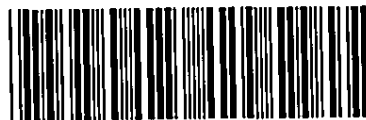


Company Registration No 2947379 (England and Wales)

**DUFFER OF ST GEORGE LIMITED**  
**DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

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# DUFFER OF ST GEORGE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	E A Prendergast M P Cairns
<b>Secretary</b>	E A Prendergast
<b>Company number</b>	2947379
<b>Registered office</b>	St George's House 140 Shoreditch High Street London E1 6JE
<b>Accountants</b>	Wilson Wright & Co, Chartered Accountants, 71 Kingsway, London, WC2B 6ST
<b>Bankers</b>	Lloyds TSB Bank plc

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# DUFFER OF ST GEORGE LIMITED

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# DUFFER OF ST GEORGE LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2006

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The directors present their annual report and financial statements for the year ended 31 December 2006

#### Principal activities

The principal activity of the company is the wholesaling of menswear

#### Directors

The following directors have held office since 1 January 2006

E A Prendergast

M P Cairns

#### Directors' responsibilities

The directors are obliged under company law to prepare financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice for each financial year

The financial statements, of which the form and content is prescribed by the Companies Act 1985, must give a true and fair view of the state of affairs of the company at the end of the financial year, and of the profit or loss for that period, and they must comply with applicable accounting standards, subject to any material departures disclosed and explained in the financial statements. The directors must 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 also responsible for the adoption of suitable accounting policies, their consistent use in the financial statements, supported where necessary by reasonable and prudent judgements.

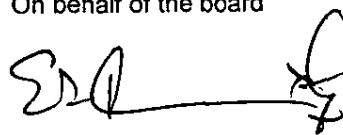
The directors confirm that the above requirements have been complied with in the financial statements

In addition, the directors are responsible for maintaining adequate accounting records and sufficient internal controls to safeguard the assets of the company and to prevent and detect fraud or any other irregularities

#### Small company exemptions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

On behalf of the board



E A Prendergast  
Director

Date 28/2/08

## DUFFER OF ST GEORGE LIMITED

### ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE UNAUDITED FINANCIAL STATEMENTS OF DUFFER OF ST GEORGE LIMITED

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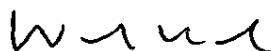
In accordance with the current engagement letter and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of Duffer of St George Limited for the year ended 31 December 2006, set out on pages 3 to 12 from the accounting records and information and explanations you have given to us

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters we have agreed to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Board of Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet as at 31 December 2006 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.



Wilson Wright & Co,  
Chartered Accountants,  
71 Kingsway,  
London, WC2B 6ST

Date 28/2/08

**DUFFER OF ST GEORGE LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2006**

		<b>2006</b>	<b>2005</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	4,199,042	4,687,869
Cost of sales		(2,352,962)	(2,493,435)
<b>Gross profit</b>		1,846,080	2,194,434
Administrative expenses		(1,869,126)	(2,156,839)
<b>Operating (loss)/profit</b>		(23,046)	37,595
Loan to subsidiary undertaking written off		-	(600,000)
Interest payable		(111,970)	(100,660)
<b>Loss on ordinary activities before taxation</b>		(135,016)	(663,065)
Tax on loss on ordinary activities	<b>4</b>	-	(572)
<b>Loss for the financial year</b>	<b>12</b>	(135,016)	(663,637)

# DUFFER OF ST GEORGE LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2006

	Notes	2006 £	£	2005 £	£
<b>Fixed assets</b>					
Intangible assets	5		54,052		46,471
Tangible assets	6		92,732		128,811
Investments	7		7,755		7,755
			<u>154,539</u>		<u>183,037</u>
<b>Current assets</b>					
Stocks		508,591		750,427	
Debtors	8	1,570,809		2,181,469	
Cash at bank and in hand		522		33	
		<u>2,079,922</u>		<u>2,931,929</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(2,060,984)</u>		<u>(2,864,626)</u>	
<b>Net current assets</b>			<u>18,938</u>		<u>67,303</u>
<b>Total assets less current liabilities</b>			<u>173,477</u>		<u>250,340</u>
<b>Creditors' amounts falling due after more than one year</b>			<u>(846,763)</u>		<u>(788,610)</u>
			<u>(673,286)</u>		<u>(538,270)</u>
<b>Capital and reserves</b>					
Called up share capital	11		100		100
Profit and loss account	12		(673,386)		(538,370)
<b>Shareholders' funds</b>			<u>(673,286)</u>		<u>(538,270)</u>

# DUFFER OF ST GEORGE LIMITED

## BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2006

In preparing these financial statements

- (a) The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985,
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The directors acknowledge their responsibilities for
  - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
  - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Approved by the Board for issue on

28/2/08

  
M P Cairns  
Director



# DUFFER OF ST GEORGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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### 1 Accounting Policies

#### 1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently

#### 1.3 Going Concern

The financial statements have been prepared on a going concern basis, which is considered appropriate due to the continued financial support of the company's bankers and the company's shareholders. Additionally, the company's major shareholder has indicated his willingness to provide such financial support as is required for the company's operations for the foreseeable future

#### 1.4 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts

#### 1.5 Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

#### 1.6 Patents

Trademark registrations are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives, currently considered to be 10 years

#### 1.7 Tangible fixed assets

Depreciation is provided on a straight line basis at the following annual rates in order to write off each asset over its estimated useful life

Short leasehold land and buildings	over the unexpired term of the lease
Fixtures, fittings & equipment	15% to 20%
Motor vehicles	25%

#### 1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value

#### 1.9 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions are converted into sterling at the average rate for the month in which the transactions occurred. Exchange differences are taken into account in arriving at the operating result

# DUFFER OF ST GEORGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2006

#### 2 Turnover

	2006 £	2005 £
An analysis of turnover is as follows		
United Kingdom	2,875,014	3,234,630
Overseas	1,324,028	1,453,240
	<u>4,199,042</u>	<u>4,687,870</u>

#### 3 Operating Loss/Profit

	2006 £	2005 £
The operating loss/profit is stated after charging		
Directors' emoluments	326,400	322,657
Amortisation of intangible fixed assets	7,868	19,800
Depreciation of tangible fixed assets	39,587	84,349
Auditors remuneration	-	22,000
Exchange losses	15,575	38,305
	<u>15,575</u>	<u>38,305</u>

#### 4 Taxation

	2006 £	2005 £
Domestic current year tax		
Adjustment for prior years	-	572
	<u>-</u>	<u>572</u>
Current tax charge	-	572

# DUFFER OF ST GEORGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2006

#### 5 Intangible Fixed Assets

	Trademarks £
<b>Cost</b>	
At 1 January 2006	217,101
Additions	15,449
	<hr/>
At 31 December 2006	232,550
	<hr/>
<b>Depreciation</b>	
At 1 January 2006	170,630
Charge for year	7,868
	<hr/>
At 31 December 2006	178,498
	<hr/>
<b>Net book values</b>	
At 31 December 2006	54,052
	<hr/>
At 31 December 2005	46,471
	<hr/>

#### 6 Tangible Fixed Assets

	Short leasehold land and buildings £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2006	3,841	345,940	96,495	446,276
Additions	-	3,508	-	3,508
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	3,841	349,448	96,495	449,784
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 January 2006	3,840	292,265	21,360	317,465
Charge for year	-	15,463	24,124	39,587
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	3,840	307,728	45,484	357,052
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book values</b>				
At 31 December 2006	1	41,720	51,011	92,732
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	1	53,675	75,135	128,811
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes £51,011 (2005- £75,135) in respect of assets held under hire purchase contracts. The depreciation charge in respect of such assets amounted to £24,124 (2005- £21,360) for the year.

# DUFFER OF ST GEORGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2006

#### 7 Fixed Asset Investments

Shares in  
group  
undertakings  
£

##### 7.1 Cost

At 1 January 2006 and at 31 December 2006

7,755

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

7.2 The company has an interest in more than 10% of the ordinary share capital of the following company

Name of Company	Country of Registration or Incorporation	Class	Shares Held %
Group undertakings			
D S G Limited	England & Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

Capital and Profit for the  
reserves financial year

	£	£
D S G Limited	<u>(189,655)</u>	<u>(192,570)</u>

#### 8 Debtors

	2006 £	2005 £
Amounts falling due within one year		
Trade debtors	694,852	1,401,366
Amount owed by subsidiary undertaking	170,055	24,846
Other debtors	133,252	142,135
Prepayments	572,650	613,122
	<u>1,570,809</u>	<u>2,181,469</u>

# DUFFER OF ST GEORGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2006

9 Creditors	2006 £	2005 £
Amounts falling due within one year		
Bank loan and overdrafts (secured)	72,290	254,326
Amount due to factors (secured)	140,158	596,433
Trade creditors	910,890	1,166,325
Net obligations under hire purchase contracts	14,139	13,365
Social security and other taxes	296,899	374,381
Directors' current accounts	-	359
Loan from major shareholder (secured)	307,617	299,786
Other creditors	318,991	159,651
	<u>2,060,984</u>	<u>2,864,626</u>
10 Creditors	2006 £	2005 £
Amounts falling due after more than one year		
Bank loan (secured)	102,998	-
Loan from major shareholder (secured)	411,241	396,688
Loans from other shareholders	294,512	334,453
Net obligations under hire purchase contracts	38,012	57,469
	<u>846,763</u>	<u>788,610</u>
11 Share capital	2006 £	2005 £
<b>Authorised</b>		
70 Ordinary A shares of £1 each	70	70
30 Ordinary B shares of £1 each	30	30
	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
70 Ordinary A shares of £1 each	70	70
30 Ordinary B shares of £1 each	30	30
	<u>100</u>	<u>100</u>

The "A" and "B" ordinary shares rank *pari passu* in all respects except those relating to the appointment and removal of directors

## DUFFER OF ST GEORGE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2006

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#### 12 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2006	(538,370)
Loss for the financial year	(135,016)
	<hr/>
Balance at 31 December 2006	(673,386)
	<hr/>

#### 13 Contingent liabilities

The company has guaranteed the bank overdrafts of DSG Limited subject to a maximum of £50,000 and has agreed to provide continued financial support for its subsidiary's ongoing operations

#### 14 Financial Commitments

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as follows:

	£
Operating leases which expire	
Within two to five years	50,000
	<hr/>

#### 15 Control

The ultimate controlling party is T Heidecker

# DUFFER OF ST GEORGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2006

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#### 16 Related Party Transactions

##### Transactions

During the year the following transactions were undertaken in the normal course of business

##### Sales

The company made sales of £152,882 (2005 £215,895) to DSG Limited, the company's wholly owned subsidiary

##### Loan Interest

Loan interest of £41,945 (2005 £42,050) was paid to T Heidecker  
£22,059 (2005 £18,154) was paid to L Prendergast, the wife of E Prendergast  
£4,156 (2005 £7,200) was paid to H Heidecker, the father of T Heidecker  
£8,634 (2005 £3,576) was paid to M Cairns

##### Guarantees

The directors have given a guarantee to Alex Lawrie Factors Limited, in respect of the company's obligations under the factoring agreement

E Prendergast has given a personal guarantee in respect of the bank loan and overdraft

##### Balances

##### Included in debtors are amounts due from:

Stylebroker Limited	£104,892 (2005 £51,157)
Trendsetter Limited	£16,927 (2005 - £16,927) a company in which E Pendergast and M Cairns have a significant interest

##### Included in creditors falling due within one year are amounts due to:

T Heidecker	£307,617 (2005 £299,786)
H Heidecker	£187,822 (2005 £103,409)
L Prendergast	£36,000 (2005 £14,500)

##### Included in creditors falling due after more than one year are amounts due to.

T Heidecker	£411,241 (2005 £396,688)
L Prendergast	£204,512 (2005 £240,969)
M Cairns	£90,000 (2005 £93,484)

#### 17 Post Balance Sheet Events

On 03 August 2007, the company granted an exclusive licence of unlimited duration on the trade mark St George by Duffer for £1,382,500 Further payments up to a maximum of £1,117,500 may be due subject to performance conditions