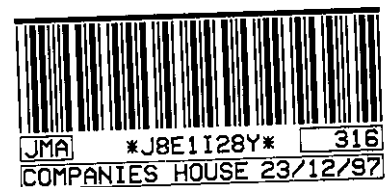


Company number 1028708

S & M Hosiery Co Limited

Abbreviated Accounts

for the year ended 28 February 1997



S & M Hosiery Co Limited

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S & M Hosiery Co Limited

Auditors' Report to S & M Hosiery Co Limited Pursuant to Paragraph 24 of Schedule 8 to the Companies Act 1985

We have examined the abbreviated accounts on pages 3 to 5 together with the financial statements of S & M Hosiery Co Limited prepared under section 226 of the Companies Act 1985 for the year ended 28 February 1997.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 3 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act, in respect of the year ended 28 February 1997, and the abbreviated accounts on pages 3 to 5 have been properly prepared in accordance with that Schedule.

Other information

On 18 December 1997 we reported, as auditors of S & M Hosiery Co Limited, to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 28 February 1997, and our audit report was as follows:

'We have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 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.

S & M Hosiery Co Limited

Auditors' Report to S & M Hosiery Co Limited
Pursuant to Paragraph 24 of Schedule 8 to the Companies Act 1985 (continued)

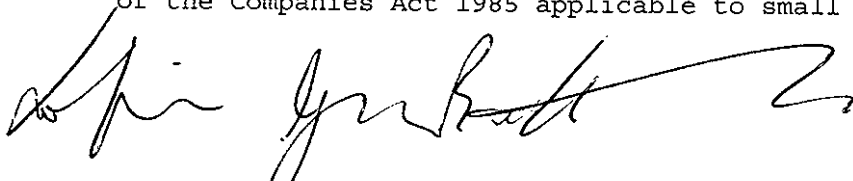
Basis of opinion

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 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 as at 28 February 1997 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.'



Lopian Gross Barnett & Co

Chartered Accountants
Registered Auditor

18 December 1997

Harvester House
37 Peter Street
Manchester
M2 5QD

S & M Hosiery Co Limited

**Abbreviated Balance Sheet
as at 28 February 1997**

	Notes	1997 £	1996 £
Fixed Assets			
Tangible assets	2	379,546	392,833
Current Assets			
Stocks		127,518	118,046
Debtors		57,100	126,470
Cash at bank and in hand		294,454	274,833
		<u>479,072</u>	<u>519,349</u>
Creditors: amounts falling due within one year		(110,260)	(162,482)
Net Current Assets		<u>368,812</u>	<u>356,867</u>
Total Assets Less Current Liabilities		<u>748,358</u>	<u>749,700</u>
Creditors: amounts falling due after more than one year		-	(750)
		<u>748,358</u>	<u>748,950</u>
Capital and Reserves			
Called up share capital	3	50,000	50,000
Revaluation reserve		293,497	293,497
Profit and loss account		404,861	405,453
Shareholders' Funds		<u>748,358</u>	<u>748,950</u>

In preparing these abbreviated accounts:

- (a) Advantage has been taken of the exemptions conferred by Section A of Part III 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.

In preparing the company's annual financial statements:

- (a) Advantage has been taken of special exemptions applicable to small companies conferred by 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 18 December 1997.

 V. V. Jerath
Director

S & M Hosiery Co Limited

Notes to the Abbreviated Accounts for the year ended 28 February 1997

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings 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 cash flow statement on the grounds that it is a small company.

1.2 Turnover

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

1.3 Tangible fixed assets and depreciation

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

Leasehold properties	-	1% Straight line
Fixtures and fittings	-	15% 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.

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 in accordance with SSAP 24.

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.

S & M Hosiery Co Limited

Notes to the Abbreviated Accounts for the year ended 28 February 1997

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2. Tangible assets

	Total £
Cost or valuation	
At 1 March 1996 & at 28 February 1997	470,567
Depreciation	
At 1 March 1996	77,734
Charge for year	13,287
At 28 February 1997	91,021
Net book values	
At 28 February 1997	379,546
At 29 February 1996	392,833

The long leasehold properties were revalued on 8 August 1990 by the Elliot Partnership on the basis of open market value. This value has been incorporated in the accounts. No provision has been made for the contingent capital gains tax liability in respect of the revalued properties.

The directors are of the opinion that the market value of the long leasehold properties at the balance sheet date is not less than the book value and consider that there is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

The historical cost of the properties was £86,340.

3. Share Capital	1997 £	1996 £
Authorised		
50,000 Ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000