

773076.

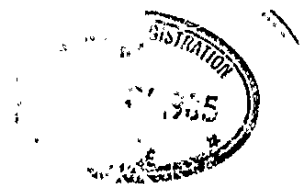
773076

64

HERMES (GB) LIMITED

ACCOUNTS
31ST DECEMBER, 1984

MOORE
&
ROWLAND



HERMES (GB) LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and audited accounts of the Company for the year ended 31st December, 1984.

1. ACTIVITIES

The principal activity of the Company was that of the import and wholesaling of perfumes and ancillary products and the retailing of high fashion accessories, fashions and perfumes. This year saw a substantial increase in the turnover of the retail business which has enabled the Company to improve its profitability for the year. The Company expects to maintain its market share and the outlook for the coming year is good.

2. RESULTS AND DIVIDEND

The results for the year ended 31st December, 1984 are:

Profit before taxation	208,438
Taxation	(7,820)
Profit after taxation	200,618
Dividend proposed (15.0944 pence per share)	(40,000)
Retained profit transferred to reserves	<u>£160,618</u>

3. DIRECTORS

The following were directors of the Company during the year and they had no interest in the Company's shares.

Jean Louis Frederic Robert Dumas (Chairman)
Jean Rene Raoul Guerrand
Jean Claude Mamy (Managing)
Pierre de Seynes
Andre Leon Bernard Lacour
Alfred Francis Puech
Patrick Rene Emile Guerrand
Bertrand Emile Puech

4. FIXED ASSETS

The value of fixed assets is referred to in note 8 to the accounts.

5. AUDITORS

On 1st January, 1985 the auditors, Rowland Nevill, merged their practice with that of Edward Moore & Sons and are now practising as Moores & Rowland. A resolution will be proposed at the Annual General Meeting that Moores & Rowland (formerly Rowland Nevill) be reappointed as auditors to the Company for the ensuing year.

BY ORDER OF THE BOARD


Secretary

7/9 Colville Road,
London, W3 8BL.

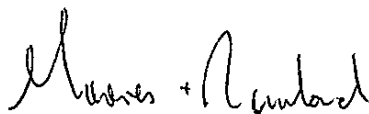
REPORT OF THE AUDITORS

to the members of

HERMES (GB) LIMITED

We have audited the financial statements on pages 3 to 10 in accordance with approved auditing standards.

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 December, 1984 and of its profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.



Chartered Accountants

53 New Broad Street,
London, EC2M 1PQ.

15th May 1985

HERMES (GB) LIMITED

PROFIT AND LOSS ACCOUNT, YEAR ENDED 31ST DECEMBER, 1984

	Notes	<u>1984</u> £	<u>1983</u> £
Turnover		1,896,879	1,696,036
Cost of sales		829,144	735,845
GROSS PROFIT FOR THE YEAR		1,067,735	960,191
Distribution costs	392,346		456,441
Administration expenses	501,630		478,854
	893,976		935,295
Other operating income	26,630		15,518
		867,346	919,777
OPERATING PROFIT FOR THE YEAR		200,389	40,414
Interest receivable and similar income	3	9,948	13,465
		210,337	53,879
Interest payable and similar charges	4	1,899	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	208,438	53,879
Tax on profit on ordinary activities	5	7,820	11,892
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		200,618	41,987
Dividends	6	40,000	20,000
RETAINED PROFIT TRANSFERRED TO RESERVES		160,618	21,987
Balance, 1st January, 1984		2,898	(19,089)
Balance, 31st December, 1984		£163,516	£2,898

Pages 5 to 10 form part of these accounts.

HERMES (GB) LIMITED

BALANCE SHEET, 31ST DECEMBER, 1984

	Notes	<u>1984</u> £	<u>1983</u> £
FIXED ASSETS			
Tangible assets	8	113,103	<u>110,503</u>
CURRENT ASSETS			
Stocks	9	624,989	485,608
Debtors	10	337,326	266,326
Cash at bank and in hand		217,965	97,702
		<u>1,180,280</u>	<u>849,636</u>
CREDITORS			
Amounts falling due within one year	11	328,697	656,071
NET CURRENT ASSETS		<u>351,583</u>	<u>193,565</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		464,686	304,068
PROVISIONS FOR LIABILITIES AND CHARGES	12	4,170	4,170
NET ASSETS		<u>£460,516</u>	<u>£299,898</u>
Financed by:			
CAPITAL AND RESERVES			
Called up share capital, allotted, issued and fully paid	13	265,000	265,000
Share premium account		32,000	32,000
Profit and loss account		163,516	2,898
SHAREHOLDERS' FUNDS		<u>£460,516</u>	<u>£299,898</u>

Approved by directors at a meeting held on 15th MAY 1985

Director

Director

Pages 5 to 10 form part of these accounts.

HERMES (GB) LIMITED

SOURCE AND APPLICATION OF FUNDS, YEAR ENDED 31ST DECEMBER, 1984

	<u>1984</u> £	<u>1983</u> £
SOURCE OF FUNDS		
Profit before tax	208,438	53,870
Depreciation and amortisation	34,373	26,194
Proceeds of sale of fixed assets	4,100	6,338
Refund of corporation tax	-	10,857
	<u>£246,911</u>	<u>£97,268</u>
APPLICATION OF FUNDS		
Tax paid	-	4,607
Purchase of fixed assets	41,073	22,175
Dividend paid	20,000	-
Increase in working capital	185,838	70,486
	<u>£246,911</u>	<u>£97,268</u>
WORKING CAPITAL		
Increase in stocks	139,381	40,353
Increase in debtors	57,922	26,313
Increase in creditors	(48,844)	(26,701)
Increase in amounts due to fellow subsidiary companies (1983 decrease)	(82,884)	70,282
	<u>65,575</u>	<u>110,247</u>
Increase in cash balances (1983 decrease)	120,263	(39,761)
Increase in working capital	<u>£185,838</u>	<u>£70,486</u>

HERMES (GB) LIMITED

NOTES TO THE ACCOUNTS, 31ST DECEMBER, 1984

1. ACCOUNTING POLICIES

Accounting basis

Accounts are prepared under the historical cost convention. Group accounts have not been prepared as the subsidiary company has not traded during the year and has no assets or liabilities other than an amount due from the company.

Depreciation

Depreciation is calculated to write off the cost of fixed assets over their useful lives on the following bases:

Short leasehold properties are amortised over the periods of the leases

Motor vehicles 25% on written down value

Fixtures, fittings and equipment

10% straight line

Stocks

Stocks other than perfumery advertising stocks have been valued at the lower of cost and net realisable value. Imported stocks have been valued using the rate ruling at the balance sheet date 31st December, 1984 as this approximates to cost.

Advertising stocks for promotional purposes, have been valued at cost which in the opinion of the directors is not less than net realisable value, and stocks of display materials, having no resale value, have been written off. Stocks are valued on a basis consistent with previous years.

Conversion of foreign currencies

Assets and liabilities expressed in foreign currencies have been converted to sterling at the rate prevailing at 31st December, 1984. Transactions during the year expressed in foreign currencies have been converted to sterling at an average rate as this is a fair approximation to actual. Differences on exchange have been written off to the profit and loss account.

Deferred taxation

Provision is made at current rates of tax for deferred corporation tax liabilities arising from material timing differences in the treatment of items in the accounts and their treatment for tax purposes and for a capital gain held over, arising from the assignment of a lease, except where the directors consider that deferral will continue in the foreseeable future.

Turnover

Turnover represents sales, excluding value added tax, after allowances to customers.

HERMES (GB) LIMITED

NOTES TO THE ACCOUNTS, 31ST DECEMBER, 1984

	<u>1984</u>	<u>1983</u>
2. OPERATING PROFIT		
Operating profit is stated after charging/(crediting):		
Depreciation for the year	34,373	26,194
Directors' emoluments	3,594	3,392
Auditors' remuneration	10,072	8,500
Difference on exchange	(70,899)	(38,489)
	<u> </u>	<u> </u>
Emoluments of the highest paid director	£2,799	£2,626
Other directors emoluments	<u>Nil</u>	<u>Nil</u>
3. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME		
Bank deposit interest	9,948	12,379
Interest on overpaid taxation	-	1,086
	<u> </u>	<u> </u>
	£9,948	£13,465
	<u> </u>	<u> </u>
4. INTEREST PAYABLE		
Loan interest payable to group company	1,800	-
Other	99	-
	<u> </u>	<u> </u>
	£1,899	£ -
	<u> </u>	<u> </u>
5. TAXATION		
United Kingdom taxation charge based on the profit for the year:		
Corporation tax at 46.25%	9,600	-
ACT written back/written off	(13,280)	13,280
Deferred taxation at 35%	19,100	-
Adjustments to earlier years	(7,600)	(1,388)
	<u> </u>	<u> </u>
	£7,820	£11,892
	<u> </u>	<u> </u>
The charge for taxation has been decreased in respect of:		
Loss relief	£72,000	£ -
	<u> </u>	<u> </u>

The Company has tax losses of approximately £50,000 available for relief against future trading profits.

HERMES (GB) LIMITED

NOTES TO THE ACCOUNTS, 31ST DECEMBER, 1984

	1984	1983			
6. DIVIDEND					
15.0944 pence per share - proposed	<u>£40,000</u>	<u>£20,000</u>			
7. EMPLOYEES					
Average number of employees in the year:					
Retail	Thirteen	Twelve			
Wholesale	Sixteen	Twenty-four			
Administration	Six	Six			
Salaries and wages payable	300,870	302,744			
Social security costs	30,895	31,262			
Contribution to Company's pension scheme	5,299	5,206			
	<u>£337,064</u>	<u>£339,212</u>			
8. FIXED ASSETS					
	Leases	Fixtures and equipment	Motor vehicles	Total	Total
Cost					
1st January, 1984	49,500	159,173	34,287	242,960	239,282
Additions at cost	-	28,137	12,936	41,073	22,175
Disposals	-	-	(15,548)	(15,548)	(18,497)
At 31st December, 1984	<u>49,500</u>	<u>187,310</u>	<u>31,675</u>	<u>268,485</u>	<u>242,960</u>
Cumulative depreciation					
1st January, 1984	8,308	109,804	14,345	132,457	118,422
Provision for the year	4,154	21,164	6,377	31,695	26,739
Disposals	-	-	(8,770)	(8,770)	(12,704)
At 31st December, 1984	<u>12,462</u>	<u>130,968</u>	<u>11,952</u>	<u>155,382</u>	<u>132,457</u>
Net book value					
31st December, 1984	<u>£37,038</u>	<u>£56,342</u>	<u>£19,723</u>	<u>£113,103</u>	<u>£110,503</u>
9. STOCKS					
Goods for resale				611,048	477,988
Advertising materials				13,941	7,620
				<u>£624,989</u>	<u>£485,608</u>

The replacement cost of goods for resale at 31st December, 1984 does not materially exceed the amount at which they are stated in the balance sheet.

WATSON & GIBBS LIMITED

NOTE 4 TO THE ACCOUNTS, 31ST DECEMBER, 1984

	<u>1984</u>	<u>1983</u>
10. DEBTORS		
Trade	303,951	229,558
Amount due from fellow subsidiaries	-	18,278
Other debtors	742	1,557
Advance corporation tax recoverable	13,078	-
Prepayments	19,555	17,153
	<u>£337,326</u>	<u>£266,526</u>
 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Amount due to fellow subsidiary companies	512,493	429,609
Trade creditors	55,280	67,309
Other taxes and social security	123,218	71,500
Current corporation tax	29,469	8,571
Proposed dividend	40,000	20,000
Accruals	68,237	59,029
	<u>£828,697</u>	<u>£656,071</u>
 12. PROVISION FOR DEFERRED TAX		
The provision comprises the deferred liability calculated at 35% arising from:		
Corporation tax on capital gains held over	4,170	4,170
Accelerated capital allowances	19,000	24,820
Loss relief	(7,500)	(24,820)
	<u>15,670</u>	<u>4,170</u>
	(11,500)	-
Advance corporation tax recoverable	<u>£4,170</u>	<u>£4,170</u>
 13. SHARE CAPITAL		
Authorised:		
500,000 Ordinary shares of £1 each	<u>£500,000</u>	<u>£500,000</u>
Issued and fully paid:		
265,000 Ordinary shares of £1 each	<u>£265,000</u>	<u>£265,000</u>

HERMES (GB) LIMITED

NOTES TO THE ACCOUNTS, 31ST DECEMBER, 1984

	<u>1984</u>	<u>1983</u>
14. INVESTMENT IN SUBSIDIARY COMPANY		
	<u>Country of</u>	<u>Ordinary share</u>
	<u>incorporation</u>	<u>capital held</u>
Hermes Paris Limited (Dormant)	England	100%
Shares at cost (150,000 Ordinary £1 shares)		
Due to subsidiary	78,000 (58,508)	78,000 (58,508)
	<u>19,492</u> (19,492)	<u>19,492</u> (19,492)
Amount written off	<u>£ -</u>	<u>£ -</u>

The subsidiary is in voluntary liquidation and a final members meeting was held on 11th March, 1985.

15. HOLDING COMPANY

The ultimate holding company is Hermes S.A., a company incorporated in France.

16. CONTINGENT LIABILITIES

There are contingent liabilities in respect of unsettled legal claims amounting to approximately £12,000.