

Company Registration No. 00747514

Wolford London Limited

Report and Financial Statements

30 April 2005



Wolford London Limited

Report and financial statements 2005

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Wolford London Limited

Report and financial statements 2005

Officers and professional advisers

Directors

Mr H Dahmen (Chairman)
Mr P Simma
Mrs C Bordoni
Mrs C Launchbury

Secretary

Mrs C Bordoni

Registered Office

Duke Street House
50 Duke Street
London
W1K 6JL

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Wolford London Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2005.

Principal activities and review of the business

The principal activity of the company is the wholesale distribution of hosiery, bodywear and ladies fashion. All the company's products are purchased from its parent, Wolford AG.

In line with previous years, the directors recognise that the core business remains with their wholesale customers.

During the year, the company moved its sales business from a kiosk to a boutique in Bluewater.

Given the performance of the wholesale business during the year, the directors anticipate that the company will remain profitable in 2005/6.

Results and dividends

The company profit for the year after taxation was £113,254 (2004: £259,082).

Dividends totalling £nil (2004: £400,000) were paid in the year.

Directors and their interests

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

Mr H Dahmen - Chairman

Mr P Simma

Mrs C Bordoni

Mrs C Launchbury

There are no directors' interests requiring disclosure under the Companies Act 1985.

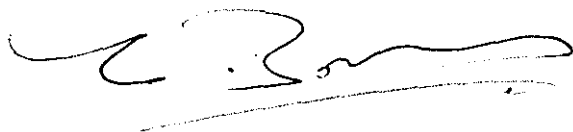
Wolford London Limited

Directors' report

Auditors

Effective resolutions to dispense with holding annual general meetings, the laying of financial statements before the company in general meeting and the appointment of auditors annually are currently in force. The auditors, Deloitte & Touche LLP, will therefore be deemed to have been reappointed at the end of the period of 28 days, beginning the day on which copies of this report and financial statements are sent to members unless a resolution is passed under section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end.

Approved by the Board of Directors
and signed on behalf of the Board



Mrs C Bordon
Secretary, 27 September 2005

Wolford London Limited

Statement of directors' responsibilities

United Kingdom 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 as at the end of the financial year 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;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is appropriate 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Wolford London Limited

We have audited the financial statements of Wolford London Limited for the year ended 30 April 2005 which comprise the profit and loss account, the balance sheet and the related notes numbered 1 to 18. 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 and other members of the group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

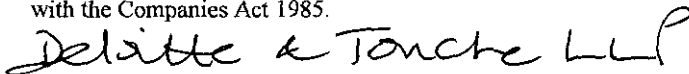
Basis of opinion

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 circumstances of the company, 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 April 2005 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London
27 September 2005

Wolford London Limited

Profit and loss account Year ended 30 April 2005

	Note	2005 £	2004 £
Turnover	2	5,703,697	5,397,208
Cost of sales		(3,522,260)	(3,325,829)
Gross profit		2,181,437	2,071,379
Administrative expenses		(2,070,701)	(1,763,124)
Other operating income		54,801	60,708
Operating profit	3	165,537	368,963
Interest receivable and similar income	6	8,085	4,709
Profit on ordinary activities before taxation		173,622	373,672
Tax on profit on ordinary activities	7	(60,368)	(114,590)
Profit on ordinary activities after taxation		113,254	259,082
Dividends paid	8	-	(400,000)
Retained profit/(loss) for the financial year	14	113,254	(140,918)

All amounts relate to continuing activities.

There were no recognised gains or losses for the year ended 30 April 2005 or 30 April 2004 other than those included in the profit and loss account.

The notes on pages 8 to 15 form an integral part of these financial statements.

Wolford London Limited

Balance Sheet Year ended 30 April 2005

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	9	89,228	34,422
Current assets			
Stocks	10	34,047	31,246
Debtors	11	767,172	544,172
Cash at bank and in hand		-	238,856
		801,219	814,274
Creditors: amounts falling due within one year	12	(416,523)	(488,026)
Net current assets		384,696	326,248
Total assets less current liabilities		473,924	360,670
Capital and reserves			
Called up share capital	13	100,000	100,000
Profit and loss account	14	373,924	260,670
Equity shareholders' funds	15	473,924	360,670

These financial statements were approved by the Board of Directors on 27 September 2005.

Signed on behalf of the Board of Directors

Mrs C Bordoni

Director

The notes on pages 8 to 15 form an integral part of these financial statements.

Wolford London Limited

Notes to the accounts Year ended 30 April 2005

1. Accounting policies

A summary of the principal accounting policies of the company, all of which have been applied consistently throughout the year and the preceeding year, is set out below.

Accounting convention

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

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 wholly owned and its parent publishes consolidated financial statements.

Fixed assets

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

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value of each asset on a straight line basis over its expected useful life, as follows:

Office machinery	- over 3 years
Fixtures and fittings	- over 5 years
Computers	- over 3-5 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks, which are wholly comprised of finished goods, are stated at the lower of cost and net realisable value.

Taxation

Current UK corporation tax is provided at amounts expected to be paid or recovered using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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.

Wolford London Limited

Notes to the accounts Year ended 30 April 2005

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company contributes to an independent personal defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the independent scheme.

2. Turnover

Turnover represents the invoiced value, excluding value added tax and trade discounts of goods and services provided to customers.

All turnover originated in the UK from one continuing business activity, being the retail and wholesale distribution of hosiery, bodywear and ladies fashion.

An analysis of turnover by geographical market is given below:

	2005 £	2004 £
United Kingdom	5,319,254	5,057,642
Eire	384,443	339,566
	<u>5,703,697</u>	<u>5,397,208</u>

3. Operating profit

	2005 £	2004 £
This is stated after charging:		
Auditors' remuneration - audit services	10,500	10,000
Depreciation of owned fixed assets	21,927	10,498
Operating lease rentals - land and buildings	138,630	130,696
- plant and machinery	22,841	22,212
Loss on disposal of fixed assets	-	746
	<u></u>	<u></u>

Wolford London Limited

Notes to the accounts Year ended 30 April 2005

4. Staff costs

	2005 £	2004 £
Wages and salaries	660,829	644,781
Social security costs	67,725	68,166
Other pension costs	7,843	5,958
	<u>736,397</u>	<u>718,905</u>

The monthly average number of employees during the year was as follows:

	2005 No.	2004 No.
Sales	26	28
Administrative	6	6
	<u>32</u>	<u>34</u>

5. Directors' emoluments

	2005 £	2004 £
Emoluments	<u>110,154</u>	<u>88,173</u>
Value of company pension contributions to money purchase schemes	<u>3,408</u>	<u>3,408</u>
	2005 No.	2004 No.
Members of money purchase pension schemes	<u>1</u>	<u>1</u>

The company operates a defined contribution scheme for which pension cost charges for the directors for the year amounted to £3,408 (2004: £3,408).

Wolford London Limited

Notes to the accounts Year ended 30 April 2005

6. Interest receivable and similar income

	2005 £	2004 £
Bank interest receivable	5,891	3,139
Foreign exchange gain	2,194	1,570
	<u>8,085</u>	<u>4,709</u>

7. Tax on profit on ordinary activities

(a) The tax charge comprises:

	2005 £	2004 £
<i>Current tax:</i>		
UK corporation tax	49,811	70,442
Adjustment in respect of prior years	11,630	-
Total current tax (see note 7(b))	<u>61,441</u>	<u>70,442</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	5,860	42,901
Adjustment in respect of prior years	(6,933)	1,247
Total deferred tax (see note 7(c))	<u>(1,073)</u>	<u>44,148</u>
Total charge on profit on ordinary activities	<u>60,368</u>	<u>114,590</u>

(b) Factors affecting current tax charge

The tax assessed for the year differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>173,622</u>	<u>373,672</u>
Profit on ordinary activities at standard rate of tax in the UK of 30%	52,087	112,102
<i>Effects of:</i>		
Permanent differences	3,585	1,221
Fixed asset timing differences	(5,860)	(8,025)
Utilisation of tax losses	-	(34,856)
Other adjustments	(1)	-
Adjustments in respect of previous periods	11,630	-
Total current tax (note 7(a))	<u>61,441</u>	<u>70,442</u>

Wolford London Limited

Notes to the accounts Year ended 30 April 2005

7. Tax on profit on ordinary activities (continued)

(c) Deferred tax

The deferred tax asset recognised in the financial statements and included in debtors (note 11) is as follows:

	2005 £	2004 £
Accelerated capital allowances	(24,049)	(22,976)
Undiscounted deferred tax asset (note 11)	<u>(24,049)</u>	<u>(22,976)</u>
		Deferred tax £
As at 1 May 2004		(22,976)
Deferred tax credit in profit and loss account for the year (note 7(a))		<u>(1,073)</u>
Recognised at end of year		<u>(24,049)</u>

8. Dividends paid

	2005 £	2004 £
Final dividend paid of £nil (2004:£2) per ordinary share	<u>-</u>	<u>400,000</u>

Wolford London Limited

Notes to the accounts Year ended 30 April 2005

9. Tangible fixed assets

	Office machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 May 2004	25,891	81,980	16,451	124,322
Additions	-	71,815	4,918	76,733
Disposals	-	-	(3,639)	(3,639)
At 30 April 2005	25,891	153,795	17,730	197,416
Depreciation				
At 1 May 2004	17,816	58,841	13,243	89,900
Provided during the year	3,277	16,672	1,978	21,927
Disposals	-	-	(3,639)	(3,639)
At 30 April 2005	21,093	75,513	11,582	108,188
Net book value				
At 30 April 2005	4,798	78,282	6,148	89,228
At 30 April 2004	8,075	23,139	3,208	34,422

10. Stocks

	2005 £	2004 £
Finished goods	34,047	31,246

11. Debtors

	2005 £	2004 £
Trade debtors	424,501	492,775
Amount owed by parent undertaking	271,196	-
Other debtors	1,493	200
Prepayments and accrued income	45,933	28,221
Deferred taxation (note 7(c))	24,049	22,976
	767,172	544,172

Wolford London Limited

Notes to the accounts Year ended 30 April 2005

12. Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	122,435	109,908
Bank overdrafts	43,641	-
Amounts owed to parent undertaking	-	98,003
Corporation tax	49,811	70,442
Other taxation and social security	139,399	172,285
Accruals and deferred income	61,237	37,388
	<u>416,523</u>	<u>488,026</u>

13. Called up share capital

	2005 £	2004 £
Authorised:		
200,000 ordinary shares of 50p each	<u>100,000</u>	<u>100,000</u>
Called up, allotted and fully paid		
200,000 ordinary shares of 50p each	<u>100,000</u>	<u>100,000</u>

14. Reserves

	Profit and Loss Account £
As at 1 May 2004	260,670
Profit for the financial year	<u>113,254</u>
As at 30 April 2005	<u>373,924</u>

Wolford London Limited

Notes to the accounts Year ended 30 April 2005

15. Reconciliation of movements in shareholders' funds

	£
As at 1 May 2004	360,670
Profit for the financial year	113,254
As at 30 April 2005	<u>473,924</u>

16. Commitments under operating leases

At 30 April 2005 the company had annual commitments under non-cancellable operating leases as set out below:

	2005		2004	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
- within one year	-	10,283	-	-
- between two and five years	157,800	7,776	-	22,212
- After five years	-	-	51,297	-

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

17. Related party transactions

The company has taken advantage of the exemption available to wholly owned subsidiaries under FRS 8 "Related Party Disclosures" not to disclose transactions with companies in the Wolford AG Group or investees of the Wolford AG Group that qualify as related parties.

18. Ultimate parent undertaking

The company is a wholly owned subsidiary of Wolford AG, a company incorporated in Austria and listed on the Vienna stock exchange. The directors regard Wolford AG as the ultimate parent company and controlling party.

Wolford AG is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up.

Copies of the parent's consolidated financial statements may be obtained from Wolford AG, WolfordstraBe 1, A6901 Bregenz, Austria.