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ACUTE LIMITED

FINANCIAL ACCOUNTS FOR THE
YEAR ENDED 30TH SEPTEMBER 1996

THE SOUTHILL PARTNERSHIP
CHARTERED ACCOUNTANTS

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ACUTE LIMITED

DIRECTORS: Amanda Lismer
Peter Lismer

SECRETARY: Peter Lismer

REGISTERED OFFICE: 39 High Street
Burford
Oxfordshire
OX18 4QE

REGISTERED NUMBER: 2536708

BANKERS: Barclays Bank plc
Oxford City Office
High Street
Oxford
OX1 3HS

AUDITORS: The Southill Partnership
Chartered Accountants
Southill
Cornbury Park
Charlbury
Oxfordshire OX7 3EW

ACUTE LIMITED
FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1996

CONTENTS

1. Report of the Directors
2. Statement of Directors Responsibilities
3. Report of the Auditors
4. Profit and Loss Account
5. Balance Sheet
6. Notes to Accounts

The following page does not form part of the Statutory Accounts

7. Trading and Profit and Loss Account

ACUTE LIMITED
REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30TH SEPTEMBER 1996

The directors present their annual report with the accounts of the company for the year ended 30th September 1996.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was the design, manufacture and marketing of children's fashions and ladies and gentlemen's haidressing.

REVIEW OF BUSINESS

A summary of the results for the year is given on page 4 of the accounts. The directors are aware that the company is reliant upon theirs and the bank's continuing support. At the date of signing this report, that support is ongoing and the company continues to trade.

DIVIDENDS

The directors do not recommend the payment of a dividend.

DIRECTORS

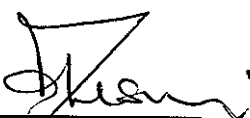
The directors in office in the year and their beneficial interests in the company's issued ordinary equity share capital were as follows:

	Ordinary Equity Shares of £1 each	
	<u>1996</u>	<u>1995</u>
Amanda Lismer	1	1
Peter Lismer	1	1

AUDITORS

The auditors, Howes and Co., resigned on 30th June 1997 due to a reorganisation of the firm. The Southill Partnership were appointed to fill the vacancy and are deemed to be re-appointed in accordance with Section 386 of the Companies Act 1985.

Signed on behalf of the
Board of Directors



Peter Lismer
Secretary

Date: 18th July 1997

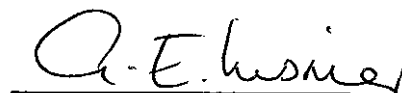
ACUTE LIMITEDSTATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law to prepare financial accounts 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 accounts we are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial accounts;
- prepare the financial accounts 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 accounts comply with 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.

Date 18th July 1997



Amanda Lismer
Director

AUDITORS' REPORT TO THE SHAREHOLDERS OF
ACUTE LIMITED

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

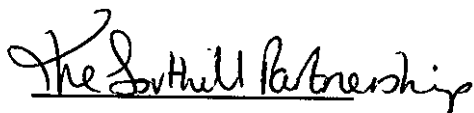
BASIS OF OPINION

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial accounts, 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 accounts 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 accounts.

OPINION

In our opinion the financial accounts give a true and fair view of the state of the company's affairs as at 30th September 1996 and of its profit for the year then ended and have been properly prepared in accordance with the the Companies Act 1985.



THE SOUTHILL PARTNERSHIP
Registered Auditors
Chartered Accountants
Southill
Cornbury Park
Charlbury
Oxfordshire OX7 3EW

Date 21/07/97

ACUTE LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
TURNOVER	2	58,893	54,159
Cost of Sales		11,104	8,175
<u>GROSS PROFIT</u>		47,789	45,984
Administrative Expenses		45,002	43,925
<u>OPERATING PROFIT</u>	3	2,787	2,059
Bank Interest Received		1	1
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</u>		2,788	2,060
Bank Interest Payable		1,521	1,143
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		1,267	917
Tax on Ordinary Activities	5	825	761
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		£ 442	£ 156
<u>STATEMENT OF RETAINED EARNINGS</u>			
Loss Brought Forward		(3,948)	(4,104)
Retained Profit for the Year		442	156
<u>RETAINED LOSS CARRIED FORWARD</u>		£ (3,506)	£ (3,948)

None of the company's activities were acquired or discontinued during the above two financial years.

There were no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 6a to 6e form part of these accounts.

ACUTE LIMITEDBALANCE SHEET
AS AT 30TH SEPTEMBER 1996

	<u>Notes</u>	£	<u>1996</u>	£	£	<u>1995</u>	£
FIXED ASSETS							
Intangible Assets	6		4,800			5,999	
Tangible Assets	7		6,813			5,967	
			<u>11,613</u>			<u>11,966</u>	
CURRENT ASSETS							
Stock and Work in Progress	8	19,257			13,637		
Debtors	9	3,364			3,948		
Cash at Bank and in Hand		163			484		
		<u>22,784</u>			<u>18,069</u>		
CREDITORS : Amounts Falling Due within One Year	10	(11,496)			(8,695)		
NET CURRENT ASSETS			<u>11,288</u>			<u>9,374</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>22,901</u>			<u>21,340</u>	
CREDITORS : Amounts Falling Due After more than One Year	11		26,405			25,286	
			<u>£ (3,504)</u>			<u>£ (3,946)</u>	
CAPITAL AND RESERVES							
Equity Share Capital	12		2			2	
Profit and Loss Account			(3,506)			(3,948)	
TOTAL SHAREHOLDERS' FUNDS	13		<u>£ (3,504)</u>			<u>£ (3,946)</u>	

Signed on behalf of the
Board of Directors

A. E. Lismer

Amanda Lismer
Director

Approved by the Board: 18/7/97.

The notes on pages 6a to 6e form part of these accounts.

ACUTE LIMITEDNOTES TO ACCOUNTSFOR THE YEAR ENDED 30TH SEPTEMBER 1996**1. ACCOUNTING POLICIES****Basis of Accounting**

The accounts have been prepared under the historical cost convention and using applicable accounting policies.

Turnover

Turnover represents the net invoiced sales of goods and services, excluding VAT.

Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Leasehold Property	The period of the lease
Fixtures and Fittings	3 to 10 years on cost

Intangible Fixed Assets

Costs have been capitalised and are amortised over the estimated life of the asset as follows:

Goodwill	10% straight line basis
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Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Cost includes all direct expenditure.

Deferred Taxation

Deferred Taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Leased Assets

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Cash Flow Statement

The company has taken advantage of the exemption provided by Financial Reporting Standard 1 and has not prepared a cash flow statement for the year.

2. TURNOVER

The turnover and profit (1995 - profit) before taxation for the year is attributable to the principal activity of the company which is the design, manufacture and marketing of children's fashions and ladies and gentlemen's hairdressing.

Turnover has not been analysed by geographical market.

ACUTE LIMITED

NOTES TO ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1996

3. OPERATING PROFIT

The Operating Profit (1995 - Profit) is stated after charging:

	<u>1996</u> £	<u>1995</u> £
Depreciation of Tangible Fixed Assets	2,374	1,256
Amortisation of Intangible Fixed Assets	1,199	1,200
Staff Costs - note 4	21,591	26,995
Auditors Remuneration	220	200
	<u> </u>	<u> </u>

4. STAFF COSTS

The costs incurred, including directors remuneration, were as follows:

	<u>1996</u> £	<u>1995</u> £
Salaries and Remuneration	21,591	26,995
	<u> </u>	<u> </u>

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

Office and Management	<u>5</u>	<u>5</u>
-----------------------	----------	----------

Directors remuneration in the year amounted to nil (1995 £4,282)

5. TAXATION

The tax charge on the profit on ordinary activities was as follows:

	<u>1996</u> £	<u>1995</u> £
Corporation Tax	825	761
	<u> </u>	<u> </u>

Corporation tax has been charged on the profit at 24.5% (1995 25%).

ACUTE LIMITED

NOTES TO ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1996

6. INTANGIBLE FIXED ASSETS

	<u>Goodwill</u> £
COST	
At 1st October 1995 and 30th September 1996	11,999
AMORTISATION	
At 1st October 1995	6,000
Amortisation for year	1,199
At 30th September 1996	7,199
NET BOOK VALUE	
At 30th September 1996	4,800
At 30th September 1995	5,999

7. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Leasehold Property £	TOTAL £
COST			
At 1st October 1995	5,745	9,429	15,174
Additions in the year	3,220	-	3,220
At 30th September 1996	8,965	9,429	18,394
DEPRECIATION			
At 1st October 1995	4,493	4,714	9,207
Charge for the year	1,431	943	2,374
At 30th September 1996	5,924	5,657	11,581
NET BOOK VALUE			
At 30th September 1996	3,041	3,772	6,813
At 30th September 1995	1,252	4,715	5,967

8. STOCKS

	<u>1996</u> £	<u>1995</u> £
Raw Materials and Finished Goods	19,257	13,637

ACUTE LIMITED

NOTES TO ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1996

9. DEBTORS

	<u>1996</u>	<u>1995</u>
	£	£
Amounts due within one year:		
Trade Debtors	1,860	376
Prepayments	1,504	3,572
	3,364	3,948

10. CREDITORS

	<u>1996</u>	<u>1995</u>
	£	£
Amounts falling due within one year:		
Bank Loans and Overdrafts	2,890	1,773
Trade Creditors	3,821	2,332
Taxation	825	761
Social Security and Other Taxes	2,017	2,076
Accruals	1,943	1,753
	11,496	8,695

11. CREDITORS

	<u>1996</u>	<u>1995</u>
	£	£
Amounts falling due after more than one year:		
Bank Loan Account	15,866	17,112
Directors' Loan Account	10,539	8,174
	26,405	25,286
Creditors other than Finance Lease and Hire Purchase Contracts		
Creditors due after more than five years	10,419	12,677

ACUTE LIMITED

NOTES TO ACCOUNTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1996

12. EQUITY SHARE CAPITAL

Ordinary Equity Share Capital of £1 each:	<u>1996</u>	<u>1995</u>
	£	£
Authorised	100	100
	<u> </u>	<u> </u>
Allotted, Issued and Fully Paid	2	2
	<u> </u>	<u> </u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1996</u>	<u>1995</u>
	£	£
Profit for the financial year	442	156
	<u> </u>	<u> </u>
Net addition to shareholders' funds	442	156
	<u> </u>	<u> </u>
Opening Shareholders' Funds	(3,946)	(4,102)
	<u> </u>	<u> </u>
Closing Shareholders' Funds	(3,504)	(3,946)
	<u> </u>	<u> </u>

14. FINANCIAL COMMITMENTS

Operating Leases

At 30th September 1996 the company had annual commitments under non-cancellable operating leases as set out below :-

	<u>1996</u>	<u>1995</u>
	<u>Land and</u>	<u>Land and</u>
	<u>Buildings</u>	<u>Buildings</u>
	£	£
Operating Leases that expire:		
in the second to fifth years	4,125	5,500
	<u> </u>	<u> </u>
	4,125	5,500
	<u> </u>	<u> </u>

15. RELATED PARTY TRANSACTIONS

The company is controlled by its directors. As at the balance sheet date the directors own investment in the company is as stated in note 11 above. The directors have also entered into personal guarantees to support the bank borrowings.