

**AIRWAIR (1994) LIMITED**  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MARCH 1999  
Company number: 2874123

**AIRWAIR (1994) LIMITED**

**FINANCIAL STATEMENTS**

For the year ended 31 March 1999

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Company registration number: 2874123

Registered office: Cobbs Lane  
Wollaston  
Wellingborough  
Northants  
NN29 7SW

Directors: Mr S W Griggs (Chairman)  
Mr M G Darnell

Secretary: Mr H M Johnstone

Bankers: HSBC

Solicitors: Smith Chamberlain

Auditors: Grant Thornton  
Registered auditors  
Chartered accountants

**AIRWAIR (1994) LIMITED**

**FINANCIAL STATEMENTS**

For the year ended 31 March 1999

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## **AIRWAIR (1994) LIMITED**

### **REPORT OF THE DIRECTORS**

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The directors present their report together with financial statements for the year ended 31 March 1999.

#### **Principal activity**

The company principally operates as an intermediate investment holding company.

#### **Business review**

There was a loss for the year after taxation amounting to £5,337,819 (1998: £1,832,294). In view of the loss the directors do not recommend payment of a dividend.

On the following dates new 100% subsidiaries were formed: 4 March 1998 Dr Martens Airwair Hong Kong Limited, 22 April 1998 Dr Martens Airwair Japan KK, 26 May 1998 Dr Martens Airwair International Trading (Shanghai) Co Limited, 5 August 1998 Dr Martens Airwair Singapore PTE Limited and 29 August 1998 Dr Martens Airwair Korea Limited, as disclosed in note 5 to the financial statements.

#### **Directors**

The present membership of the Board is set out below. All directors served throughout the year.

Mr R C Shelton resigned from the Board on 9 February 1999.

The interests of the directors, who are all directors of the parent undertaking, are disclosed in that company's financial statements.

Mr S W Griggs (Chairman)  
Mr M G Darnell

#### **Directors' responsibilities for the financial statements**

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 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;
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AIRWAIR (1994) LIMITED**

**REPORT OF THE DIRECTORS (CONTINUED)**

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**Year 2000 Compliance**

Many computer systems which express dates using only the last two digits of the year may malfunction due to the date change to the Year 2000. This risk to the business relates not only to the company's computer systems, but also to some degree on those of the company's customers and suppliers.

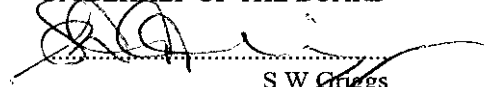
The company has reviewed its computer systems for the impact of the Year 2000 date change. An impact analysis has been prepared to identify major risks, and action plans have been developed to address these in advance of critical dates. The plans give priority to the systems which could have a significant financial or legal impact if they were to fail.

The issue is complex, and no business can guarantee that there will be no Year 2000 problems. However, the Board believes that its plans and the resources allocated are appropriate and adequate to address this issue.

**Auditors**

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

  
S W Griggs  
Chairman

**Registered Office:**

Cobbs Lane  
Wollaston  
Wellingborough  
Northants  
NN29 7SW

8 October 1999

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
AIRWAIR (1994) LIMITED**

We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out on page 4.

**Respective responsibilities of directors and auditors**

As described on page 1 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.

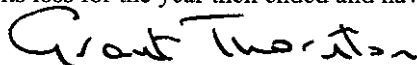
**Basis of opinion**

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

  
**GRANT THORNTON**  
**REGISTERED AUDITORS**  
**CHARTERED ACCOUNTANTS**

Northampton

8 October 1999

## **AIRWAIR (1994) LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

For the year ended 31 March 1999

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#### **BASIS OF PREPARATION**

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

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

The company is exempt from preparing consolidated financial statements on the grounds that it is an intermediate holding company under section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking.

#### **TURNOVER**

Turnover is the total amount receivable for services provided, excluding VAT and trade discounts.

#### **INCOME FROM INVESTMENTS**

Investment income comprises dividends declared during the accounting period.

#### **INVESTMENTS**

Investments are included at cost, less amounts written off.

#### **FOREIGN CURRENCIES**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account.

**AIRWAIR (1994) LIMITED**

**PROFIT AND LOSS ACCOUNT**

For the year ended 31 March 1999

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	<b>Note</b>	<b>1999 £</b>	<b>1998 £</b>
<b>Turnover</b>	1	-	32,920
Other operating income and charges	2	(1,200,196)	46,359
<b>Operating profit/(loss)</b>		<u>(1,200,196)</u>	<u>(13,439)</u>
Amounts written off investments	5	4,313,513	1,845,892
<b>Loss on ordinary activities before taxation</b>	1	<u>(5,513,709)</u>	<u>(1,859,331)</u>
Tax on loss on ordinary activities	4	(175,890)	(27,037)
<b>Transfer from reserves</b>	10	<u><u>£(5,337,819)</u></u>	<u><u>£(1,832,294)</u></u>

There were no recognised gains or losses other than the loss for the financial year.

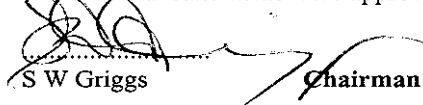
The accompanying accounting policies and notes form an integral part of these financial statements.



**AIRWAIR (1994) LIMITED****BALANCE SHEET AT 31 MARCH 1999**

	Note	£	1999 £	£	1998 £
<b>Fixed assets</b>					
Investments	5		988,440		1,976,423
<b>Current assets</b>					
Debtors: amounts due within one year	6	2,618,506		883,618	
Debtors: amounts falling due after more than one year	6	-		1,582,143	
		<u>2,618,506</u>		<u>2,465,761</u>	
<b>Creditors: amounts falling due within one year</b>	7	9,837,749		5,210,168	
<b>Net current liabilities</b>			<u>(7,219,243)</u>		<u>(2,744,407)</u>
			<u>(6,230,803)</u>		<u>(767,984)</u>
<b>Creditors: amounts falling due after more than one year</b>	8		-		125,000
			<u>£(6,230,803)</u>		<u>£(892,984)</u>
<b>Capital and reserves</b>					
Called up share capital	9		1,000		1,000
Profit and loss account	10		(6,231,803)		(893,984)
<b>Shareholders' funds</b>	11		<u>£(6,230,803)</u>		<u>£(892,984)</u>

The financial statements were approved by the Board of Directors on 8 October 1999.

  
S W Griggs Chairman

The accompanying accounting policies and notes form an integral part of these financial statements.

## AIRWAIR (1994) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1999

#### 1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and loss on ordinary activities before taxation are attributable to the activities of an investment holding company.

An analysis of turnover by geographical market is given below:

	1999	1998
Canada	£ -	£32,920

#### 2 OTHER OPERATING INCOME AND CHARGES

	1999	1998
Other operating charges	£(1,200,196)	£46,359

#### 3 DIRECTORS AND EMPLOYEES

There was no remuneration in respect of directors during the year. All staff costs were borne by the ultimate parent undertaking, R Griggs Group Limited.

#### 4 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax credit represents:

	1999 £	1998 £
United Kingdom corporation tax @ 21% (1998: 21%)	2,730	-
Group relief	1,817	(3,691)
Tax attributable to foreign subsidiary	-	28,571
	4,547	24,880
Adjustment in respect of prior year:		
Tax attributable to foreign subsidiary	(180,437)	(51,917)
	£(175,890)	£(27,037)

The tax disclosed as attributable to the foreign subsidiary represents United States tax due in respect of the profits of Airwair USA Limited for the year. This is in compliance with United States legislation whereby tax is payable by the holding company.

No deferred taxation is provided on earnings retained overseas since any remittance would not result in a tax liability, taking into consideration any related double tax relief.

**AIRWAIR (1994) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 1999

**5 FIXED ASSET INVESTMENTS**

	Investments other than loans £	Shares in group undertakings £	Total £
Cost			
At 1 April 1998	-	3,822,315	3,822,315
Additions	282	3,325,247	3,325,529
At 31 March 1999	<u>£282</u>	<u>£7,147,562</u>	<u>£7,147,844</u>
Amounts written off			
At 1 April 1998	-	1,845,892	1,845,892
Provided in the year	-	4,313,512	4,313,512
At 31 March 1999	<u>£ -</u>	<u>£6,159,404</u>	<u>£6,159,404</u>
Net book amount at 31 March 1999	<u>£282</u>	<u>£988,158</u>	<u>£988,440</u>
Net book amount at 31 March 1998	<u>£ -</u>	<u>£1,976,423</u>	<u>£1,976,423</u>

At 31 March 1999 the company held more than 20% of the allotted share capital of the following undertakings:

	Country of incorporation	Class of share capital held	Proportion held	Nature of business
Airwair USA Limited	United States of America	Ordinary	100%	Footwear distribution
Airwair Canada Limited	Canada	Class A common	100%	Footwear distribution
Dr Martens Airwair GmbH	Germany	Ordinary	100%	Footwear distribution
Dr Martens Airwair France S.A.	France	Ordinary	100%	Footwear distribution
Dr Martens Airwair Benelux N.V.	Belgium	Bearer capital	100%	Footwear distribution
Dr Martens Airwair Korea Limited	Korea	Ordinary	100%	Footwear retail and distribution

**AIRWAIR (1994) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 1999

**5 FIXED ASSET INVESTMENTS (CONTINUED)**

	<b>Country of incorporation</b>	<b>Class of share capital held</b>	<b>Proportion held</b>	<b>Nature of business</b>
Dr Martens Airwair Japan KK	Japan	Ordinary	100%	Footwear distribution
Dr Martens Airwair International Trading (Shanghai) Co Limited	China	Ordinary	100%	Dormant company
Dr Martens Airwair Singapore PTE Limited	Singapore	Ordinary	100%	Footwear distribution
Dr Martens Airwair Hong Kong Limited	Hong Kong	Ordinary	100%	Footwear distribution

Capital and reserves of subsidiary undertakings:

	<b>Share capital</b>	<b>Reserves</b>	<b>Result for the period</b>
Airwair Canada Limited	£400,981	£(820,629)	£(210,400)
Airwair USA Limited	£662,910	£114,708	£4,172
Dr Martens Airwair GmbH	£19,180	£(2,296,438)	£(1,038,459)
Dr Martens Airwair France S.A.	£25,614	£(2,289,166)	£(1,500,990)
Dr Martens Airwair Benelux N.V.	£352,679	£(882,037)	£(996,347)
Dr Martens Airwair Korea Limited	£291,545	£(28,296)	£(36,777)
Dr Martens Airwair Japan KK	£282,370	£150,484	£131,103
Dr Martens Airwair International Trading (Shanghai) Co Limited	£ -	£ -	£ -
Dr Martens Airwair Singapore PTE Limited	£57,342	£6,058	£6,264
Dr Martens Airwair Hong Kong Limited	£318,046	£(333,496)	£(327,567)

The company is an intermediate holding company under section 228 of the Companies Act 1985 and its results and those of its subsidiaries, are incorporated in the consolidated financial statements of R Griggs Group Limited.

**AIRWAIR (1994) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 1999

**6 DEBTORS**

	1999 £	1998 £
Amounts owed by parent undertaking	-	3,691
Amounts owed by group undertakings	1,857,007	62,674
Other debtors	618,444	679,069
Prepayments and accrued income	143,055	138,184
	<u>£2,618,506</u>	<u>£883,618</u>

The following amounts are due after more than one year:

Amounts owed by group undertakings	£ -	£1,582,143
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**7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1999 £	1998 £
Bank overdraft	9,603,601	4,929,587
Amounts owed to parent undertaking	106,418	-
Amounts owed to group undertakings	-	63,206
Corporation tax	2,730	-
Social security and other taxes	-	33,737
Other creditors	125,000	161,814
Accruals and deferred income	-	21,824
	<u>£9,837,749</u>	<u>£5,210,168</u>

**8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	1999	1998
Other creditors	£ -	£125,000

**9 SHARE CAPITAL**

	1999 and 1998
Authorised, allotted, called up and fully paid 1,000 ordinary shares of £1 each	<u>£1,000</u>

**AIRWAIR (1994) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 March 1999

**10 RESERVES**

	<b>Profit and loss account £</b>
At 1 April 1998	(893,984)
Transfer from reserves	(5,337,819)
At 31 March 1999	<u>£(6,231,803)</u>

**11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>1999 £</b>	<b>1998 £</b>
Loss for the financial year and net decrease in shareholders' funds	(5,337,819)	(1,832,294)
Shareholders' funds at 1 April 1998	(892,984)	939,310
Shareholders' funds at 31 March 1999	<u>£(6,230,803)</u>	<u>£(892,984)</u>

**12 CAPITAL COMMITMENTS**

There were no capital commitments at 31 March 1999 or 31 March 1998.

**13 CONTINGENT LIABILITIES**

The company, together with other group undertakings, is party to unlimited multilateral guarantees given in respect of the bank overdrafts of the participating companies. As at 31 March 1999 the total of the overdrafts guaranteed by the company under this agreement amounted to £22,610,455 (1998: £12,691,925).

**14 TRANSACTIONS WITH RELATED PARTIES****Transactions with group undertakings**

As a wholly owned subsidiary of R Griggs Group Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by R Griggs Group Limited.

**15 CONTROLLING RELATED PARTY**

The ultimate parent undertaking and controlling related party of this company is R Griggs Group Limited.

The largest group of undertakings for which group accounts have been drawn up is that headed by R Griggs Group Limited.