

NEW LOOK RETAILERS LIMITED
REPORT AND ACCOUNTS
52 WEEKS ENDED 23 MARCH 1996

Company Registration Number: 1618428



DIRECTORS' REPORT

52 WEEKS ENDED 23 MARCH 1996

The directors present their report and the audited accounts of the company for the 52 weeks ended 23 March 1996.

REVIEW OF THE BUSINESS

The principal activity of the company is the retailing of women's fashion wear.

Both the level of business and the period end financial position were satisfactory and the directors expect that the growth of the company which has contributed to the results in the financial period will be sustained for the foreseeable future.

RESULTS AND DIVIDENDS

The company's profit after tax for the period was £13,200,000, (1995: £6,727,000). A dividend of £13,200,000 has been paid (1995: £6,727,000). No further dividend is proposed.

DIRECTORS AND THEIR INTERESTS

The directors during the period, all of whom were directors throughout the period were as follows:

T T Singh
J F Hanna
G T Aldred

No director holds any shares in the company.

The directors are also directors of New Look Limited, the holding company, and the ultimate holding company, New Look Group Limited. Their interests in the ultimate holding company's shares are disclosed in the director's report of New Look Limited.

POLITICAL AND CHARITABLE DONATIONS

During the period the company made various charitable contributions totalling £38,427 (1995:£3,276). A contribution of £500 was made to the South Dorset Conservative Association.

DIRECTORS' REPORT (Continued)

52 WEEKS ENDED 23 MARCH 1996

EMPLOYMENT POLICIES

It is the company's policy to keep its employees informed of matters affecting their interests through normal management channels, and due consideration is given to their interests in making management decisions.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who is fortunate enough not to suffer from disability.

AUDITORS

It is proposed to change the Company's auditors to Coopers & Lybrand and a resolution to appoint them will be proposed at the Annual General Meeting.

By Order of the Board



K Manning
Secretary
10 July 1996

STATEMENT OF DIRECTORS' RESPONSIBILITIES

52 WEEKS ENDED 23 MARCH 1996

Company law requires the directors to prepare accounts for each financial year 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;
- 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 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.

We have audited the accounts on pages 5 to 14 which have been prepared under the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors.

As described on page 3 the company's directors are responsible for the preparation of 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. 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 state of affairs of the company as at 23 March 1996 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Pannell Kerr Forster

Derby

12 July 1996

Pannell Kerr Forster
Chartered Accountants
Registered Auditors

PROFIT AND LOSS ACCOUNT

52 WEEKS ENDED 23 MARCH 1996

	Notes	1996 £'000	1995 £'000
TURNOVER	2	178,416	119,994
Cost of sales		<u>(144,484)</u>	<u>(95,819)</u>
GROSS PROFIT		33,932	24,175
Net operating expenses including exceptional items	3	(14,100)	(13,687)
OPERATING PROFIT		<u>19,832</u>	<u>10,488</u>
Interest receivable less payable	4	<u>117</u>	<u>46</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	19,949	10,534
Tax on profit on ordinary activities	8	<u>(6,749)</u>	<u>(3,807)</u>
PROFIT FOR THE FINANCIAL PERIOD		13,200	6,727
Dividends		<u>(13,200)</u>	<u>(6,727)</u>
TRANSFER TO RESERVES	17	<u>-</u>	<u>-</u>

There were no other recognised gains and losses, or other movements in shareholders' funds during the period.

All amounts relate to continuing operations.

Net operating expenses in 1995 included exceptional costs of £1,341,000.

BALANCE SHEET

AT 23 MARCH 1996

	Notes	1996	1995
FIXED ASSETS		£'000	£'000
Tangible assets	9	<u>26,493</u>	<u>16,488</u>
CURRENT ASSETS			
Stocks	10	13,379	10,283
Debtors	11	20,220	7,339
Cash at bank and in hand		<u>67</u>	<u>577</u>
		33,666	18,199
CREDITORS: amounts falling due within one year	12	<u>(55,892)</u>	<u>(32,005)</u>
NET CURRENT LIABILITIES		<u>(22,226)</u>	<u>(13,806)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,267	2,682
CREDITORS: amounts falling due after more than one year	13	<u>(3,807)</u>	<u>(2,222)</u>
NET ASSETS		<u><u>460</u></u>	<u><u>460</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	1	1
Profit and loss account	17	<u>459</u>	<u>459</u>
EQUITY SHAREHOLDERS' FUNDS		<u><u>460</u></u>	<u><u>460</u></u>

Approved by the board of directors on 10 July 1996 and signed on its behalf by:



G T Aldred - Director

NOTES TO THE ACCOUNTS

52 WEEKS ENDED 23 MARCH 1996

1 ACCOUNTING POLICIES**Accounting convention**

The accounts have been prepared in accordance with the historical cost convention and applicable accounting standards.

Depreciation

Depreciation is calculated so as to write off the cost, less residual value, of tangible fixed assets by equal instalments over their useful lives, estimated to be as follows:

Leasehold premiums	Period to next rent review
Leasehold land and buildings	Period to end of lease
Fixtures and fittings	Five to ten years
Plant and machinery	Three to ten years
Motor vehicles	Five years

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition is based upon purchase cost on a first-in first-out basis.

Leases and hire purchase contracts

Assets acquired under finance leases or similar hire purchase contracts are recorded in the balance sheet as tangible fixed assets. Future instalments under such leases or contracts are included, net of finance charges, within creditors. Payments are apportioned between the finance element, which is charged to the profit and loss account, and the capital element, which reduces the outstanding obligation for future instalments. The finance element is charged to the profit and loss account over the period of the lease or contract and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the profit and loss account in the period in which they are incurred.

Deferred taxation

Provision is made for taxation deferred by capital allowances and any other temporary differences between the incidence of income and expenditure for tax and accounting purposes, to the extent that, in the opinion of the directors, the tax deferred is expected to become payable in the foreseeable future. Tax provided is calculated on the liability method.

NOTES TO THE ACCOUNTS (Continued)

52 WEEKS ENDED 23 MARCH 1996

1 ACCOUNTING POLICIES (Continued)

Pensions

Defined contribution pension schemes exist for certain employees. Contributions are charged to the profit and loss account as they become payable, in accordance with the rules of the schemes.

Foreign currency

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

Deferred income

Income received by way of inducement to enter into a lease, including reverse premiums and rent free periods, has been treated as deferred income and is credited to the profit and loss account in equal instalments over the period to the first rent review.

2 TURNOVER

Turnover derives from retail sales within the United Kingdom and is shown exclusive of returns and value added tax.

3 NET OPERATING EXPENSES

	1996		1995	
		Before		Including
		exceptional	Exceptional	exceptional
		items	costs	costs
	£'000	£'000	£'000	£'000
Distribution costs	(5,315)	(3,978)	-	(3,978)
Administrative expenses	(14,404)	(10,972)	(1,341)	(12,313)
Other operating income	5,619	2,604	-	2,604
	<u>(14,100)</u>	<u>(12,346)</u>	<u>(1,341)</u>	<u>(13,687)</u>
	1996	1995		
	£'000	£'000		
Exceptional items within operating expenses comprised:				
Abortive float costs	<u>-</u>	<u>1,341</u>		

NOTES TO THE ACCOUNTS (Continued)

52 WEEKS ENDED 23 MARCH 1996

4 INTEREST RECEIVABLE LESS PAYABLE

	1996 £'000	1995 £'000
Interest payable:		
On borrowings repayable within five years	(36)	(37)
On hire purchase contracts	(71)	(71)
	<u>(107)</u>	<u>(108)</u>
Interest receivable	224	154
	<u>117</u>	<u>46</u>

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1996 £'000	1995 £'000
Profit on ordinary activities is stated after crediting:		
Deferred income amortisation	1,901	1,373
Commission receivable	<u>4,125</u>	<u>1,871</u>
and after charging:		
Depreciation charge for the period		
- Tangible owned fixed assets	5,288	3,351
- Tangible fixed assets held under hire purchase contracts	172	351
Operating lease rentals on land and buildings	18,702	12,132
Other operating lease rentals	290	304
Auditor's remuneration	<u>39</u>	<u>39</u>

Non-audit fees paid to the company's auditors in the United Kingdom amounted to £13,000 (1995 £275,000).

6 DIRECTORS' REMUNERATION

	1996 £'000	1995 £'000
Emoluments (including pension contributions)	<u>2,115</u>	<u>3,600</u>
The directors' remuneration shown above (excluding pension contributions) includes:		
Chairman and highest paid director	<u>1,549</u>	<u>2,851</u>

NOTES TO THE ACCOUNTS (Continued)

52 WEEKS ENDED 23 MARCH 1996

6 DIRECTORS' REMUNERATION (continued)

Other directors received emoluments in the following ranges:	1996 Number	1995 Number
£0 to £5,000	-	1
£5,001 to £10,000	-	2
£10,001 to £15,000	-	2
£30,001 to £35,000	2	-
£35,001 to £40,000	-	-
£90,001 to £95,000	-	-
£205,001 to £210,000	-	1

All of the directors are also directors of the holding company. Certain of their emoluments, totalling £4,156,511 (1995: £925,000) are for services to that company. These are charged and disclosed in the accounts of that company and are thus not included within the amounts noted above.

7 STAFF COSTS

	1996 £'000	1995 £'000
Wages and salaries	26,302	19,892
Social security costs	1,621	1,196
Other pension costs	539	520
	<u>28,462</u>	<u>21,608</u>

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

	Number	Number
Administration and buying	577	432
Retailing	3,898	2,473
	<u>4,475</u>	<u>2,905</u>

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

	£'000	£'000
The taxation charge is made up as follows:		
UK corporation tax at 33% (1995: 33%)	6,700	4,063
Adjustment in respect of prior years	39	-
Deferred taxation	10	(256)
	<u>6,749</u>	<u>3,807</u>

NOTES TO THE ACCOUNTS (Continued)

52 WEEKS ENDED 23 MARCH 1996

9 TANGIBLE FIXED ASSETS

	Short Leasehold land and buildings £'000	Fixtures and fittings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost					
At 25 March 1995	2,790	11,952	10,376	1,460	26,578
Additions	1,820	6,844	6,081	776	15,521
Transfers	-	-	24	(24)	-
Disposals	-	-	-	(113)	(113)
At 23 March 1996	<u>4,610</u>	<u>18,796</u>	<u>16,481</u>	<u>2,099</u>	<u>41,986</u>
Accumulated depreciation					
At 25 March 1995	351	6,237	3,103	399	10,090
Charge for the period	276	2,332	2,511	341	5,460
Transfers	-	-	7	(7)	-
Disposals	-	-	-	(57)	(57)
At 23 March 1996	<u>627</u>	<u>8,569</u>	<u>5,621</u>	<u>676</u>	<u>15,493</u>
Net book value					
At 23 March 1996	<u>3,983</u>	<u>10,227</u>	<u>10,860</u>	<u>1,423</u>	<u>26,493</u>
At 25 March 1995	<u>2,439</u>	<u>5,715</u>	<u>7,273</u>	<u>1,061</u>	<u>16,488</u>

Included in plant and machinery and motor vehicles are assets held under hire purchase agreements, with a net book value of £1,299,000 (1995: £1,207,000). £172,000 (1995: £351,000) depreciation was charged in respect of these assets during the period.

Included in plant and machinery is an amount of £500,000 which relates to assets in the course of construction.

Capital commitments

	1996 £'000	1995 £'000
Amounts authorised and contracted for	<u>1,701</u>	<u>1,276</u>

10 STOCKS

	1996 £'000	1995 £'000
Finished goods for resale	12,570	9,423
Shopfitting materials, stationery and wrappings	<u>809</u>	<u>860</u>
	<u>13,379</u>	<u>10,283</u>

NOTES TO THE ACCOUNTS (Continued)

52 WEEKS ENDED 23 MARCH 1996

	1996 £'000	1995 £'000
11 DEBTORS		
Trade debtors	41	50
Amounts owed by group undertakings	13,303	3,433
Prepayments and accrued income	5,677	3,071
Other debtors	1,199	785
	<u>20,220</u>	<u>7,339</u>
12 CREDITORS:		
amounts falling due within one year		
Bank borrowings	4,816	-
Hire purchase obligations	466	510
Trade creditors	9,195	8,989
Amounts owed to group undertakings	24,709	13,507
Corporation tax	6,763	3,784
Taxation and social security	2,021	1,109
Accruals and deferred income	5,932	2,479
Other creditors	1,990	1,627
	<u>55,892</u>	<u>32,005</u>

The bank borrowings are secured by fixed and floating charges over the assets of the company.
Interest is payable at commercial rates.

13 CREDITORS:
amounts falling due after more than one year

Hire purchase obligations	557	3
Deferred income	3,250	2,219
	<u>3,807</u>	<u>2,222</u>

Hire purchase obligations are secured over the assets to which they relate and are payable within two to five years.

NOTES TO THE ACCOUNTS (Continued)

52 WEEKS ENDED 23 MARCH 1996

14 OPERATING LEASE COMMITMENTS

	1996 £'000	1995 £'000
--	---------------	---------------

The company had annual commitments under non-cancellable operating leases which expire as set out below:

Land and buildings

Under one year	321	130
In the second to fifth year inclusive	1,401	931
In more than five years	<u>19,493</u>	<u>13,339</u>
	<u>21,215</u>	<u>14,400</u>

Other assets

Under one year	43	80
In the second to fifth year inclusive	<u>191</u>	<u>147</u>
	<u>234</u>	<u>227</u>

15 DEFERRED TAXATION

Accelerated capital allowances	993	538
Short term timing differences	<u>(997)</u>	<u>(552)</u>
At 23 March 1996 actual and potential asset	<u>(4)</u>	<u>(14)</u>

There were no movements in the year other than the charge to profit and loss.
The deferred tax asset arising has been included in other debtors.

16 SHARE CAPITAL

Authorised:

100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>
------------------------------------	------------	------------

Allotted, called up and fully paid:

1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>
----------------------------------	----------	----------

NOTES TO THE ACCOUNTS (Continued)

52 WEEKS ENDED 23 MARCH 1996

17 PROFIT AND LOSS ACCOUNT

£'000

At 25 March 1995	459
Retained profit for the period	<u>-</u>
At 23 March 1996	<u>459</u>

18 PENSION ARRANGEMENTS

Contributions are made to defined contribution pension schemes. Pension contributions amounting to £529,000 (1995: £520,000) were set aside by the company during the period.

19 RELATED-PARTY TRANSACTIONS

During the period the company paid market rents totalling £214,000 (1995: £249,000) on certain properties in which T T Singh has an interest. The future commitments in respect of these properties are the liability of a fellow subsidiary.

The company operated accessories concessions for the sale of jewellery and other accessories within certain of its retail stores through Viva Accessories Limited. The company received £3,726,000 (1995: £1,534,000) of concession income from this source during the period and £75,000 (1995: £72,000) was due to Viva at the period end. The owners of this entity are parties related to T T Singh.

Wholesale sales totalling £161,000 (1995: £188,000) were also made to Excel Clothing Ltd., the principal shareholder being H S Dhillon, who is a former director of a subsidiary and party related to T T Singh. A total of £15,000 (1995: £24,000) was owed to the company at the period end.

20 CONTINGENT LIABILITIES

The company is party to a cross guarantee whereby the assets of the group are subject to a fixed and floating charge as security for borrowings of the New Look Group Limited group amounting to £80 million at 23 March 1996.

21 ULTIMATE HOLDING COMPANY

The company's ultimate holding company is New Look Group Limited, a company incorporated in Great Britain. The parent company of the smallest group of which the company is a member and for which group accounts are prepared is New Look Limited, a company incorporated in Great Britain. Copies of the accounts of that group can be obtained from:

The Secretary
New Look Limited
New Look House
Mercery Road
Weymouth
Dorset