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Jump Knitwear Limited

Report and Accounts
year ended 31st July 1988

Comins & Co
Chartered Accountants
London, Ashford and Geneva



Member of the ICC
international group

JUMP KNITWEAR LIMITED

31ST JULY 1988

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JUMP KNITWEAR LIMITED
REPORT OF THE DIRECTORS

DIRECTORS

S. Caring (Chairperson)
M. Bines

SECRETARY

J.P. Service

The Directors submit their Report and Accounts for the year ended 31st July 1988.

1. REVIEW OF THE BUSINESS

The principal activity of the Group during the year was the distribution of women's clothing and accessories.

	<u>1988</u>	<u>1987</u>
<u>Turnover</u>	£15,557,270 =====	£17,046,154 =====
Profit/(Loss) before taxation	22,890	(268,717)
Taxation	(3,094)	72,839
	<hr/>	<hr/>
PROFIT/(LOSS) FOR THE YEAR	£ 19,796 =====	£ (195,878) =====

2. FIXED ASSETS

There were no significant changes in the Fixed Assets of the Group other than in the normal course of business.

3. DIRECTORS AND THEIR INTERESTS

The Directors during the year and their interests in the share capital of the Company were as follows:-

	<u>31st July 1988</u> <u>Ordinary Shares</u>	<u>1st August 1987</u> <u>Ordinary Shares</u>
L.N. Caring	-	3,333
S. Caring	6,666	3,333
M. Bines	-	-

S. Caring retires by rotation and, being eligible, offers herself for re-election.

Mr. L.N. Caring died on 7th March 1988.

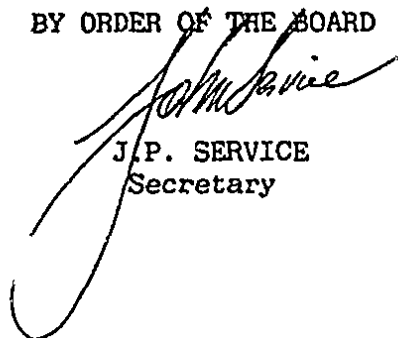
JUMP KNITWEAR LIMITED

REPORT OF THE DIRECTORS
Continued

4. AUDITORS

In accordance with Section 384 of the Companies Act 1985, a Resolution proposing the re-appointment of Messrs. Comins & Co. as Auditors of the Company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



J.P. SERVICE
Secretary

Registered Office:


22 St. Andrew Street
London
EC4A 3AN

19th September 1989

REPORT OF THE AUDITORS
TO THE MEMBERS OF JUMP KNITWEAR LIMITED

We have audited the accounts on pages 4 to 13. Our Audit was conducted in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31st July 1988 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


COMINS & CO.
Chartered Accountants

Registered Office:

22 St. Andrew Street
London
EC4A 3AN

19th September 1989

JUMP KNITWEAR LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JULY 1988

	NOTES	£	1988	£	£	1987	£
<u>TURNOVER</u>	2			15,557,270			17,046,154
Cost of Sales				12,860,649			14,711,892
<u>GROSS PROFIT</u>				2,696,621			2,334,262
Distribution Costs		1,884,924			1,784,185		
Administrative Expenses		595,631			605,471		
				2,480,555			2,389,656
				216,066			(55,394)
Share of Profits of Related Companies	3			1,836			54,529
<u>OPERATING PROFIT/(LOSS)</u>	4			217,902			(865)
Interest Receivable				7,329			2,202
				225,231			1,337
Interest Payable	6			202,341			270,054
<u>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</u>				22,890			(268,717)
Taxation	7			(3,094)			72,839
<u>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</u>	15			£ 19,796			£ (195,878)
				=====			=====

The notes on pages 7 to 13
form part of these Accounts

JUMP KNITWEAR LIMITED

BALANCE SHEETS
AS AT 31ST JULY 1988

	NOTES	<u>1988</u>		<u>1987</u>	
		Group £	Company £	Group £	Company £
<u>FIXED ASSETS</u>					
Intangible Assets	8	191,004	191,004	167,287	167,287
Investments	9	3,261	27,617	9,588	27,617
		<hr/>	<hr/>	<hr/>	<hr/>
		194,265	218,621	176,875	194,904
<u>CURRENT ASSETS</u>					
Stocks	10	1,569,734	1,302,045	1,843,052	1,470,409
Debtors	11	2,043,988	2,056,886	1,971,409	1,989,335
Cash at bank and in hand		165,046	-	244,628	227,107
		<hr/>	<hr/>	<hr/>	<hr/>
		3,778,768	3,358,931	4,059,089	3,686,851
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	12	3,477,713	3,259,823	3,767,719	3,634,337
		<hr/>	<hr/>	<hr/>	<hr/>
<u>NET CURRENT ASSETS</u>		301,055	99,108	291,370	52,514
		<hr/>	<hr/>	<hr/>	<hr/>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		495,320	317,729	468,245	247,418
		<hr/>	<hr/>	<hr/>	<hr/>
<u>PROVISION FOR LIABILITIES AND CHARGES</u>	13	14,000	14,000	6,791	6,791
		<hr/>	<hr/>	<hr/>	<hr/>
<u>NET ASSETS</u>		£ 481,320 =====	£ 303,729 =====	£ 461,454 =====	£ 240,627 =====
<u>CAPITAL AND RESERVES</u>					
Called Up Share Capital	14	9,999	9,999	9,999	9,999
Other Reserves	15	358	-	358	-
Profit and Loss Account	15	470,963	293,730	451,097	230,628
		<hr/>	<hr/>	<hr/>	<hr/>
<u>SHAREHOLDERS' FUNDS</u>		£ 481,320 =====	£ 303,729 =====	£ 461,454 =====	£ 240,627 =====

Sylvia Loring
[Signature]
 Directors

The notes on pages 7 to 13
 form part of these accounts

19th September 1989

JUMP KNITWEAR LIMITED

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST JULY 1988

	£	<u>1988</u>	£	£	<u>1987</u>	£
<u>SOURCE/(OUTFLOW) OF FUNDS</u>						
Profit/(Loss) on ordinary activities before taxation			22,890			(268,717)
Adjustments for items not involving the movement of funds:						
Depreciation	54,328				49,945	
Quota amortisation	-				10,591	
(Profit) on sale of fixed assets	(2,050)				(32,627)	
Exchange gains on consolidation	20,521				14,569	
Related companies losses	3,530				-	
Reserves no longer consolidated	(20,451)				-	
			55,878			42,478
<u>TOTAL GENERATED FROM/(ABSORBED BY) OPERATIONS</u>			78,768			(226,239)
<u>FUNDS FROM OTHER SOURCES</u>						
Proceeds of sale of fixed assets			29,336			100,895
			108,104			(125,344)
<u>APPLICATION OF FUNDS</u>						
Taxation paid	21,376				146,269	
Purchase of fixed assets	105,331				53,866	
			126,707			(200,135)
<u>DECREASE IN WORKING CAPITAL</u>			£ (18,603)			£(325,479)
			=====			=====
<u>WORKING CAPITAL MOVEMENTS</u>						
Stocks		(273,318)			23,774	
Debtors		34,291			(806,942)	
Creditors		134,507			154,167	
			(104,520)			(629,001)
<u>Movement in Net Liquid Funds</u>						
Cash at bank and in hand	(79,582)				216,381	
Bank loans and overdrafts	165,499				87,141	
			85,917			303,522
			£ (18,603)			£(325,479)
			=====			=====

JUMP KNITWEAR LIMITED

NOTES TO THE ACCOUNTS
31ST JULY 1988

1. ACCOUNTING POLICIES

(i) Accounting Convention

These accounts have been prepared under the historical cost convention.

(ii) Basis of Consolidation

The Group accounts include the accounts of the Parent Company, and its subsidiaries for the year ended 31st July 1988. No Profit and Loss Account is presented for Jump Knitwear Limited as provided by Section 228(7) of the Companies Act 1985.

(iii) Turnover

Turnover represents sales invoiced and excludes intra-group sales and value added tax.

(iv) Fixed Assets

Depreciation of fixed assets is provided over the anticipated life of the assets on the reducing balance basis as follows:-

Fixtures and Fittings at 25% p.a.

Motor Vehicles at 25% p.a.

(v) Stocks

Stock is valued at the lower of cost or net realisable value. Cost includes freight, duty, commission, and clearance charges. No material attributable overheads exist within the meaning of the Statement of Standard Accounting Practice No 9. Net realisable value represents sales proceeds less all expected costs to completion.

(vi) Debtors

Known bad debts are written off and specific provision is made for debts considered to be doubtful of collection.

(vii) Design and Expenditure

Expenditure on new designs is written off when incurred.

(viii) Deferred Taxation

Deferred taxation is provided on the liability method on all short-term timing differences. Provision is also made for long-term timing differences except for those which are not expected to reverse in the foreseeable future.

JUMP KNITWEAR LIMITED

NOTES TO THE ACCOUNTS (Continued) 31ST JULY 1988

2. TURNOVER

The analysis of turnover by activity and geographical area is as follows:-

	<u>1988</u>	<u>1987</u>
Class of Business		
Women's clothing	14,273,044	15,400,002
Women's accessories	1,284,226	1,646,152
	<hr/>	<hr/>
	£15,557,270	£17,046,154
	=====	=====
Geographical Markets		
United Kingdom	15,272,899	12,641,328
Europe and USA	284,371	4,404,826
	<hr/>	<hr/>
	£15,557,270	£17,046,1154
	=====	=====

3. RELATED COMPANIES

The consolidated profit and loss account includes the following amount in respect of related companies:-

	<u>1988</u>	<u>1987</u>
Share of Profits before taxation	1,836	54,529
Taxation	(5,366)	29,350
	<hr/>	<hr/>
	(3,530)	25,179
Dividends	-	29,719
	<hr/>	<hr/>
Share of Losses after taxation	£ (3,530)	£(4,540)
	=====	=====

The above amounts have been retained by related companies.

4. OPERATING PROFIT/(LOSS)

This is stated after charging:

Depreciation	£54,328	£49,945
Quota Amortisation	£ -	£10,591
Auditors' Remuneration	£ 8,000	£11,500
	=====	=====

JUMP KNITWEAR LIMITED

NOTES TO THE ACCOUNTS (Continued)
31ST JULY 1988

5. EMPLOYEES

The average weekly number of employees during the year was made up as follows:

	<u>1988</u>	<u>1987</u>
Category:		
Selling, Distribution and Administration	43	41
	==	==
Staff costs during the year amounted to:		
Wages and Salaries	874,111	712,461
Social Security Costs	86,548	64,121
Other Pension Costs	10,000	-
	<hr/>	<hr/>
	£970,659	£776,582
	=====	=====
Staff costs include the following in respect of Directors' Emoluments	£116,516	£ 75,618
	=====	=====
Emoluments (excluding pension contributions) were paid as follows:		
Chairman	£ 35,588	£ 23,654
	=====	=====
Highest paid director	£ 42,550	£ 31,964
	=====	=====
The remaining Directors received emoluments in the following ranges (excluding pension contributions):		
£15,001 - £20,000	-	1
£25,001 - £30,000	1	-
<u>Higher Paid Employees</u>		
£30,001 - £35,000	2	-
£100,001 - £105,000	-	1
£165,001 - £170,000	1	-
	==	==

6. INTEREST PAYABLE

Bank loans, overdrafts, and other loans wholly repayable within five years	£202,341	£270,054
	=====	=====

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

UK Corporation Tax at 26.3% (1987 :35%)		
- Group	9,481	73,530
- Related Companies	(5,366)	(18,358)
Tax Credits on Related Companies' Dividends	-	(10,992)
Deferred Tax	(7,209)	28,659
	<hr/>	<hr/>
	£ (3,094)	£ 72,839
	=====	=====

JUMP KNITWEAR LIMITED
NOTES TO THE ACCOUNTS (Continued)
31ST JULY 1988

8. TANGIBLE FIXED ASSETS

Group and Company

	<u>FIXTURES FITTINGS & EQUIPMENT</u>	<u>MOTOR VEHICLES</u>	<u>TOTAL</u>
<u>Cost</u>			
1st August 1987	228,989	147,977	376,966
Additions	34,925	70,406	105,331
Disposals	(7,586)	(45,100)	(52,686)
	<hr/>	<hr/>	<hr/>
At 31st July 1988	£256,328 =====	£173,283 =====	£429,611 =====
<u>Depreciation</u>			
1st August 1987	155,117	54,562	209,679
Charge for the year	26,887	27,441	54,328
Eliminated on Disposals	(2,315)	(23,085)	(25,400)
	<hr/>	<hr/>	<hr/>
At 31st July 1988	£179,689 =====	£ 58,918 =====	£238,607 =====
<u>Net Book Value</u>			
At 31st July 1988	£ 76,639 =====	£114,365 =====	£191,004 =====
At 1st August 1987	£ 73,872 =====	£ 93,415 =====	£167,287 =====

JUMP KNITWEAR LIMITED

NOTES TO THE ACCOUNTS (Continued) 31ST JULY 1988

9. INVESTMENTS

<u>Group</u>	<u>Related Companies</u>
At 1st August 1987	9,588
Share of related companies' results	(3,530)
Reserves no longer consolidated	(2,797)
	<hr/>
At 31st July 1988	£ 3,261
	=====

<u>Company</u>	<u>Group Companies</u>	<u>Related Companies</u>	<u>Total</u>
At 1st August 1987 and 31st July 1988	£75	£27,542	£27,617
	==	=====	=====

The Company holds more than 10% of the following companies:-

<u>Name of Company</u>	<u>Country of Registration</u>	<u>Holding</u>	<u>Proportion held</u>
<u>Subsidiaries</u>			
Louis Caring Gmbh	Germany	Ordinary	100%
Jump Knitwear SRL	Italy	Ordinary	100%
Louis Caring (Sales) Ltd	England	Ordinary	100%
Jump Accessories Ltd	England	Ordinary	100%
Bombay Ducks Limited	England	Ordinary	100%
Colby Limited	England	Ordinary	100%
Changes (UK) Limited	England	Ordinary	100%
Together UK (Imports) Ltd	England	Ordinary	100%

Related Companies

The Associated Clothing Company Limited	England	Ordinary	27%
Babyface Limited	England	Ordinary	25%

10. STOCKS

	<u>Group</u>	<u>1988</u>	<u>Company</u>	<u>Group</u>	<u>1987</u>	<u>Company</u>
Raw Materials	5,976	5,976	248,977	248,977		
Finished Goods	1,563,758	1,296,069	1,594,075	1,221,432		
	<hr/>	<hr/>	<hr/>	<hr/>		
	£1,569,734	£1,302,045	£1,843,052	£1,470,409		
	=====	=====	=====	=====		

JUMP KNITWEAR LIMITED

NOTES TO THE ACCOUNTS (Continued)
31ST JULY 1988

11. <u>DEBTORS</u>	<u>1988</u>		<u>1987</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Trade Debtors	1,679,762	1,679,762	1,746,573	1,746,573
Amounts owed by Group Companies	-	18,655	-	28,083
Amounts owed by Related Companies	105,264	105,264	67,935	67,935
Other Debtors	202,926	197,169	101,683	91,526
Prepayments and accrued income	56,036	56,036	55,218	55,218
	<u>£2,043,988</u>	<u>£2,056,886</u>	<u>£1,971,409</u>	<u>£1,989,335</u>
	=====	=====	=====	=====

Included in other debtors are loans totalling £19,051 made to two employees of the company.

12. <u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	<u>1988</u>		<u>1987</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Bank Loans and Overdrafts (see below)	1,266,072	1,266,072	1,431,571	1,431,571
Trade Creditors	1,307,483	1,150,596	1,467,840	1,329,335
Amounts owed to Group Companies	-	5,200	-	386,599
Amounts owed to Related Companies	51	51	-	-
Corporation Tax	10,000	10,000	-	-
Other Taxes and Social Security Costs	278,863	278,863	226,164	226,164
Other Creditors	181,226	181,226	146,016	146,016
Accruals	434,018	367,815	496,128	114,652
	<u>£3,477,713</u>	<u>£3,259,823</u>	<u>£3,767,719</u>	<u>£3,634,337</u>
	=====	=====	=====	=====

Bank Loans and Overdrafts of £1,266,072 (1987: £1,431,571) are secured by a fixed and floating charge over the Group's assets together with a Guarantee.

13. PROVISION FOR LIABILITIES AND CHARGES

This comprises deferred taxation. The provision in the accounts and the potential amounts are as follows:-

	<u>1988</u>	<u>1987</u>
Accelerated Capital Allowances	£14,000	£ 6,791
	=====	=====

14. SHARE CAPITAL

Authorised 10,000 shares of £1 each	£10,000	£10,000
	=====	=====
Allotted, Called Up and Fully Paid 9,999 shares of £1 each	£ 9,999	£ 9,999
	=====	=====

JUMP KNITWEAR LIMITED

NOTES TO THE ACCOUNTS (Continued)
31ST JULY 1988

15. RESERVES

	<u>OTHER RESERVES</u>	<u>PROFIT AND LOSS ACCOUNT</u>
<u>Group</u>		
At 1st August 1987	358	451,097
Exchange Adjustments	-	20,521
Retained Profit/(Loss)	-	19,796
Reserves no longer consolidated	-	(20,451)
	---	---
At 31st July 1988	£358 ===	£470,963 =====
 <u>Company</u>		
At 1st August 1987		230,628
Retained profit		89,779
Contribution to subsidiary companies		(26,677)

At 31st July 1988		£ 293,730 =====

16. CONTINGENT LIABILITIES

- (i) The liability under open documentary credits amounted to £359,920. (1987 : £600,674).
- (ii) Forward contracts for the purchase of foreign currency have been undertaken in the normal course of the Group's business.
- (iii) At the year end the Bank held guarantees in favour of H.M. Customs & Excise amounting to £600,000 (1987: £600,000).
- (iv) The company has guaranteed its related companies' overdrafts for £650,000.