

Company Number:
2536708 (ENGLAND & WALES)

ACUTE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1997

THE SOUTHILL PARTNERSHIP
CHARTERED ACCOUNTANTS
REGISTERED AUDITORS
SOUTHILL
CORNBURY PARK
CHARLBURY
OXFORDSHIRE
OX7 3EW



ACUTE LIMITED

COMPANY INFORMATION

Company Number: 2536708 (England & Wales)

Directors: Amanda Lismer
Peter Lismer

Secretary: Peter Lismer

Registered Office: 39 High Street
Burford
Oxfordshire
OX18 4QE

Auditors: The Southill Partnership
Registered Auditors
Southill
Cornbury Park
Charlbury
Oxfordshire
OX7 3EW

Bankers: Barclays Bank Plc
Oxford City Office
High Street
Oxford
OX1 3HS

ACUTE LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1997

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ACUTE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH SEPTEMBER 1997

The directors present their report and the financial statements for the year ended 30th September 1997.

Principal activities

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 hairdressing.

Review of business

The directors are disappointed with the loss for the year, but are looking forward to a profitable year in 1998. 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.

Fixed assets

Changes in fixed assets during the year are set out in the notes to the financial statements.

Results and dividends

The directors do not recommend the payment of a dividend.

Directors' interests

The directors of the company during the year and their interests in the share capital of the company as recorded in the register of directors' interests were as follows:

	1997 No.	1996 of shares
Amanda Lismer	1	1
Peter Lismer	1	1

Cont.../...

ACUTE LIMITED

DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 30TH SEPTEMBER 1997

Responsibilities of the directors

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the 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

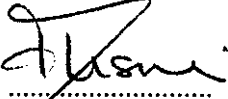
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Auditors

The auditors, The Southill Partnership, are deemed to be re-appointed in accordance with Section 386 of the Companies Act 1985.

On behalf of the board



.....
Peter Lismer

Date: 22nd July 1998

39 High Street
Burford
Oxfordshire
OX18 4QE

REPORT OF THE AUDITORS
TO THE SHAREHOLDERS OF
ACUTE LIMITED
FOR THE YEAR ENDED 30TH SEPTEMBER 1997

We have audited the financial statements on the pages 4 to 11 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 in the directors' report 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 financial 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 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 misstatements, 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 at 30th September 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



The Southill Partnership
Chartered Accountants
Registered Auditors
Southill
Cornbury Park
Charlbury
Oxfordshire
OX7 3EW

Date: 24/7/98.

ACUTE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH SEPTEMBER 1997

	Note	1997 £	1996 £
Turnover	2	57,073	58,893
Cost of sales		14,714	11,104
Gross profit		<u>42,359</u>	<u>47,789</u>
Administrative expenses		44,234	45,002
Operating (loss)/profit	3	<u>(1,875)</u>	<u>2,787</u>
Other interest receivable & similar income		1	1
Interest payable	5	(1,439)	(1,521)
(Loss)/Profit on ordinary activities before taxation		<u>(3,313)</u>	<u>1,267</u>
Tax on profit on ordinary activities	6	232	(825)
Retained (loss)/profit for the year		<u>£(3,081)</u>	<u>£ 442</u>

The company has made no acquisitions nor discontinued any operations within the meaning of Financial Reporting Standard 3 during 1997 therefore turnover and operating profit derive entirely from continued operations.

The company has no recognised gains or losses other than the profit for the financial year.

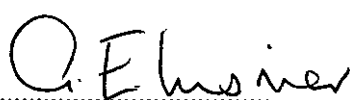
ACUTE LIMITED

BALANCE SHEET

AT 30TH SEPTEMBER 1997

	Note	1997	1996
		£	£
Fixed assets			
Intangible assets	7	3,600	4,800
Tangible assets	8	4,833	6,813
		8,433	11,613
Current assets			
Stocks	9	19,620	19,257
Debtors	10	983	3,364
Cash at bank and in hand		1,975	163
		22,578	22,784
Creditors			
Amounts falling due within one year	11	12,469	11,496
Net current assets		10,109	11,288
Total assets less current liabilities		18,542	22,901
Creditors			
Amounts falling due after more than one year	12	(25,127)	(26,405)
Net liabilities		£ (6,585)	£ (3,504)
Capital and reserves			
Called up share capital	13	2	2
Profit and loss account	14	(6,587)	(3,506)
Shareholders' funds	15	£ (6,585)	£ (3,504)

Approved by the board of directors on 22nd July 1998 (date) and signed on its behalf.


.....
Amanda Lismer

ACUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1997

1. Accounting policies

The financial statements are prepared under the historical cost convention and incorporate the results of the principal activity which is described in the directors' report and which is continuing.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

Depreciation and diminution in value of assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold buildings	- The period of the lease
Fixtures and fittings	- 3 to 10 years on cost

Stocks

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

Deferred taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent it is considered that a net liability may crystallise.

Leasing

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

Goodwill

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets. It is being written off in equal annual instalments over its estimated economic life.

Cashflow statement

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

ACUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH SEPTEMBER 1997

2. Turnover

The turnover and loss (1996 - profit) before taxation for the year is attributable to the principal activity of the company which is as described in the directors' report.

3. Operating loss

	1997 £	1996 £
This is stated after charging:		
Auditors' remuneration and expenses	220	220
Depreciation and amortisation of owned assets	3,454	3,573
	<u> </u>	<u> </u>

4. Staff costs

The average number of persons employed by the company, including directors, during the year was as follows:

	1997	1996
Office and Management	5	5
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	1997 £	1996 £
Wages and Salaries	21,778	21,591
	<u> </u>	<u> </u>
	£21,778	£21,591
	<u> </u>	<u> </u>

5. Interest payable

	1997 £	1996 £
Interest payable - bank loans and overdraft repayable within five years	1,439	1,521
	<u> </u>	<u> </u>

ACUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH SEPTEMBER 1997

6. Taxation on profit on ordinary activities

	1997	1996
	£	£
Current year:		
United Kingdom Corporation Tax	(232)	825
	<u>£(232)</u>	<u>£ 825</u>

Corporation Tax has been (credited)/charged at 22.5% (1996 24.5%).

7. Intangible fixed assets

	Goodwill £
Cost:	
At 1st October 1996	11,999
At 30th September 1997	<u>11,999</u>
Amortisation:	
At 1st October 1996	7,199
Charge for the year	1,200
At 30th September 1997	<u>8,399</u>
Net book value:	
At 30th September 1997	<u>£ 3,600</u>
At 30th September 1996	<u>£ 4,800</u>

ACUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH SEPTEMBER 1997

8. Tangible fixed assets

	Land and Buildings £	Fixtures and Fittings £	Total £
Cost:			
At 1st October 1996	9,429	8,965	18,394
Additions	-	274	274
At 30th September 1997	9,429	9,239	18,668
Depreciation:			
At 1st October 1996	5,657	5,924	11,581
Charge for the year	943	1,311	2,254
At 30th September 1997	6,600	7,235	13,835
Net book value:			
At 30th September 1997	£ 2,829	£ 2,004	£ 4,833
At 30th September 1996	£ 3,772	£ 3,041	£ 6,813

9. Stocks

	1997 £	1996 £
Raw materials and finished goods	19,620	19,257

10. Debtors

	1997 £	1996 £
Due within one year:		
Trade debtors	686	1,860
Other debtors	15	-
Taxation	232	-
Prepayments	50	1,504
	£ 983	£3,364

ACUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH SEPTEMBER 1997

11. Creditors - amounts falling due within one year

	1997	1996
	£	£
Bank loans	1,041	2,890
Trade creditors	7,047	3,821
Corporation tax	-	825
Other taxes and social security	1,935	2,017
Accruals and deferred income	2,446	1,943
	<u>£12,469</u>	<u>£11,496</u>

12. Creditors - amounts falling due after more than one year

	1997	1996
	£	£
Bank loan accounts	14,852	15,866
Directors current accounts	10,275	10,539
	<u>£25,127</u>	<u>£26,405</u>

13. Share capital

	1997	1996
Authorised		
Ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
	£	£
Allotted, called up and fully paid		
Ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

14. Profit and loss account

	1997
	£
Balance at 1st October 1996	(3,506)
Loss suffered for the year	(3,081)
	<u> </u>
Balance at 30th September 1997	<u>£(6,587)</u>

ACUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30TH SEPTEMBER 1997

15. Reconciliation of movements in shareholders' funds

	1997	1996
	£	£
(Loss)/Profit for the financial year	(3,081)	442
Shareholders' funds at 1st October 1996	(3,504)	(3,946)
Shareholders' funds at 30th September 1997	<u>£(6,585)</u>	<u>£(3,504)</u>

16. Transactions with directors and officers

The company is controlled by the directors as disclosed in the director's report. As at the balance sheet date the directors own investment in the company is £10,275. The directors have also personally guaranteed bank borrowings.