

LESLIE WISE LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 NOVEMBER 1999**

REGISTERED NUMBER: 885078



LESLIE WISE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1999

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LESLIE WISE LIMITED

COMPANY INFORMATION AT 30 NOVEMBER 1999

DIRECTORS

N. H. Wise
J. H. Gowers

SECRETARY

E. Larbi

REGISTERED OFFICE

32 Queen Anne Street
London
W1M 0HD

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 1999.

PRINCIPAL ACTIVITIES

The principal activities of the company and its subsidiary in the year under review were those of textile merchants and there were no significant changes in the year.

REVIEW OF THE BUSINESS

The net profit after providing for taxation amounted to £235,220.

DIVIDENDS

No dividends were paid during the year and no recommendation is made as to dividends (1998: £3,000,000).

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 1999.

FUTURE DEVELOPMENTS

There are no plans for major developments in the operations of the company.

INTRODUCTION OF THE SINGLE EUROPEAN CURRENCY

The directors are continuing to monitor developments on the introduction of the single European currency and are satisfied that no specific action is required at this point in time.

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	
		1999	1998
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;
- 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 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 £1,550.

YEAR 2000 SOFTWARE ISSUES

The directors have assessed the year 2000 problem in relation to the company's activities and they do not anticipate any problems in performance of accounting and general administrative functions of the company.

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

Date: 23 June 2000

LESLIE WISE LIMITED

AUDITORS' REPORT TO THE MEMBERS OF LESLIE WISE LIMITED

We have audited the financial statements on pages 5 to 15 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.

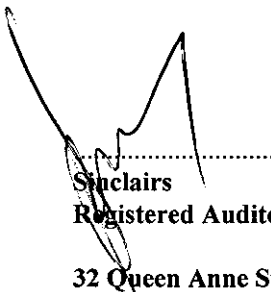
BASIS OF OPINION

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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Sinclair's
Registered Auditors

32 Queen Anne Street
London
W1M 0HD

23 June 2000

LESLIE WISE LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 NOVEMBER 1999**

	Notes	1999 £	1998 £
TURNOVER	2	4,630,215	5,322,625
Cost of sales		(3,390,372)	(4,079,621)
GROSS PROFIT		1,239,843	1,243,004
Distribution costs		(229,129)	(292,810)
Administrative expenses		(973,453)	(806,761)
Other operating income		37,261	143,433
		174,200	371,000
OPERATING PROFIT	3	211,461	514,433
Interest payable and similar charges	4	(26)	(226)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		211,435	514,207
Tax on profit on ordinary activities	7	23,785	(67,518)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		235,220	446,689
Dividends	8	-	(3,000,000)
RETAINED PROFIT / (ACCUMULATED LOSS) FOR THE FINANCIAL YEAR	17	235,220	(2,553,311)

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 for the above two financial years.

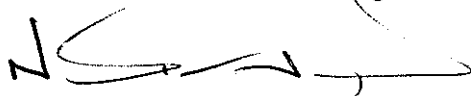
The notes on pages 7 to 15 form part of these financial statements.

LESLIE WISE LIMITED**BALANCE SHEET
AT 30 NOVEMBER 1999**

	Notes	£	1999 £	£	1998 £
FIXED ASSETS					
Tangible assets	9		123,432		128,873
Investments	10		79,203		79,203
			<u>202,635</u>		<u>208,076</u>
CURRENT ASSETS					
Stocks	11	108,223		136,860	
Debtors	12	904,477		564,428	
Cash at bank and in hand		697,449		697,956	
		<u>1,710,149</u>		<u>1,399,244</u>	
CREDITORS: amounts falling due within one year	13	<u>(784,908)</u>		<u>(714,664)</u>	
NET CURRENT ASSETS			925,241		684,580
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,127,876</u>		<u>892,656</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		798,748		563,528
TOTAL SHAREHOLDERS' FUNDS	18		<u>1,127,876</u>		<u>892,656</u>

Approved by the board of directors on 23 June 2000 and signed on its behalf by the following directors:

N. H. Wise:



J. H. Gowers:



The notes on pages 7 to 15 form part of these financial statements.

LESLIE WISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1999

1. STATEMENT OF ACCOUNTING POLICIES

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

Consolidation

The company is exempt from the obligation to prepare group financial statements as it is itself a wholly owned subsidiary undertaking and its immediate parent undertaking is established under the law of a member state of the European Union. Consequently the financial statements present information about itself and not the group.

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.

LESLIE WISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1999

1. STATEMENT OF ACCOUNTING POLICIES - (continued)

Operating lease commitments

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

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

	1999	1998
	£	£
Analysis by geographical market:		
United Kingdom	4,626,594	5,322,625
Exports	3,621	-
	<u>4,630,215</u>	<u>5,322,625</u>

Turnover is attributable to the one principal activity of the company.

3. OPERATING PROFIT

Operating profit is stated	1999	1998
	£	£
After charging:		
Depreciation of fixed assets	37,435	49,999
Loss on disposal of tangible assets	2,348	-
Auditors' remuneration	8,000	13,150
Loss on foreign currencies	4,388	-
Operating lease rentals		
Land and buildings	179,499	180,569
	<u>179,499</u>	<u>180,569</u>
After crediting:		
Profit on foreign currencies	-	372
	<u>-</u>	<u>372</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1999	1998
	£	£
On bank loans and overdrafts	<u>26</u>	<u>226</u>

LESLIE WISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1999

5. INFORMATION ON DIRECTORS AND EMPLOYEES

	1999	1998
	£	£
Staff costs		
Wages and salaries	665,580	512,810
Social security costs	52,644	34,333
Other pension costs	61,090	38,950
	<u>779,314</u>	<u>586,093</u>

	1999	1998
	No.	No.
The average number of employees during the year was made up as follows:		
Production	5	5
Selling and distribution	7	8
Management and administration	11	10
	<u>23</u>	<u>23</u>

	1999	1998
	£	£
Directors' emoluments		
Emoluments	<u>292,165</u>	<u>106,391</u>

	1999	1998
	No.	No.
During the year the following number of directors:		
Accrued benefits under defined benefit pension schemes	<u>2</u>	<u>2</u>

	1999	1998
	£	£
Details of highest paid director's emoluments		
Emoluments	<u>186,828</u>	<u>56,067</u>

LESLIE WISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1999

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 scheme 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 £13,787 (1998: £18,171).

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 services 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 £37,000 (1998: £9,200) has been made in these accounts for contributions and is included in creditors.

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
The taxation credit comprises:		
Corporation tax at 31% (1998 - 31%)	59,647	174,222
Adjustment in respect of prior years	(83,432)	(106,704)
	<u>(23,785)</u>	<u>67,518</u>

8. DIVIDENDS PAID OR PROPOSED

	1999 £	1998 £
On ordinary shares:		
Final dividend paid		
Dividend - ordinary shares	<u>-</u>	<u>3,000,000</u>

LESLIE WISE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 1999****9. TANGIBLE FIXED ASSETS**

	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
Cost:				
At 1 December 1998	11,084	387,699	373,700	772,483
Additions	-	23,817	16,275	40,092
Disposals	-	-	(36,050)	(36,050)
At 30 November 1999	11,084	411,516	353,925	776,525
Depreciation:				
At 1 December 1998	5,038	383,370	255,202	643,610
Charge for year	504	6,280	30,651	37,435
On disposals	-	-	(27,952)	(27,952)
At 30 November 1999	5,542	389,650	257,901	653,093
Net book value:				
At 30 November 1999	5,542	21,866	96,024	123,432
At 30 November 1998	6,046	4,329	118,498	128,873
			1999 £	1998 £
Analysis of net book value of land and buildings:				
Short leasehold			5,542	6,046

LESLIE WISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1999

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 wholly owned subsidiary undertaking and its immediate parent undertaking is established under the law of a member state of the European Union.

11. STOCKS

	1999 £	1998 £
Short term work in progress	47,481	38,770
Finished goods and goods for resale	60,742	98,090
	108,223	136,860

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

LESLIE WISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1999

12. DEBTORS

	1999 £	1998 £
Trade debtors	347,880	242,804
Amounts owed by group undertakings	530,315	272,388
Other debtors	-	18,620
Prepayments and accrued income	26,282	30,616
	<u>904,477</u>	<u>564,428</u>

13. CREDITORS: amounts falling due within one year

	1999 £	1998 £
Trade creditors	217,991	83,185
Amounts owed to group undertakings	380,574	197,863
Corporation tax	59,647	174,222
Other taxes and social security costs	44,071	26,013
Accruals and deferred income	82,625	233,381
	<u>784,908</u>	<u>714,664</u>

14. DEFERRED TAXATION

	Not provided		Provided	
	1999 £	1998 £	1999 £	1998 £
Deferred tax is calculated at 31% (1998 - 31%) analysed over the following timing differences:				
On the excess of capital allowances over depreciation	<u>(41,565)</u>	<u>(40,831)</u>	<u>-</u>	<u>-</u>

15. SHARE CAPITAL

	1999 £	1998 £
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>

LESLIE WISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1999

16. OTHER RESERVES

	1999 £	1998 £
Special reserve		
Balance at 1 December 1998 and 30 November 1999	77,872	77,872
Total other reserves	<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

	1999 £	1998 £
Retained profit as at 1 December 1998	563,528	3,116,839
Profit / (loss) for the year	235,220	(2,553,311)
Retained profit as at 30 November 1999	<u>798,748</u>	<u>563,528</u>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Profit for the year	235,220	446,689
Dividends	-	(3,000,000)
Net addition / (reduction) to shareholders' funds	<u>235,220</u>	<u>(2,553,311)</u>
Opening shareholders' funds	892,656	3,445,967
Closing shareholders' funds	<u>1,127,876</u>	<u>892,656</u>
Represented by:-		
Equity interests	<u>1,127,876</u>	<u>892,656</u>

19. CONTINGENT LIABILITIES

The company's bankers have given a guarantee of £80,000 (1998 - £80,000) to H M Customs and Excise on behalf of the company.

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

LESLIE WISE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 1999

20. REVENUE COMMITMENTS

At the 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	
	1999	1998	1999	1998
	£	£	£	£
More than one year and less than five years	75,500	60,000	-	-
More than five years	106,100	106,100	-	-
	<u>181,600</u>	<u>166,100</u>	<u>-</u>	<u>-</u>

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.

21. CONTROL

The company is controlled by its ultimate parent undertaking, Leslie Wise Group P.L.C.

22. RELATED PARTY DISCLOSURES

The company is exempt from the requirement to disclose related party transactions and balances under the Financial Reporting Standard No. 8, on the grounds that it is a wholly owned subsidiary undertaking and the consolidated financial statements in which it is included are publicly available.

23. ULTIMATE PARENT COMPANY

The ultimate parent undertaking is Leslie Wise Group P.L.C. a company registered in England and Wales. Copies of their published accounts are available from 33 Great Portland Street, London W1N 5DD.