

# ARTHUR ANDERSEN

## Sander & Kay plc

Accounts 1 March 1997

together with directors' and auditors' reports

Registered number: 01060981



## Directors' report

For the year ended 1 March 1997

The directors present their report on the affairs of the company, together with the accounts and auditors' report, for the year ended 1 March 1997.

### Directors' responsibilities

Company law requires the directors to prepare accounts for each financial period 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

### Principal activity and business review

On 3 March 1996 the trading activities of the company were transferred to J.D. Williams & Company Limited, the immediate parent undertaking. As a consequence, the company remained dormant throughout the year.

### Results and dividends

Results and recommended transfers to reserves are as follows:

	£
Retained profit at 2 March 1996	481,219
Result for the year	-
Retained profit at 1 March 1997	<u>481,219</u>

The directors do not recommend the payment of a dividend.

## Directors' report (continued)

### Directors and their interests

The directors who served during the year are as shown below:

P. Sander

A. White

J. Martin

The directors had no interests in the shares of the company. The interests of the directors in the 10p ordinary shares of N Brown Group plc, the ultimate parent undertaking, are shown in the accounts of that company with the exception of P. Sander who had no interests during the period.

### Fixed assets

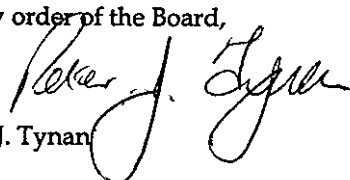
Information relating to changes in tangible fixed assets is given in note 8 to the accounts.

### Auditors

Arthur Andersen have indicated their willingness to continue to act as auditors of Sanders & Kay plc. The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

53 Dale Street  
Manchester  
M60 6ES

By order of the Board,

  
P.J. Tynan

Secretary

15 April 1997

## Auditors' report

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Manchester

### To the Shareholders of Sander & Kay plc:

We have audited the accounts on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

### Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

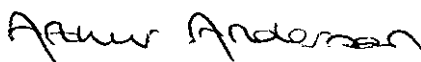
### Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 that the accounts 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 accounts.

### Opinion

In our opinion the accounts give a true and fair view of the company's state of affairs at 1 March 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**

**Chartered Accountants and Registered Auditors**

Bank House  
9 Charlotte Street  
Manchester  
M1 4EU

15 April 1997

## Profit and loss account

For the year ended 1 March 1997

	Notes	Year ended 1 March 1997 £	14 months ended 2 March 1996 £
<b>Turnover</b>	2	-	6,762,216
Cost of sales		-	(3,747,111)
<b>Gross profit</b>		-	3,015,105
Other operating expenses (net)	3	-	(2,713,467)
<b>Operating profit</b>		-	301,638
Interest payable	4	-	(31,223)
<b>Profit on ordinary activities before taxation</b>	5	-	270,415
Tax on profit on ordinary activities	7	-	(153,112)
<b>Retained profit</b>		-	117,303

The company was dormant throughout the year.

The accompanying notes are an integral part of this profit and loss account.

# Balance sheet

1 March 1997

	Notes	1 March 1997 £	2 March 1996 £
<b>Fixed assets</b>			
Tangible assets	8	-	16,398
<b>Current assets</b>			
Debtors	9	722,483	693,404
Cash at bank and in hand		4,352	4,352
		726,835	697,756
<b>Creditors: Amounts falling due within one year</b>	10	(195,616)	(182,935)
<b>Net current assets</b>		531,219	514,821
<b>Net assets</b>		531,219	531,219
<b>Capital and reserves</b>			
Called-up share capital	11	50,000	50,000
Profit and loss account		481,219	481,219
<b>Equity capital employed</b>		531,219	531,219

Signed on behalf of the Board



A. White

Director

15 April 1997

The accompanying notes are an integral part of this balance sheet.

## Notes to accounts

1 March 1997

### 1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding period, is set out below.

#### a) *Basis of accounting*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### b) *Tangible fixed assets*

Fixed assets are shown at cost.

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a reducing balance basis over its expected useful life as follows:

Motor vehicles	25% reducing balance
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#### c) *Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax legislation) has been calculated on the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of the reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

#### d) *Pension costs*

The ultimate parent undertaking operates a defined benefit pension scheme which certain employees are entitled to join. Contributions are charged to profit based on the advice of an independent actuary to spread the expected cost of providing pensions over the employees' working lives within the scheme.

#### e) *Turnover*

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services provided in the normal course of business, entirely within the United Kingdom.

#### f) *Cash flow statement*

Under the provisions of Financial Reporting Standard Number 1 (Revised), the company has not prepared a cash flow statement because its ultimate parent undertaking, N Brown Group plc, which is incorporated in Great Britain, has prepared consolidated accounts which include the accounts of the company for the year end and which contain a cash flow statement.

### 2 Segment information

All turnover and operating profit is generated from the principal activity of the company in the United Kingdom.

## Notes to accounts (continued)

### 3 Other operating expenses (net)

	Year ended 1 March 1997 £	14 months ended 2 March 1996 £
Distribution costs	-	2,196,366
Administrative expenses	-	545,101
Other operating income	-	(28,000)
	<u>-</u>	<u>2,713,467</u>

### 4 Interest payable

	Year ended 1 March 1997 £	14 months ended 2 March 1996 £
On overdrafts repayable within 5 years, not by instalments.	<u>-</u>	<u>31,223</u>

### 5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging (crediting):

	Year ended 1 March 1997 £	14 months ended 2 March 1996 £
Rent receivable	-	(28,000)
Loss on sale of fixed assets	-	28,603
Depreciation of tangible fixed assets	-	11,305
Auditors' remuneration	-	6,500
Staff costs (see note 6)	<u>-</u>	<u>142,327</u>



## Notes to accounts (continued)

### 6 Staff costs

Particulars of employees (including executive directors) are as shown below:

	Year ended 1 March 1997 £	14 months ended 2 March 1996 £
Employee costs during the period amounted to:		
Wages and salaries	-	135,755
Social security costs	-	6,104
Other pension costs	-	468
	<u>-</u>	<u>142,327</u>

The average weekly number of persons employed by the company during the period was as follows:

	Year ended 1 March 1997 Number employed	14 months ended 2 March 1996 Number employed
Sales and administration	<u>-</u>	<u>6</u>

Directors' remuneration paid in respect of directors of the company was as follows:

	Year ended 1 March 1997 £	14 months ended 2 March 1996 £
Emoluments (including pension contributions)	<u>-</u>	<u>26,956</u>

## Notes to accounts (continued)

### 6 Staff costs (continued)

The directors' remuneration shown above (excluding pension contributions) included:

	Year ended 1 March 1997 £	14 months ended 2 March 1996 £
Chairman	-	9,598
Highest paid director	-	12,126

Directors received emoluments (excluding pension contributions) in the following ranges:

	Year ended 1 March 1997 Number	14 months ended 2 March 1996 Number
£ 0 - £5,000	3	-
£ 5,001 - £10,000	-	2
£ 10,001 - £15,000	-	1

### 7 Tax on profit on ordinary activities

The tax charge is based on the profit for the period and comprises:

	Year ended 1 March 1997 £	14 months ended 2 March 1996 £
Corporation tax at 24% (1996 - 33%)	-	153,112

### 8 Tangible fixed assets

	1 March 1997 £	2 March 1996 £
Plant, equipment and motor vehicles	-	16,398

## Notes to accounts (continued)

### 8 Tangible fixed assets (continued)

The movement in the year was as follows:

	Motor vehicles £
<b>Cost</b>	
2 March 1996	25,600
Inter group transfer	(25,600)
1 March 1997	-
<b>Depreciation</b>	
2 March 1996	9,202
Inter group transfer	(9,202)
1 March 1997	-
<b>Net book value</b>	
2 March 1996	16,398
1 March 1997	-

### 9 Debtors

	1 March 1997 £	2 March 1996 £
Amounts owed by group undertakings	722,483	693,404

### 10 Creditors: Amounts falling due within one year

	1 March 1997 £	2 March 1996 £
Bank overdrafts	144,432	31,848
Current taxation	51,184	151,087
	195,616	182,935

## Notes to accounts (continued)

### 11 Called-up share capital

	1 March 1997 £	2 March 1996 £
<i>Authorised</i>		
50,000 ordinary shares of £1 each	50,000	50,000
<i>Allotted, called-up and fully-paid</i>		
50,000 ordinary shares of £1 each	50,000	50,000

### 12 Reconciliation of movements in shareholders' funds

	1 March 1997 £	2 March 1996 £
Profit for the financial year	-	117,303
Opening shareholders' funds	531,219	413,916
Closing shareholders' funds	531,219	531,219

### 13 Ultimate parent company

The company is a subsidiary undertaking of N Brown Group plc, a company registered in England and Wales. The largest and smallest groups of which Sander & Kay plc is a member and for which group accounts are drawn up is that headed by N Brown Group plc, whose principal place of business is at 53 Dale Street, Manchester, M60 6ES. The consolidated accounts of this group are available to the public and may be obtained from the above address.