

Blue Nile Clothing Company Limited
Directors' Report and Financial Statements
for the year ended 31 July 1999



Blue Nile Clothing Company Limited

Company Information

Directors	M A Khan P Wharf F Kausar
Secretary	M A Khan
Company Number	2631841
Registered Office	82 Russell Lane Whetstone London N20 0AP
Auditors	Taylor & Co Battle House 1 East Barnet Road Herts EN4 8RR
Business Address	Unit 2 Bittern Place Coburg Road London N22 6TP
Bankers	Barclays Bank plc Southgate Branch 18 Chase Side London N14

Blue Nile Clothing Company Limited

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Blue Nile Clothing Company Limited

**Directors' Report
for the year ended 31 July 1999**

The directors present their report and the financial statements for the year ended 31 July 1999.

Principal Activities

The principal activity of the company is that of wholesalers and manufacturers of ladies wear.

Directors and their Interests

The directors who served during the year and their interests in the company were as stated below.

	Class of share	Number of shares	
		1999	1998
M A Khan	Ordinary shares	90	90
P Wharf	Ordinary shares	5	5
F Kausar	Ordinary shares	5	5

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Taylor & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

In the preparation of the directors' report advantage has been taken of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

This report was approved by the Board on 27 July 2000.



**M A Khan
Secretary**

Blue Nile Clothing Company Limited

Statement of Directors' Responsibilities

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 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Blue Nile Clothing Company Limited

**Auditors' Report
to the shareholders of Blue Nile Clothing Company Limited**

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 judgments 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 31 July 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

Taylor & Co

27 July 2000

**Chartered Accountants
Registered Auditor**

Battle House
1 East Barnet Road
Herts
EN4 8RR

Blue Nile Clothing Company Limited

**Profit and Loss Account
for the year ended 31 July 1999**

	Notes	1999 £	1998 £
Turnover		3,098,704	2,011,745
Cost of sales		(2,387,246)	(1,707,713)
Gross profit		711,458	304,032
Distribution costs		(227,999)	-
Administrative expenses		(433,974)	(231,064)
Other operating income		-	715
Operating profit	2	49,485	73,683
Interest payable and similar charges	3	(1,031)	(650)
Profit on ordinary activities before taxation		48,454	73,033
Tax on profit on ordinary activities	4	(10,303)	(16,162)
Profit on ordinary activities after taxation		38,151	56,871
Dividends	5	(12,000)	(12,000)
Retained profit for the year	10	£ 26,151	£ 44,871

There are no recognised gains and losses other than those passing through the profit and loss account.

Blue Nile Clothing Company Limited

**Balance Sheet
as at 31 July 1999**

		1999		1998	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	6		62,953		62,064
Current Assets					
Stocks		391,306		260,851	
Debtors	7	195,767		291,732	
Cash at bank and in hand		154,231		80,976	
		741,304		633,559	
Creditors: amounts falling due within one year	8	(528,203)		(445,720)	
Net Current Assets			213,101		187,839
			£ 276,054		£ 249,903
Capital and Reserves					
Called up share capital	9		100		100
Profit and loss account	10		275,954		249,803
Shareholders' funds	11		£ 276,054		£ 249,903

In preparing these financial statements:

- (a) Advantage has been taken of the special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985, and
- (b) In the directors' opinion the company is entitled to these exemptions as a small company.

The financial statements were approved by the Board on 27 July 2000.

M. A. Khan

M A Khan

Director

Blue Nile Clothing Company Limited

**Notes to the Financial Statements
for the year ended 31 July 1999**

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents amounts receivable for goods and services provided net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	-	25% Reducing balance
Motor vehicles	-	25% Reducing balance

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

1.7 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Blue Nile Clothing Company Limited

**Notes to the Financial Statements
for the year ended 31 July 1999**

2. Operating Profit	1999	1998
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	20,986	20,688
Hire of plant and machinery	-	433
Operating lease rentals		
- Plant and machinery	5,177	1,277
Auditors' remuneration	2,500	2,000
Directors' emoluments	31,200	29,200
	<u> </u>	<u> </u>
3. Interest Payable	1999	1998
	£	£
On loans and bank overdrafts	431	-
Hire purchase interest	600	650
	<u> </u>	<u> </u>
4. Taxation	1999	1998
	£	£
U.K. Current year taxation		
U.K. Corporation tax at 21 % (1998 - 21 %)	10,303	16,162
	<u> </u>	<u> </u>
	£ 10,303	£ 16,162
	<u> </u>	<u> </u>
5. Dividends	1999	1998
	£	£
Ordinary:		
Interim paid	12,000	12,000
	<u> </u>	<u> </u>
	£ 12,000	£ 12,000
	<u> </u>	<u> </u>

Blue Nile Clothing Company Limited

**Notes to the Financial Statements
for the year ended 31 July 1999**

6. Tangible Assets

	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£
Cost			
At 1 August 1998	55,094	50,383	105,477
Additions	21,875	-	21,875
	<hr/>	<hr/>	<hr/>
At 31 July 1999	76,969	50,383	127,352
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 August 1998	22,859	20,554	43,413
Charge for year	13,528	7,458	20,986
	<hr/>	<hr/>	<hr/>
At 31 July 1999	36,387	28,012	64,399
	<hr/>	<hr/>	<hr/>
Net book values			
At 31 July 1999	£ 40,582	£ 22,371	£ 62,953
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 July 1998	£ 32,234	£ 29,830	£ 62,064
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Net book value	Depreciation charge
	£	£
Motor vehicles	14,712	4,904
	<hr/>	<hr/>
	£ 14,712	£ 4,904
	<hr/> <hr/>	<hr/> <hr/>

7. Debtors

	1999	1998
	£	£
Trade debtors	180,998	284,690
Other debtors	14,769	7,042
	<hr/>	<hr/>
	£ 195,767	£ 291,732
	<hr/> <hr/>	<hr/> <hr/>

Blue Nile Clothing Company Limited

**Notes to the Financial Statements
for the year ended 31 July 1999**

8. Creditors: amounts falling due within one year	1999 £	1998 £
Bank loans and overdrafts	4,357	-
Net obligations under finance lease and hire purchase contracts	4,333	8,333
Trade creditors	345,733	292,780
Other creditors	173,780	144,607
	<u>£ 528,203</u>	<u>£ 445,720</u>
9. Share Capital	1999 £	1998 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u>£ 1,000</u>	<u>£ 1,000</u>
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>£ 100</u>	<u>£ 100</u>
10. Profit And Loss Account	1999 £	1998 £
Retained profits at 1 August 1998	249,803	204,932
Retained profit for the year	26,151	44,871
	<u>£ 275,954</u>	<u>£ 249,803</u>
11. Reconciliation of Movements in Shareholders' Funds	1999 £	1998 £
Profit for the financial year	38,151	56,871
Dividends	(12,000)	(12,000)
	<u>26,151</u>	<u>44,871</u>
Net addition to shareholders' funds	26,151	44,871
Opening shareholders' funds	249,903	205,032
	<u>£ 276,054</u>	<u>£ 249,903</u>