

**PANTHERELLA LIMITED
(FORMERLY HOWPER 346
LIMITED)**

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

30 JUNE 2002



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Company no 4136274

PANTHERELLA LIMITED
(FORMERLY HOWPER 346 LIMITED)

FINANCIAL STATEMENTS

For the period ended 30 June 2002

Company registration number:	4136274
Registered office:	57 Coventry Road Leicester LE10 OJX
Directors:	N P T Hall K F Hall D Delo
Secretary:	D Delo
Bankers:	Bank of Scotland 14 Friar Lane Leicester
Solicitors:	Howes Percival Provincial House 37 New Walk Leicester LE1 6TU
Auditors:	Grant Thornton Registered Auditors Chartered Accountants 8 West Walk Leicester LE1 7NH

PANTHERELLA LIMITED
(FORMERLY HOWPER 346 LIMITED)

FINANCIAL STATEMENTS

For the period ended 30 June 2002

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**PANTHERELLA LIMITED
(FORMERLY HOWPER 346 LIMITED)**

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the period from 5 January 2001 to 30 June 2002.

The company was incorporated on 5 January 2001 as Howper 346 Limited and changed its name to Pantherella Limited on 28 March 2001.

Principal activities

On 23 March 2001, the company commenced to trade in the manufacture and distribution of hosiery following its acquisition of the Pantherella business from a third party.

Business review

The company has performed to budget since the acquisition of the Pantherella business. The operating profit before the writeback of negative goodwill of £491,879 and redundancy costs of £256,293 arising on the acquisition of the business amounts to £214,367. Raw materials prices have now increased and margins are under pressure but the directors are reasonably optimistic for the future.

There was a profit for the period after taxation amounting to £301,626. The directors do not recommend payment of a dividend.

Directors

The present members of the Board are N P T Hall, K F Hall and D Delo, all of whom were appointed to the Board on 28 March 2001. The first director of the company, H P Directors Limited, resigned from the Board on 28 March 2001.

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

Directors' responsibilities for the financial statements

United Kingdom 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 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
- 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.

PANTHERELLA LIMITED
(FORMERLY HOWPER 346 LIMITED)

REPORT OF THE DIRECTORS

Auditors

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

ON BEHALF OF THE BOARD


N P T Hall
Director

1 November 2002

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

PANTHERELLA LIMITED

We have audited the financial statements of Pantherella Limited for the period ended 30 June 2002 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the directors' report 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.

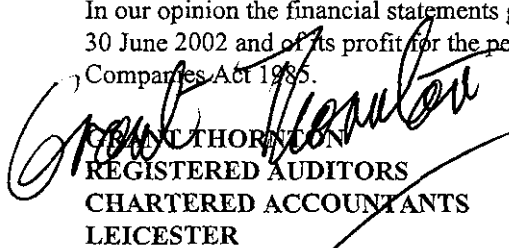
Basis of opinion

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 the company's affairs as at 30 June 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LEICESTER

1 November 2002

PANTHERELLA LIMITED
(FORMERLY HOWPER 346 LIMITED)

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards up to and including FRS 19 and under the historical cost convention.

The principal accounting policies of the company are set out below.

TURNOVER

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

TANGIBLE FIXED ASSETS AND DEPRECIATION

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

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by the reducing balance method over their expected useful economic lives. The rates generally applicable are:

Plant and machinery	25%
Motor vehicles	25%
Computer equipment	25%

NEGATIVE GOODWILL

Negative goodwill arising on the acquisition of businesses is written back to the profit and loss account to match the recovery of the non-monetary assets acquired whether through depreciation or sale.

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.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

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. Exchange differences are dealt with through the profit and loss account.

**PANTHERELLA LIMITED
(FORMERLY HOWPER 346 LIMITED)**

PRINCIPAL ACCOUNTING POLICIES

RETIREMENT BENEFITS

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 pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. Variations from regular cost are spread over the average remaining service lives of current employees in the scheme and are dealt with in the financial statements of the ultimate parent undertaking.

Measurement of the retirement benefit scheme amounts will be dealt with under FRS 17 by the year ended 30 June 2003 by the ultimate parent undertaking. 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.

LEASED ASSETS

All leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

ACCOUNTING PERIOD

The financial statements have been drawn up for the period from 5 January 2001 to 30 June 2002.

PANTHERELLA LIMITED
(FORMERLY HOWPER 346 LIMITED)

PROFIT AND LOSS ACCOUNT

For the period ended 30 June 2002

	Note	2002 £
Turnover	1	5,086,186
Cost of sales		(2,649,105)
Writeback of negative goodwill		491,879
Redundancy costs		<u>(256,293)</u>
		<u>(2,413,519)</u>
Gross profit		2,672,667
Other operating income and charges		<u>(2,222,714)</u>
Operating profit		449,953
Net interest	2	<u>(4,327)</u>
Profit on ordinary activities before taxation	1	445,626
Tax on profit on ordinary activities		(144,000)
Profit for the financial period transferred to reserves	12	<u><u>301,626</u></u>

There were no recognised gains or losses other than the profit for the financial period.

PANTHERELLA LIMITED

BALANCE SHEET AT 30 JUNE 2002

	Note	2002 £	2002 £
Fixed assets			
Intangible assets	5		-
Tangible assets	6		244,753
			<u>244,753</u>
Current assets			
Stocks	7	1,053,180	
Debtors	8	599,473	
Cash at bank and in hand		235,796	
		<u>1,888,449</u>	
Creditors: amounts falling due within one year	9	(1,830,576)	
Net current assets			<u>57,873</u>
Total assets less current liabilities			<u><u>302,626</u></u>
Capital and reserves			
Called up share capital	11		1,000
Profit and loss account	12		301,626
Shareholders' funds	13		<u><u>302,626</u></u>

The financial statements were approved by the Board of Directors on 1 November 2002.

N P T Hall



Director

PANTHERELLA LIMITED
(FORMERLY HOWPER 346 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2002

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and profit on ordinary activities before taxation are attributable to the continuing activities of the manufacture and distribution of hosiery.

An analysis of turnover by geographical market is given below:

	2002 £
United Kingdom	2,136,566
Exports - EU	522,328
Exports - other	2,427,292
	<u>5,086,186</u>

Profit on ordinary activities is stated after:

	2002 £
Auditors' remuneration	5,600
Depreciation of tangible fixed assets, owned	44,776
Other operating lease rentals	31,008
Agents termination payments	17,191
	<u>108,575</u>

2 NET INTEREST

	2002 £
On bank overdrafts	7,400
Interest receivable and similar income	(3,073)
	<u>4,327</u>

3 DIRECTORS AND EMPLOYEES

Staff costs during the period were as follows:

	2002 £
Wages and salaries	2,122,697
Social security costs	142,298
Other pension costs	55,691
	<u>2,320,686</u>

Wages and salaries includes redundancy costs £256,293.

The average number of employees of the company during the period was 107.

No directors' remuneration was paid during the period.

PANTHERELLA LIMITED
(FORMERLY HOWPER 346 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2002

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2002 £
Corporation tax at 30%	144,000

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 30%. The differences are explained as follows:

	2002 £
Profit on ordinary activities before tax	445,626
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	134,000
Effect of:	
Expenses not allowed for tax purposes	10,000
Capital allowances in excess of depreciation	(4,800)
Other timing differences	4,800
Current tax charge for period	144,000

5 INTANGIBLE FIXED ASSETS

	Negative goodwill £
Cost	
Additions and at 30 June 2002	(491,879)
Amortisation	
Written back in the period and at 30 June 2002	(491,879)
Net book amount at 30 June 2002	-

Negative goodwill arose on the acquisition of the Pantherella business.

PANTHERELLA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2002

6 TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
Cost				
Additions	207,813	38,155	29,780	275,748
Transfers from group undertakings	67,166	-	-	67,166
Disposals	(3,000)	-	-	(3,000)
At 30 June 2002	271,979	38,155	29,780	339,914
Depreciation				
Provided in the period	38,347	4,555	1,874	44,776
Transfers from group undertakings	50,587	-	-	50,587
Eliminated on disposals	(202)	-	-	(202)
At 30 June 2002	88,732	4,555	1,874	95,161
Net book amount at 30 June 2002	183,247	33,600	27,906	244,753

7 STOCKS

	2002 £
Raw materials	163,644
Work in progress	328,755
Finished goods	560,781
	<u>1,053,180</u>

8 DEBTORS

	2002 £
Trade debtors	552,088
Other debtors	9,196
Prepayments and accrued income	38,189
	<u>599,473</u>

PANTHERELLA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2002

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £
Trade creditors	277,488
Amounts owed to group undertakings	1,197,644
Corporation tax	144,000
Social security and other taxes	31,764
Pension contributions	22,682
Accruals and deferred income	156,998
	<u>1,830,576</u>

10 DEFERRED TAXATION

Deferred taxation provided in the financial statements is set out below.

	2002 £
Accelerated capital allowances	4,800
Other timing differences	(4,800)
	<u>-</u>

11 SHARE CAPITAL

	2002 £
Authorised 10,000 ordinary shares of £1 each	<u>10,000</u>
Allotted, called up and fully paid 1,000 ordinary shares of £1 each	<u>1,000</u>

There was an allotment of 1,000 £1 ordinary shares at £1 per share in the period in order to provide a capital base for the company.

PANTHERELLA LIMITED
(FORMERLY HOWPER 346 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2002

12 RESERVES

	Profit and loss account £
Retained profit for the period	301,626
At 30 June 2002	<u>301,626</u>

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £
Profit for the financial period	301,626
Issue of shares	1,000
Net increase in shareholders' funds and funds at 30 June 2002.	<u>302,626</u>

14 ACQUISITION

On 23 March 2001 the company acquired the Pantherella business for a consideration of £655,706 including legal fees. The assets and liabilities of the business acquired were as follows:-

	Book value £	Fair value £
Fixed assets:		
Tangible	80,000	69,000
Current assets:		
Stocks	540,307	1,078,585
	<u>620,307</u>	<u>1,147,585</u>
		£
Value of assets		1,147,585
Negative goodwill		(491,879)
		<u>655,706</u>
Satisfied by:		
Cash		<u>655,706</u>

PANTHERELLA LIMITED
(FORMERLY HOWPER 346 LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2002

15 CAPITAL COMMITMENTS

2002
£

Contracted for but not provided in these financial statements

32,113

16 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 period amounted to £22,644.

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 for eligible employees.

The most recent actuarial valuation indicated that the funding arrangements were satisfactory.

Disclosures in respect of the group scheme as required by Statement of Standard Accounting Practice 24 and Financial Reporting Standard 17 are included in the H J Sock Group Limited financial statements.

Measurement of retirement benefit scheme amounts will be dealt with under FRS 17 by the year ending 30 June 2003 by the ultimate parent undertaking. 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.

The pension cost charge for the period amounted to £33,047.

17 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of H J Sock Group Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by H J Sock Group Limited on the grounds that financial statements are publicly available from Companies House.

18 CONTROLLING RELATED PARTY

The directors consider that the ultimate parent undertaking of this company is its parent company H J Sock Group Limited.

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

The largest group of undertakings for which group accounts have been drawn up is that headed by H J Sock Group Limited.