

Peaco Trading Limited

Directors' report and financial statements

31 December 1998

Registered number 2712024



Peaco Trading Limited

Directors' report and financial statements

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Peaco Trading Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1998.

Principal activities

During the year the company did not trade.

Business review

The results for the year are set out on page 5.

Post balance sheet event

On 29 June 1999, Outdoor & Sports Company (Holdings) Limited, Peaco Trading Limited's parent company, sold the trademarks of its Mountain Equipment business to a UK publicly quoted company for £1.8m and secured a licence back from the company to use the trademarks in all the product groups and territories which the business currently operates. In a back to back contract P D (Holdings) Limited, a company 100% owned by Mr I D Powell and Mr A C G Denton, the two Executive Directors of the business, purchased 100% of the share capital assisted by a loan of £1.4m from Outdoor & Sports Company (Holdings) Limited.

Proposed dividend and transfer to reserves

The directors do not recommend the payment of a dividend.

The profit for the year retained in the company is £1,667.

Directors and directors' interests

The directors who held office during the year were as follows:

I D Powell

A C G Denton (appointed 9 February 1998)

M R Peacock (resigned 13 January 1998)

As recorded in the register of directors' share interests, the directors who held office at the end of the year had no beneficial interests in the shares of the company.

The directors with interests in the share capital of the ultimate holding company are disclosed in the directors' report of that company.

Year 2000

The company has a plan in place to ensure that its internal computer systems are able to function effectively in the Year 2000 and thereafter. It is anticipated that the plan, which commenced during 1998, will be completed by 30 June 1999. The costs incurred to date have not been significant and the board anticipates that the costs associated in completing that plan will be minimal.

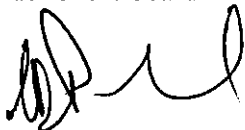
Peaco Trading Limited

Directors' report *(continued)*

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



I D Powell
Director

Peaco House
Hyde
Cheshire

Peaco Trading Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



St James' Square
Manchester M2 6DS

Auditors' report to the members of Peaco Trading Limited

We have audited the financial statements on pages 5 to 10.

Respective responsibilities of directors and auditors

As described on page 3 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 that 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 the company's affairs at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG

Chartered Accountants
Registered Auditors

30 June 1999

Peaco Trading Limited

Profit and loss account

for the year ended 31 December 1998

	<i>Note</i>	1998 £	1997 £
Turnover from discontinued operations		1,667	7,713
Cost of sales		-	(3,493)
		<hr/>	<hr/>
Gross profit, operating profit from discontinued activities and profit on ordinary activities before taxation	<i>2-4</i>	1,667	4,220
Tax on profit on ordinary activities	<i>5</i>	-	-
		<hr/>	<hr/>
Retained profit for the financial year		1,667	4,220
		<hr/>	<hr/>

The company has no recognised gains or losses in either the current or preceding year other than those reported above and therefore no statement of total recognised gains and losses has been presented.

Peaco Trading Limited

Balance sheet

at 31 December 1998

	<i>Note</i>	1998 £	1997 £
Creditors: amounts falling due within one year	6	(24,301)	(25,968)
Net liabilities		(24,301)	(25,968)
Capital and reserves			
Called up share capital	7	2	2
Profit and loss account		(24,303)	(25,970)
Equity shareholders' funds		(24,301)	(25,968)

These financial statements were approved by the board of directors on **30th June 1999**
and were signed on its behalf by:



I D Powell
Director

Peaco Trading Limited

Reconciliation of movements in shareholder's funds *for the year ended 31 December 1998*

	1998 £	1997 £
Profit for the financial year	1,667	4,220
Net addition to shareholder's funds	<u>1,667</u>	<u>4,220</u>
Opening shareholder's funds	(25,968)	(30,188)
Closing shareholder's funds	<u>(24,301)</u>	<u>(25,968)</u>

Peaco Trading Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

The financial statements have been prepared on a going concern basis notwithstanding the deficiency of net assets because of the continued support of Outdoor and Sports Company (Holdings) Limited, the ultimate parent company.

Cashflow statement

The directors have taken advantage of the exemption in Financial Reporting Standard Number 1 (Revised 1996), paragraph 5 (a), and have not prepared a cash flow statement in the financial statements.

Related party transactions

The directors have taken advantage of the exemption in Financial Reporting Standard Number 8, paragraph 3(c) and have not disclosed related party transactions with parent and fellow subsidiary undertakings.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods to customers during the year.

2 Turnover

Turnover arose from the principal activity of the company and wholly within the United Kingdom.

Peaco Trading Limited

Notes (continued)

3 Remuneration of directors

The directors received no emoluments in the year (1997: £Nil).

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was 2 (1997: 2). They received payroll costs of £Nil (1997: £Nil).

5 Taxation

There is no charge to taxation in either the current or prior year due to the availability of losses.

6 Creditors: amounts falling due within one year

	1998 £	1997 £
Amounts owed to fellow subsidiary undertakings	24,301	25,968

7 Called up share capital

	1998 £	1997 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up, and fully paid</i>		
2 ordinary shares of £1 each	2	2

8 Contingent liabilities

The company has given a cross guarantee and cross debenture in favour of the group's bankers in respect of the overdraft provided to the group and its trading subsidiaries. The amount outstanding at the year end was £1,418,300 (1997: £2,287,702).