTORS**

	1997 £	1996 £
Trade debtors	530,482	639,412
Amounts owed by group undertakings	3,750,428	3,528,762
Other debtors	13,000	6,990
Prepayments and accrued income	29,305	53,195
	<u>4,323,215</u>	<u>4,228,359</u>

13. CREDITORS: amounts falling due within one year

	1997 £	1996 £
Trade creditors	135,431	189,594
Amounts owed to group undertakings	88,415	61,541
Corporation tax	466,072	232,180
Other taxes and social security costs	96,559	19,263
Other creditors	-	58,555
Accruals and deferred income	148,343	108,144
Proposed dividend	852,000	750,000
	<u>1,786,820</u>	<u>1,419,277</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Not provided		Provided	
	1997 £	1996 £	1997 £	1996 £
Deferred tax is calculated at 31% (1996 - 33%) analysed over the following timing differences:				
On the excess of capital allowances over depreciation	<u>(34,102)</u>	<u>(20,154)</u>	<u>-</u>	<u>-</u>

LESLIE WISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1997

15. SHARE CAPITAL

	1997 £	1996 £
Authorised:		
Equity interests:		
251,256 Ordinary shares of £1 each	<u>251,256</u>	<u>251,256</u>
Allotted, called up and fully paid:		
Equity interests:		
251,256 Ordinary shares of £1 each	<u>251,256</u>	<u>251,256</u>

16. OTHER RESERVES

	1997 £	1996 £
Balance at beginning and end of year	<u>77,872</u>	<u>77,872</u>

The balance represents the reserve arising on the acquisition of Tomorrows Textiles Today Limited.

17. PROFIT AND LOSS ACCOUNT

	1997 £	1996 £
Retained profit at 1 December 1996	3,115,846	3,114,980
Profit for the year	<u>993</u>	<u>866</u>
Retained profit at 30 November 1997	<u>3,116,839</u>	<u>3,115,846</u>

LESLIE WISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1997

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year	852,993	750,866
Dividends	(852,000)	(750,000)
Net addition to shareholders' funds	993	866
Opening shareholders' funds	3,444,974	3,444,108
Closing shareholders' funds	3,445,967	3,444,974
Represented by:-		
Equity interests	3,445,967	3,444,974

19. CONTINGENT LIABILITIES

The company's bankers have given a guarantee of £80,000 (1996 - £100,000) to H M Customs and Excise on behalf of the company.

There exists unlimited cross guarantees in respect of bank accounts, among members of the Leslie Wise Group P.L.C.

20. REVENUE COMMITMENTS

At year end the company was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	Land and buildings		Other	
	1997 £	1996 £	1997 £	1996 £
More than five years	166,100	166,100	-	-

The company leases land and buildings on medium term leases. The rentals payable under these leases are subject to renegotiation at various intervals specified in the leases. In respect of these leases, the company pays insurance, maintenance and repairs.

LESLIE WISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1997

21. ULTIMATE PARENT COMPANY

The ultimate parent undertaking is Leslie Wise Group P.L.C. a company registered in England and Wales.

The parent undertaking is a publicly quoted company and as such copies of the published accounts are available from 32/34 Great Titchfield Street, London W1P 8HS.