

Florence Clothiers (Scotland) Limited
Annual report
for the year ended 27 August 2000

Registered Number 71477

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Florence Clothiers (Scotland) Limited

Annual report

for the year ended 27 August 2000

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Florence Clothiers (Scotland) Limited

Directors and advisers

Directors

P B Stern

A G Ross

K K McCarthy

Secretary

M M Lovat

Auditors

PricewaterhouseCoopers

Kintyre House

209 West George Street

GLASGOW

G2 2LW

Solicitors

Golds

8 Newton Terrace

GLASGOW

G3 7PJ

Maclay, Murray and Spens

151 St Vincent Street

GLASGOW

G2 5NJ

Bankers

National Westminster Bank plc

14 Blythswood Square

GLASGOW

G2 4AQ

Registered Office

1 Jubilee Court

Montrose Avenue

Hillington

GLASGOW

G52 4LB

Registered Number

71477

Florence Clothiers (Scotland) Limited

Directors' report for the year ended 27 August 2000

The directors present their report and the audited financial statements for the year ended 27 August 2000.

Principal activities

The principal activity of the company is the retail sale of leisure clothing and footwear.

Review of business and future developments

The profit and loss account for the year is set out on page 5. The directors consider both the results for the year and the year end financial position to be satisfactory in the circumstances and expect the company to make progress during the coming year.

Results and dividends

No dividends are proposed and the profit for the year of £70,000 has been transferred to reserves.

Directors

The directors who held office during the year are listed on page 1.

K K McCarthy resigned as a director on 18 February 2000 and was appointed on 1 July 2000.

Directors' interests

The directors of the company at 27 August 2000 held no interests in the shares of the company at that date. Their interests in the parent company, Sports Connection Limited, are disclosed in that company's directors' report.

Employees

It is the company's policy to consult and discuss with employees any matter likely to affect their interests. In addition, it is the company's policy to recruit disabled workers for those vacancies that they are able to fill. Arrangements are made, where possible, for re-training employees who become disabled.

Changes in fixed assets

The movements in fixed assets during the year are set out in notes 9 and 10 to the financial statements.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 27 August 2000 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with 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.

Charitable and political contributions

The company made charitable contributions of £500 (1999: £12,200) during the year. No political contributions were made.

Florence Clothiers (Scotland) Limited

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'M M Lovat', written over the typed name.

M M Lovat
Secretary
2 February 2001

Florence Clothiers (Scotland) Limited

Auditors' report to the members of Florence Clothiers (Scotland) Limited

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

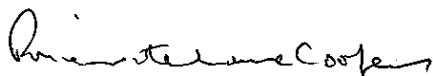
Basis of audit opinion

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



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Glasgow
13 February 2001

Florence Clothiers (Scotland) Limited

Profit and loss account for the year ended 27 August 2000

	Note	2000 £'000	1999 £'000
Turnover	2	35,243	33,751
Cost of sales		(20,730)	(20,538)
Gross profit		14,513	13,213
Net operating expenses	3	(13,943)	(13,324)
Operating profit		570	(111)
Interest payable	6	(466)	(373)
Profit on ordinary activities before taxation	7	104	(484)
Tax on profit on ordinary activities	8	(34)	(4)
Profit for the financial year	19	70	(488)

The above results relate to continuing operations.

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Florence Clothiers (Scotland) Limited

Balance sheet as at 27 August 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	9	3,471	4,084
Investments	10	-	14
		3,471	4,098
Current assets			
Stocks	11	4,290	4,290
Debtors	12	5,986	4,992
Cash at bank and in hand		17	12
		10,293	9,294
Creditors: amounts falling due within one year	13	(6,343)	(9,143)
Net current assets		3,950	151
Total assets less current liabilities		7,421	4,249
Creditors: amounts falling due after more than one year	14	(4,650)	(1,554)
Provisions for liabilities and charges	15	(111)	(105)
Net assets		2,660	2,590
Capital and reserves			
Called up share capital	17	44	44
Share premium account	18	1,582	1,582
Capital redemption reserve	18	35	35
Profit and loss account	19	999	929
Equity shareholders' funds	20	2,660	2,590

The financial statements on pages 5 to 17 were approved by the board of directors on 2 February 2001 and were signed on its behalf by:



P B Stern
Director

Florence Clothiers (Scotland) Limited

Notes to the financial statements for the year ended 27 August 2000

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The accounts are prepared in accordance with the historical cost convention.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets over the expected useful economic lives of the assets concerned. The following rates are used on the reducing balance basis:

Fixtures and fittings	20%
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Expenses on lease	10%
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Freehold property is depreciated at 2% per annum on the straight-line basis.

Landlords' inducements

Landlords' inducements to enter leases are amortised through the profit and loss account over the shorter of the period of the lease or the period to the first rent review.

Stocks

Stocks are stated at the lower of cost and net realisable value with appropriate provision being made for obsolete and slow moving items.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Turnover

Turnover represents the invoiced value of goods and services supplied, net of value added tax.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the term of the lease.

Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding.

Florence Clothiers (Scotland) Limited

Pension costs

The company operates money purchase pension schemes covering certain directors and senior employees. The assets of the individual funds within the schemes are held separately from those of the company. Contributions are charged through the profit and loss account in the period in which they are payable.

Cash flow statement

The cash flows of the company are included in the consolidated cash flow statement in the financial statements of the parent company. Consequently the company is exempt under the terms of Financial Reporting Standard No 1 (Revised) from publishing a cash flow statement.

2. Turnover

Turnover consists entirely of sports and leisure retail sales made in the United Kingdom.

3. Net operating expenses

	2000	1999
	£'000	£'000
Distribution costs	11,959	11,210
Administrative expenses	1,984	2,114
	13,943	13,324

4. Directors' emoluments

	2000	1999
	£'000	£'000
Aggregate emoluments	342	343
Company pension contributions to money purchase schemes	25	25

Retirement benefits are accruing to two directors under money purchase pension schemes.

Highest paid director	2000	1999
	£'000	£'000
Emoluments	201	202
Company pension contributions to money purchase scheme	14	14

Florence Clothiers (Scotland) Limited

5. Employee information

The average monthly number of persons (including directors) employed by the company during the year was:

	2000	1999
	Number	Number
By activity:		
Administration	19	30
Distribution	28	35
Retailing	525	419
	572	484

Staff costs (for the above persons) comprise:

	2000	1999
	£'000	£'000
Wages and salaries	4,217	3,936
Social security costs	268	260
Pension costs (note 16)	48	42
	4,533	4,238

6. Interest payable

	2000	1999
	£'000	£'000
On short term borrowings	107	205
On bank loans repayable within five years, by instalments	10	33
On parent company loan	348	133
On hire purchase contracts	1	2
	466	373

Florence Clothiers (Scotland) Limited

7. Profit on ordinary activities before taxation

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

	2000	1999
	£'000	£'000
Depreciation charge for the year – tangible fixed assets		
- owned	896	815
- leased	2	2
Auditors' remuneration for:		
Audit services	20	23
Other services	14	37
Hire of plant and machinery – operating leases	13	17
Hire of other assets - operating leases	4,271	3,863
Loss/(gain) on disposal of tangible fixed assets	2	(3)
Loss on disposal of investments	3	-

8. Tax on loss on ordinary activities

	2000	1999
	£'000	£'000
United Kingdom corporation tax payable/(receivable) at 29% (1999: 30%)		
Current	28	(53)
Deferred	18	52
Under/(over) provision in respect of prior years:		
Current	-	13
Deferred	(12)	(6)
Adjustment to deferred tax balance due to changes in tax rates	-	(2)
	34	4

Florence Clothiers (Scotland) Limited

9. Tangible fixed assets

	Freehold land and buildings	Fixtures and Fittings	Leasehold Expenditure	Total
	£'000	£'000	£'000	£'000
Cost				
At 30 August 1999	106	5,172	1,210	6,488
Additions	-	258	30	288
Disposals	(31)	(254)	(123)	(408)
At 27 August 2000	75	5,176	1,117	6,368
Depreciation				
At 30 August 1999	36	2,123	245	2,404
Charge for year	2	721	175	898
Disposals	(31)	(251)	(123)	(405)
At 27 August 2000	7	2,593	297	2,897
Net book value				
At 27 August 2000	68	2,583	820	3,471
At 30 August 1999	70	3,049	965	4,084

The net book value of tangible fixed assets includes an amount of £7,949 (1999: £9,936) in respect of assets held under finance leases. The depreciation charge in respect of these assets was £1,987 (1999: £2,484).

Florence Clothiers (Scotland) Limited

10. Investments

	2000 £'000
Cost	
At 30 August 1999	16
Disposal	(16)
At 27 August 2000	-
Amortisation	
At 30 August 1999	2
Disposal	(2)
At 27 August 2000	-
Net book value	
At 27 August 2000	-
At 30 August 1999	14

11. Stocks

	2000 £'000	1999 £'000
Goods for resale	4,290	4,290

12. Debtors

	2000 £'000	1999 £'000
Amounts falling due within one year		
Trade debtors	24	60
Amounts due by parent undertaking	4,110	3,137
Corporation tax recoverable	-	40
Other debtors	138	144
Prepayments	1,714	1,611
	5,986	4,992

Florence Clothiers (Scotland) Limited

13. Creditors: amounts falling due within one year

	2000	1999
	£'000	£'000
Bank overdraft (note 14 (a) (iv) below)	1,338	3,080
Bank loans (note 14 (a))	41	710
Trade creditors	3,774	4,601
Corporation tax payable	36	48
Other taxation and social security	203	228
Hire purchase creditors (note 14 (b))	6	6
Director's loan	2	2
Accruals and deferred income	943	468
	6,343	9,143

14. Creditors: amounts falling due after more than one year

	2000	1999
	£'000	£'000
Bank loans ((a) below)	43	85
Loan from parent company	4,525	1,400
Hire purchase creditors ((b) below)	5	8
Accruals and deferred income	77	61
	4,650	1,554

(a) Bank loans

Bank loans are repayable as follows:

	2000	1999
	£'000	£'000
In one year or less	41	710
Between one and two years	43	41
Between two and five years	-	44
	84	795

Florence Clothiers (Scotland) Limited

An analysis of the loans by due date of repayment is set out below:

	2000	1999
	£'000	£'000
(i) Business development loan 1995		
Repayable within one year	41	37
Repayable between one and two years	43	41
Repayable between two and five years	-	44
	84	122

Interest is charged on this loan from National Westminster Bank plc at 9.625% per annum fixed.

	2000	1999
	£'000	£'000
(ii) Business development loan 1997		
Repayable within one year	-	48

The loan from the National Westminster Bank plc had interest charged at 9% per annum fixed.

	2000	1999
	£'000	£'000
(iii) Business development loan 1997		
Repayable within one year	-	625

This loan from the National Westminster Bank plc had interest charged at 1.75% above base rate.

(iv) The bank loans and overdraft are secured by:

- (a) A floating charge debenture over all the assets of the company.
- (b) Standard security over the properties at:
Unit 19, Kyle Centre, High Street, Ayr, and 441 Dumbarton Road, Glasgow
- (c) An unlimited company guarantee by Sports Connection Limited for the outstanding liabilities of the company.

Florence Clothiers (Scotland) Limited

(b) Hire purchase creditors

The net hire purchase contract obligations to which the company is committed are repayable:

	2000 £'000	1999 £'000
In one year or less	6	6
Between two and five years	5	8
	11	14

15. Provision for liabilities and charges

Deferred taxation provided in the financial statements represents the full potential liability in respect of the tax effect of timing differences because of excess capital allowances over depreciation. The movements in the provision during the year were as follows:

	2000 £'000	1999 £'000
Balance at 30 August 1999	105	61
Charge to profit and loss account	6	44
Balance at 27 August 2000	111	105

Deferred taxation provided in the financial statements, which represents the full potential liability, relates to:

	2000 £'000	1999 £'000
Tax effect of timing differences:		
Excess of tax allowances over depreciation	130	136
Other	(19)	(31)
	111	105

16. Pensions and similar obligations

The company participates in a number of money purchase pension schemes. The total pension cost for the company was £47,972 (1999: £41,456).

Florence Clothiers (Scotland) Limited

17. Called up share capital

	2000	1999
	£'000	£'000
Authorised		
35,500 ordinary shares of £1 each	35	35
4,700 'A' ordinary shares of £1 each	5	5
405,700 'A' ordinary shares of 1p each	4	4
	44	44
Allotted, called up and fully paid		
35,500 ordinary shares of £1 each	35	35
4,700 'A' ordinary shares of £1 each	5	5
405,000 'A' ordinary shares of 1p each	4	4
	44	44

18. Share premium account and capital redemption reserve

	Share premium account	Capital redemption reserve
	£'000	£'000
At 30 August 1999 and 27 August 2000	1,582	35

19. Profit and loss account

	2000
	£'000
At 30 August 1999	929
Profit for the year	70
At 27 August 2000	999

Florence Clothiers (Scotland) Limited

20. Reconciliation of movements in shareholders' funds

	2000	1999
	£'000	£'000
Opening shareholders' funds	2,590	3,078
Profit/(loss) for the financial year	70	(488)
Closing shareholders' funds	2,660	2,590

21. Capital commitments

Capital expenditure which has been contracted for but not provided for in the financial statements amounted to £164,715 at 27 August 2000 (1999: £46,000).

22. Financial commitments

At 27 August 2000 the company had annual commitments under non-cancellable operating leases as follows:

	2000		1999	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Expiring within one year	-	56	54	24
Expiring between two and five years inclusive	286	55	-	86
Expiring over five years	3,720	-	3,773	-
	4,006	111	3,827	110

23. Ultimate parent company and controlling party

The directors regard Sports Connection Limited, a company registered in Scotland, as the ultimate parent company and controlling party. Copies of the parent's consolidated financial statements can be obtained from the Secretary, Sports Connection Limited, 1 Jubilee Court, Montrose Avenue, Hillington, Glasgow, G52 4LB.