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E. ROSENFELDER LIMITED

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FOR THE YEAR ENDED 31ST JANUARY 1988

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REPORT OF THE DIRECTORS

The directors submit their report and accounts for the year ended 31st January 1988.

Results and Dividends

The trading profit for the year was £178,316 before Taxation.
The directors recommend that a dividend of £6.67 per share be paid on 23rd June 1988 to shareholders on the register at 31st January 1988.

Review of the Business

The principal activity during the year was the wholesale sale of hosiery and knitwear and as commission agents for those products.

Fixed Assets

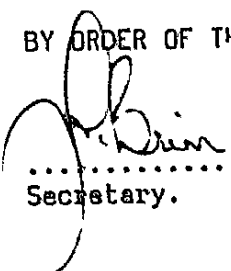
Movements are shown in the Notes to the Accounts.

<u>Directors and their Interests</u>	<u>At 31.1.88.</u>	<u>At 31.1.87.</u>
E. Rosenfelder		
'A' Ordinary Shares of 50p	3,000	3,000
'B' Ordinary Shares of 50p	1,500	1,500
Preference Shares of 50p	1,500	1,500
J. Brien	-	-
J. Payne	-	-
B. Payne	-	-

Auditors

The auditors, King & King, will be proposed for re-appointment at the Annual General Meeting in accordance with Section 384(1) of The Companies Act 1985.

BY ORDER OF THE BOARD


.....
Secretary.

REPORT OF THE AUDITORS

We have audited the financial statements on pages 3 to 9 in accordance with approved auditing standards, having regard to the matters referred to in the following paragraph.

In common with many businesses of similar size and organisation the Company's system of control is dependent upon the close involvement of the directors who are major shareholders. Where independent confirmation of the completeness of the accounting records was therefore not available, we have accepted assurances from the directors that all the Company's transactions have been reflected in the records.

Subject to the foregoing, in our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the Company's affairs at 31st January 1988 and of its profit and source and application of funds for the year then ended and comply with The Companies Act 1985.

King & King,
Roxburghe House,
273-287 Regent Street,
London W1R 7PB.

King and King.

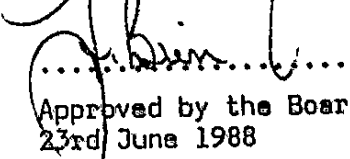
22nd June 1988

BALANCE SHEET AS AT 31ST JANUARY 1988

	<u>1988</u>	<u>1987</u>
<u>Fixed Assets</u>		
Tangible Assets - Note 5	53,886	55,157
Investment - Quoted Securities at Cost (Market Value at 31.1.88. £2,900)	<u>1,540</u> 55,426	<u>1,290</u> 56,447
<u>Current Assets</u>		
Stock	951,701	419,493
Debtors - Note 6	794,799	394,189
Cash at Bank and in Hand	<u>1,467,728</u>	<u>420,294</u>
	3,214,228	1,233,976
<u>Creditors:</u>		
Amounts falling due within one year - Note 7	<u>3,029,469</u>	<u>1,128,878</u>
<u>Net Current Assets</u>	<u>184,759</u>	<u>105,098</u>
<u>Total Assets Less Current Liabilities</u>	<u>£ 240,185</u>	<u>£ 161,545</u>
<u>Capital and Reserves</u>		
Called Up Share Capital - Note 8	3,000	3,000
Profit and Loss Account	<u>237,185</u>	<u>158,545</u>
	<u>£ 240,185</u>	<u>£ 161,545</u>

The Notes on Pages 6, 7, and 8 form part of these Accounts.

 J. E. Rosenfelder Director

 J. E. Rosenfelder Director

Approved by the Board
23rd June 1988

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JANUARY 1988

	<u>1988</u>	<u>1987</u>
Turnover - Sales	9,081,130	3,097,486
Less: Opening Stock	419,493	387,341
Purchases	8,544,167	2,569,574
	8,963,660	2,956,915
Less: Closing Stock	951,701	419,493
	8,011,959	2,537,422
Gross Profit	1,069,171	560,064
Commission Receivable	227,488	383,341
	1,296,659	943,405
<u>Distribution, Selling & Marketing Costs</u>		
Carriage, Delivery, Packing and Warehousing	109,497	46,689
Rates, Light, Heat and Running Expenses	13,288	13,773
Discounts Allowed	311,510	99,174
Salaries, Commission & Consultants	212,931	174,577
Motor Expenses and Contract Hire	36,233	33,437
Travel and Hotel	54,430	43,790
Entertaining	9,294	6,620
Depreciation	6,835	8,346
Advertising & Hosiery Week Expenses	44,406	81,019
	798,424	507,385
<u>Establishment & Administrative Expenses</u>		
Rent and Rates	64,362	62,026
Light, Heat and Power	962	647
Insurance	14,251	14,371
Repairs and Maintenance	778	604
Salaries and NIC	99,745	80,706
Directors Remuneration	107,239	106,110
Pension Costs and Medical Insurance	15,484	14,975
Telephone and Telex	24,132	18,795
Postage and Stationery	20,130	21,107
Depreciation	3,588	2,332
General Expenses and Cleaning	5,238	5,702
Canteen Expenses	3,245	2,825
Audit and Accountancy	19,000	9,000
Legal and Professional	584	3,636
Bank Charges	-	28
Computer Maintenance, Consultancy and leasing	5,680	3,210
Misappropriation by Employee Recovered	-	(27,000)
Bad Debts	2,552	-
	386,970	319,074
	1,185,394	876,459
<u>Operating Profit</u>	£ 111,265	£ 116,946

The Notes on Pages 6, 7, and 8 form part of these Accounts.

E. ROSENFELDER LIMITED

PAGE 5.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JANUARY 1988

	<u>1988</u>	<u>1987</u>
Operating Profit for the year	111,265	116,946
Interest Receivable -		
Bank Deposit Account	66,906	30,987
Dividend Received	<u>145</u>	<u>60</u>
<u>Profit on Ordinary Activities before Taxation</u>	178,316	147,993
Tax on Profit on Ordinary Activities - Note 4	<u>59,676</u>	<u>50,213</u>
<u>Profit on Ordinary Activities after Taxation for the year</u>	118,640	97,780
Dividend - Payable 23rd June 1988	<u>40,000</u> <u>78,640</u>	<u>20,000</u> <u>77,780</u>
Retained Profit brought forward	<u>158,545</u>	<u>80,765</u>
<u>Retained Profit carried forward</u>	<u>£ 237,185</u>	<u>£ 158,545</u>

The Notes on Pages 6, 7, and 8 form part of these Accounts.

NOTES TO THE ACCOUNTS AT 31ST JANUARY 19881. Accounting PoliciesAccounting Convention

The accounts are prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Computer Installation, Office Machines, Fixtures and Fittings	- over 5-10 years
Motor Vehicles	- over 5 years

Deferred Taxation

Deferred Taxation is not provided on short term timing differences unless these are considered significant.

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.

Leasing of Equipment

In the opinion of the directors, the application of SSAP21 to leasing payments would have no significance to the results shown in these accounts and therefore leasing costs have been written off as incurred.

2. Turnover

Turnover represents the invoiced amount of goods sold and services provided stated net of Value Added Tax. An analysis of turnover by market is given below:

	1988	1987
Sales - U.K.	9,050,290	3,011,074
Eire	3,919	42,375
Channel Islands	26,921	44,037
	<u>9,081,130</u>	<u>3,097,486</u>
Commission - Austria	227,488	383,341

3. Staff Costs (including Directors)

Wages, Salaries and Commission	298,879	284,258
Social Security Costs	28,067	26,253
Other Pension Costs	14,521	13,982
	<u>341,467</u>	<u>324,493</u>

The average weekly number of employees during the year was made up as follows:

Office and Management	8	8
Sales and Warehouse	17	17
	25	25

NOTES TO THE ACCOUNTS AT 31ST JANUARY 1988

4.	<u>Tax on Profit on Ordinary Activities</u>		<u>1988</u>		<u>1987</u>	
	Based on profit for the year					
	Corporation Tax @ 32%		59,676		47,775	
	Adjustment from previous year		-		2,438	
			<u>59,676</u>		<u>50,213</u>	
5.	<u>Tangible Fixed Assets</u>	Computer Installation	Office Machines	Furniture, Fixtures & Fittings	Motor Vehicles	TOTAL
	Cost at 1.2.87.	27,894	7,007	45,551	65,276	145,728
	Additions	5,747	2,299	1,106	-	9,152
	Disposals	(27,894)	-	-	-	(27,894)
	At 31st January 1988	<u>5,747</u>	<u>9,306</u>	<u>46,657</u>	<u>65,276</u>	<u>126,986</u>
	Depreciation at 1.2.87.	27,893	3,266	28,308	31,104	90,571
	Provided during the year	1,150	604	1,834	6,835	10,423
	Disposals	(27,894)	-	-	-	(27,894)
	At 31st January 1988	<u>1,149</u>	<u>3,870</u>	<u>30,142</u>	<u>37,939</u>	<u>73,100</u>
	Net Book Value at 31.1.88.	<u>4,598</u>	<u>5,436</u>	<u>16,515</u>	<u>27,337</u>	<u>53,886</u>
	Net Book Value at 1.2.87.	<u>1</u>	<u>3,741</u>	<u>17,243</u>	<u>34,172</u>	<u>55,157</u>
6.	<u>Debtors</u>		<u>1988</u>		<u>1987</u>	
	Trade Debtors		768,765		364,978	
	Other Debtors		10,770		17,072	
	Prepayments		<u>15,264</u>		<u>12,139</u>	
			<u>794,799</u>		<u>394,189</u>	
7.	<u>Creditors: Amounts falling due within one year</u>					
	Trade Creditors		2,788,664		966,417	
	Other Creditors		20,912		34,306	
	Directors Current Account		64		1,038	
	Social Security and Other Taxes		109,830		42,742	
	Corporation Tax due 1.11.88.		52,279		47,775	
	Accruals		17,720		16,600	
	Dividend Payable 23.6.88.		<u>40,000</u>		<u>20,000</u>	
			<u>3,029,469</u>		<u>1,128,878</u>	
8.	<u>Called Up Share Capital</u>					
	<u>Authorised, Allotted, Issued & Fully Paid</u>					
	'A' Ordinary Shares of 50p		1,500		1,500	
	'B' Ordinary Shares of 50p		750		750	
	Preference Shares of 50p		750		750	

NOTES TO THE ACCOUNTS AT 31ST JANUARY 1988

8. Called Up Share Capital - Continued

The 'A' Ordinary Shares and 'B' Ordinary Shares rank pari passu and have the same rights attaching to them, with the exception that the 'A' Ordinary Shares shall be entitled to one vote at Annual General Meeting and the 'B' Ordinary Shares to two votes. The Preference Shares are entitled to a preferential dividend but not to vote in Annual General Meeting.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST JANUARY 1988

	<u>1988</u>	<u>1987</u>
<u>SOURCE OF FUNDS</u>		
Profit on Ordinary Activities before Taxation	178,316	147,993
Adjustment for item not involving the movement of funds:		
Depreciation	<u>10,423</u>	<u>10,678</u>
	<u>£ 188,739</u>	<u>£ 158,671</u>
<u>APPLICATION OF FUNDS</u>		
Dividend Paid	20,000	-
Purchase of Quoted Investments	250	570
Purchase of Fixed Assets (Less Sales)	9,152	23,520
Payment of Taxation	55,172	21,639
Increase in Working Capital	<u>104,165</u>	<u>112,942</u>
	<u>£ 188,739</u>	<u>£ 158,671</u>
<u>Computation of Increase/(Decrease) in Working Capital</u>		
Stocks	532,208	32,152
Debtors and Prepayments	400,610	61,138
Creditors	(1,876,087)	(96,770)
Bank and Cash	<u>1,047,434</u>	<u>116,422</u>
	<u>£ 104,165</u>	<u>£ 112,942</u>