

Pantherella Limited
Financial statements
For the year ended 30 June 2004

Grant Thornton 



Company No. 4136274

Officers and professional advisers

Company registration number	4136274
Registered office	57 Coventry Road Hinckley Leicestershire LE10 OJX
Directors	N P T Hall Mrs K F Hall
Secretary	Mrs K F Hall
Bankers	Bank of Scotland 14 Friar Lane Leicester LE1 5RA
Solicitors	Howes Percival No 1 Bede Island Road Bede Island Business Park Leicester LE2 7EA
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors 8 West Walk Leicester LE1 7NH

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 June 2004.

Principal activities and business review

The company is principally engaged in the manufacture and distribution of hosiery.

There was a loss for the year amounting to £17,059 (2003 - profit £252,883). The directors do not recommend payment of a dividend.

The directors are not satisfied with the result for the year. The reduction in turnover was due to losing sales on contract customers at home and abroad. They are concerned with the increase in raw material prices as well as labour and overhead costs, but it is hoped to improve the figures for this coming year.

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

N P T Hall
Mrs K F Hall

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

Directors' responsibilities

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 at the end of the year and of the profit or loss for the year then ended. 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
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

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

BY ORDER OF THE BOARD



Mrs K F Hall
Secretary
29 October 2004

Report of the independent auditors to the members of Pantherella Limited

We have audited the financial statements of Pantherella Limited for the year ended 30 June 2004 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 30 June 2004 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink that reads "Grant Thornton UK LLP". The signature is written in a cursive, flowing style.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

LEICESTER
29 October 2004

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

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

Fixed assets

All fixed assets are initially stated at cost, net of any depreciation and any provision for impairment.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- 25% reducing balance basis
Motor Vehicles	- 25% reducing balance basis
Computer Equipment	- 25% reducing balance basis

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

Defined contribution pension scheme

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

Defined benefit pension scheme

The company is party to a group defined benefit pension scheme.

The company is unable to identify its share of the underlying assets and liabilities in the scheme and under FRS 17 the scheme will be regarded as a defined contribution scheme whereby the pension costs charged against operating profit will be the contributions payable to the scheme in respect of the accounting period.

The scheme is closed to new entrants and all benefits have ceased to accrue with effect from 30 June 2002.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Profit and loss account

	Note	2004 £	2003 £
Turnover	1	4,024,037	4,475,031
Cost of sales		<u>2,183,257</u>	<u>2,267,653</u>
Gross profit		1,840,780	2,207,378
Other operating charges	2	<u>1,841,070</u>	<u>1,841,491</u>
Operating (loss)/profit	3	<u>(290)</u>	<u>365,887</u>
Interest receivable		—	2,000
Interest payable	5	<u>(16,407)</u>	<u>(10,538)</u>
(Loss)/profit on ordinary activities before taxation		<u>(16,697)</u>	<u>357,349</u>
Tax on (loss)/profit on ordinary activities	6	362	104,466
(Loss)/retained profit for the financial year		<u><u>(17,059)</u></u>	<u><u>252,883</u></u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet


	Note	2004 £	2003 £
Fixed assets			
Tangible assets	7	<u>269,277</u>	<u>267,888</u>
Current assets			
Stocks	8	935,948	1,080,155
Debtors	9	576,034	867,659
Cash in hand		318	863
		<u>1,512,300</u>	<u>1,948,677</u>
Creditors: amounts falling due within one year	10	<u>587,416</u>	<u>1,005,345</u>
Net current assets		<u>924,884</u>	<u>943,332</u>
Total assets less current liabilities		<u>1,194,161</u>	<u>1,211,220</u>
Creditors: amounts falling due after more than one year	11	<u>655,711</u>	<u>655,711</u>
		<u>538,450</u>	<u>555,509</u>
Capital and reserves			
Called-up equity share capital	17	1,000	1,000
Profit and loss account	18	<u>537,450</u>	<u>554,509</u>
Shareholders' funds	19	<u>538,450</u>	<u>555,509</u>

These financial statements were approved by the directors on 29 October 2004 and are signed on their behalf by:

N P T Hall



Mrs K F Hall



Notes to the financial statements

1 Turnover

The turnover and loss before tax are attributable to the one principal activity of the company.
 An analysis of turnover is given below:

	2004 £	2003 £
United Kingdom	1,812,226	1,900,289
Exports - EU	409,353	400,054
Exports - other	1,802,458	2,174,688
	<u>4,024,037</u>	<u>4,475,031</u>

2 Other operating charges

	2004 £	2003 £
Administrative expenses	<u>1,841,070</u>	<u>1,841,491</u>

3 Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

	2004 £	2003 £
Depreciation of owned fixed assets	88,220	83,644
(Profit)/loss on disposal of fixed assets	(1,712)	2,568
Auditors' remuneration:		
Audit fees	6,000	6,000
Operating lease costs:		
Land and buildings	34,195	29,212
Net loss on foreign currency translation	<u>4,761</u>	<u>22,554</u>

4 Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2004	2003
	No	No
Employees	<u>112</u>	<u>115</u>

The aggregate payroll costs of the above were:

	2004	2003
	£	£
Wages and salaries	1,528,158	1,607,027
Social security costs	143,508	127,607
Other pension costs	33,308	27,490
	<u>1,704,974</u>	<u>1,762,124</u>

No directors' remuneration was paid during the period (2003 - £Nil).

5 Interest payable and similar charges

	2004	2003
	£	£
Interest payable on bank borrowing	<u>16,407</u>	<u>10,538</u>

6 Taxation on ordinary activities

(a) Analysis of charge in the year

	2004	2003
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 30% (2003 - 30%)	(3,000)	105,000
Adjustment in respect of prior period	<u>3,362</u>	<u>(534)</u>
Total current tax	<u>362</u>	<u>104,466</u>

6 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher (2003 - lower) than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	2004 £	2003 £
(Loss)/profit on ordinary activities before taxation	<u>(16,697)</u>	<u>357,349</u>
(Loss)/profit on ordinary activities multiplied by rate of tax	(5,009)	107,205
Expenses not deductible for tax purposes	268	958
Difference between capital allowances for period and depreciation	1,843	2,800
Other timing differences	(102)	(5,300)
Tax chargeable at lower rates	—	(663)
Adjustments to tax charge in respect of previous periods	3,362	(534)
Total current tax (note 6(a))	<u>362</u>	<u>104,466</u>

7 Tangible fixed assets

	Plant & Machinery £	Motor Vehicles £	Computer Equipment £	Total £
Cost				
At 1 July 2003	556,630	38,155	38,153	632,938
Additions	71,185	—	17,991	89,176
Disposals	(300)	—	—	(300)
Transfers from group undertakings	13,217	—	—	13,217
At 30 June 2004	<u>640,732</u>	<u>38,155</u>	<u>56,144</u>	<u>735,031</u>
Depreciation				
At 1 July 2003	342,404	12,955	9,691	365,050
Charge for the year	71,585	6,300	10,335	88,220
On disposals	(162)	—	—	(162)
Transfers from group undertakings	12,646	—	—	12,646
At 30 June 2004	<u>426,473</u>	<u>19,255</u>	<u>20,026</u>	<u>465,754</u>
Net book value				
At 30 June 2004	<u>214,259</u>	<u>18,900</u>	<u>36,118</u>	<u>269,277</u>
At 30 June 2003	<u>214,226</u>	<u>25,200</u>	<u>28,462</u>	<u>267,888</u>

8 Stocks

	2004 £	2003 £
Raw materials	133,842	145,945
Work in progress	230,521	304,846
Finished goods	571,585	629,364
	<u>935,948</u>	<u>1,080,155</u>

9 Debtors

	2004 £	2003 £
Trade debtors	465,321	757,822
Amounts owed by group undertakings	14,302	—
Corporation tax repayable	3,000	—
Other debtors	6,568	56,086
Prepayments and accrued income	86,843	53,751
	<u>576,034</u>	<u>867,659</u>

10 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank overdraft	177,379	490,620
Trade creditors	236,441	196,652
Amounts owed to group undertakings	—	917
Corporation tax	—	105,000
Other taxation and social security	80,292	68,658
Other creditors	6,727	5,531
Accruals and deferred income	86,577	137,967
	<u>587,416</u>	<u>1,005,345</u>

The bank overdraft is secured by a fixed and floating charge over all of the company's assets and a cross-guarantee given by H J Sock Group Limited, the parent undertaking.

11 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Amounts owed to group undertakings	<u>655,711</u>	<u>655,711</u>

12 Pensions

Defined contribution scheme

The company operates a defined contribution pension scheme for the benefit of certain employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The pension cost charge for the year amounted to £33,308 (2003 - £27,490). Contributions outstanding at 30 June 2004 amounted to £5,147 (2003 - £5,531).

Defined benefit scheme

The company is party to the H J Sock Group Limited (1978) Retirement and Death Benefit Scheme which is a funded defined benefit scheme. The scheme is closed to new entrants and all benefits have ceased to accrue with effect from 30 June 2002. The company is unable to identify its share of the underlying assets and liabilities in the scheme and under FRS 17 the scheme will be regarded as a defined contribution scheme.

13 Deferred taxation

There is no balance on the deferred taxation account at 30 June 2004 (2003 - £Nil).

14 Commitments under operating leases

At 30 June 2004 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2004	2003
	£	£
Operating leases which expire:		
Within 2 to 5 years	<u>13,135</u>	<u>13,135</u>

In addition the company pay an annual rent of £21,060 to H J Sock Group Limited, the parent undertaking, under an informal agreement.

15 Contingent liabilities

The company has given an unlimited cross-guarantee to the Bank of Scotland in respect of the bank borrowings of H J Sock Group Limited, the parent undertaking. At 30 June 2004 the liability under this guarantee amounted to £Nil (2003 - £Nil).

16 Related party transactions

During the year the company sold goods for £469,327 (2003 - £218,946) to its parent company, H J Sock Group Limited. In addition the company was charged management charges of £72,000 (2003 - £72,000), rent of £21,060 (2003 - £21,060), royalties of £60,000 (2003 - £60,000) and agents costs of £27,500 (2003 - £26,800) by H J Sock Group Limited.

17 Share capital

Authorised share capital:

	2004	2003
	£	£
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

18 Profit and loss account

	2004	2003
	£	£
Balance brought forward	554,509	301,626
(Accumulated loss)/retained profit for the financial year	<u>(17,059)</u>	<u>252,883</u>
Balance carried forward	<u>537,450</u>	<u>554,509</u>

19 Reconciliation of movements in shareholders' funds

	2004	2003
	£	£
(Loss)/profit for the financial year	(17,059)	252,883
Opening shareholders' equity funds	<u>555,509</u>	<u>302,626</u>
Closing shareholders' equity funds	<u>538,450</u>	<u>555,509</u>

20 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £Nil (2003 - £54,760).

21 Controlling Related Party

The ultimate parent undertaking of this company is its parent company, H J Sock Group Limited.

H J Sock Group Limited is the company's controlling related party by virtue of its shareholding in the company. The ultimate controlling related party of the company is N P T Hall by virtue of his controlling interest in H J Sock Group Limited.