

FRENCH SOLE LIMITED
FINANCIAL STATEMENTS
31 MARCH 2000

Baker Tilly
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW



DIRECTOR AND OFFICERS

DIRECTOR

Mrs J Winkworth

SECRETARY

J F Winkworth

REGISTERED OFFICE

The Clock House
140 London Road
Guildford
Surrey GU1 1UW

AUDITORS

Baker Tilly
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

DIRECTOR'S REPORT

The director submits her report and the financial statements of French Sole Limited for the year ended 31 March 2000.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the sale of shoes.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

On 2 May 1999 the trade of "French Sole" was acquired and the company commenced trading from that date.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £88,470 which is to be transferred to reserves. The directors do not recommend the payment of a final dividend.

DIRECTOR AND DIRECTOR'S INTERESTS IN SHARES

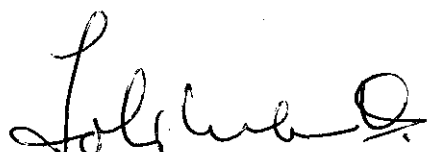
Mrs J Winkworth is the sole director and has held office since 2 May 1999. Her interest in the shares of the company were:-

	Ordinary £1 shares	
	31 March 2000	2 May 1999
Mrs J Winkworth	2	2

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



J F Winkworth

Secretary

30 AUGUST 2000

**DIRECTOR'S RESPONSIBILITIES IN THE PREPARATION OF
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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 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 financial statements comply with the requirements of 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.

AUDITORS' REPORT TO THE MEMBERS OF FRENCH SOLE LIMITED

We have audited the financial statements on pages 5 to 11.

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 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY
Registered Auditor
Chartered Accountants
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

31 August 2000

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2000

	Notes	2000	1999
TURNOVER	1	472,525	-
Cost of sales		143,550	-
Gross profit		<u>328,975</u>	<u>-</u>
Net operating expenses	2	220,284	-
OPERATING PROFIT		<u>108,691</u>	<u>-</u>
Interest receivable	3	1,112	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>109,803</u>	<u>-</u>
Taxation	6	22,500	-
RETAINED PROFIT FOR THE YEAR	12	<u>£ 87,303</u>	<u>£ -</u>

The operating profit for the period arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

BALANCE SHEET
31 March 2000

	Notes	2000	1999
FIXED ASSETS			
Tangible assets	7	30,564	-
CURRENT ASSETS			
Stocks	8	83,487	-
Debtors	9	4,276	-
Cash at bank and in hand		18,269	2
		106,032	2
CREDITORS			
Amounts falling due within one year	10	(49,291)	-
NET CURRENT ASSETS			
		56,741	2
TOTAL ASSETS LESS CURRENT LIABILITIES			
		87,305	2
		£ 87,305	£ 2
CAPITAL AND RESERVES			
Called up share capital	11	2	2
Profit and loss account	12	87,303	-
SHAREHOLDERS' FUNDS			
	13	£ 87,305	£ 2

Approved by the board on **30 August** 2000.

Mrs J Winkworth.....

Director

Jane Winkworth

Financial statements for the year ended 31 March 2000**ACCOUNTING POLICIES**

BASIS OF ACCOUNTING

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

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Plant and machinery	over 4 to 5 years
Leasehold improvements	over 4 to 5 years

STOCKS

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated normal selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2000

**1. TURNOVER AND PROFIT ON ORDINARY
 ACTIVITIES BEFORE TAXATION**

The company's turnover and profit before taxation were all derived from its principal activity and arose solely in the United Kingdom.

	2000	1999
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2. NET OPERATING EXPENSES

Administration expenses	£ 219,117	£ -
	<u>=====</u>	<u>=====</u>

3. INTEREST RECEIVABLE

Bank interest	£ 1,112	£ -
	<u>=====</u>	<u>=====</u>

**4. PROFIT ON ORDINARY ACTIVITIES
 BEFORE TAXATION**

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

Depreciation and amounts written off
 tangible fixed assets:

Charge for the year on owned assets	8,445	-
Charge for the year on leased assets	641	-
Auditors' remuneration	1,500	-
Operating lease rentals		
Land and buildings	19,479	-
	<u>=====</u>	<u>=====</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2000

	2000	1999
5. EMPLOYEES		
The average weekly number of persons (including directors) employed by the company during the year was:	No.	No.
Sales and distribution	9	-
Administration	2	-
	<u>11</u>	<u>-</u>
Staff costs for the above persons:		
Wages and salaries	82,579	-
Social security costs	5,746	-
	<u>£ 88,325</u>	<u>£ -</u>

DIRECTORS' REMUNERATION

The director received no remuneration for her services to the company.

	2000	1999
6. TAXATION		
Based on the profit for the year:		
UK Corporation tax at 20%	<u>£ 22,500</u>	<u>£ -</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2000

7. TANGIBLE FIXED ASSETS

	Leasehold improve- ments	Plant and machinery	TOTAL
Cost:			
1 April 1999	-	-	-
Additions	2,796	36,854	39,650
Disposals	-	-	-
31 March 2000	2,796	36,854	39,650
Depreciation:			
1 April 1999	-	-	-
Charged in the year	641	8,445	9,086
Disposals	-	-	-
31 March 2000	641	8,445	9,086
Net book value:			
31 March 2000	2,155	28,409	£ 30,564
31 March 1999	-	-	£ -
		2000	1999

8. STOCKS

Finished goods for resale	£ 83,487	£ -
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2000

9.	DEBTORS	2000	1999
	Due within one year:		
	Other debtors	713	-
	Prepayments and accrued income	3,563	-
		<u>£ 4,276</u>	<u>£ -</u>

10.	CREDITORS		
	Amounts falling due within one year:		
	Trade creditors	11,294	-
	Corporation tax	22,500	-
	Other taxation and social security costs	5,459	-
	Other creditors	3,580	-
	Accruals and deferred income	4,075	-
	Directors loan	2,383	-
		<u>£ 49,291</u>	<u>£ -</u>

The bank overdraft is secured by a debenture over the company's tangible assets and book debts and a floating charge over all other assets.

11.	SHARE CAPITAL	2000	1999
	Authorised:		
	1,000 ordinary shares of £1 each	<u>£ 1,000</u>	<u>£ 1,000</u>
	Allotted, issued and fully paid:		
	2 ordinary shares of £1 each	<u>£ 2</u>	<u>£ 2</u>

12.	PROFIT AND LOSS ACCOUNT		
	1 April 1999	-	-
	Profit for the year	87,303	-
	31 March 2000	<u>£ 87,303</u>	<u>£ -</u>

13.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
	Profit for the financial period	87,303	-
	Opening shareholders' funds	2	2
	Closing shareholders' funds	<u>£ 87,305</u>	<u>£ 2</u>