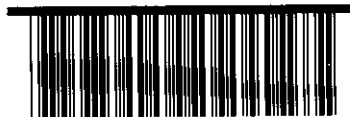


ROC

COMPANY NUMBER:
2536708 (ENGLAND & WALES)

ACUTE LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 1999

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



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COMPANIES HOUSE

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26/07/00

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

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

ACUTE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH SEPTEMBER 1999

The directors present their report and the financial statements for the year ended 30th September 1999.

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 consider the profit achieved on ordinary activities before taxation to be satisfactory. 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:

	1999	1998
	No.	of shares
Amanda Lismer	1	1
Peter Lismer	1	1

ACUTE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH SEPTEMBER 1999

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

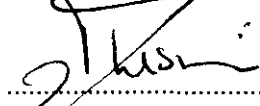
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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: 20.7.00

39 High Street
Burford
Oxfordshire
OX18 4QE

REPORT OF THE AUDITORS
TO THE SHAREHOLDERS OF
ACUTE LIMITED
FOR THE YEAR ENDED 30TH SEPTEMBER 1999

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.

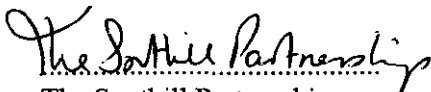
Basis of opinion

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 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 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 1999 and of its profit 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: 24/7/00

ACUTE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH SEPTEMBER 1999

	Note	1999 £	1998 £
Turnover	2	61,272	57,467
Cost of sales		19,842	16,672
Gross Profit		41,430	40,795
Administrative expenses		39,060	38,885
Operating profit	3	2,370	1,910
Other interest receivable & similar income		1	14
Interest payable	5	(1,198)	(1,471)
Profit on ordinary activities before taxation		1,173	453
Tax on profit on ordinary activities	6	(615)	(616)
Retained profit/(loss) for the year		£ 558	£ (163)

The company has made no acquisitions nor discontinued any operations within the meaning of Financial Reporting Standard 3 during 1999 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.

The annexed notes form part of these financial statements.

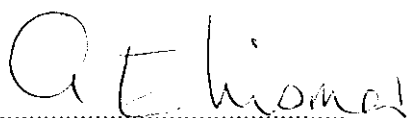
ACUTE LIMITED

BALANCE SHEET

AS AT 30TH SEPTEMBER 1999

	Note	£	1999 £	£	1998 £
Fixed assets					
Intangible assets	7		1,200		2,400
Tangible assets	8		1,459		2,831
			2,659		5,231
 Current assets					
Stocks	9	16,903		17,395	
Debtors	10	332		1,521	
Cash at bank and in hand		431		93	
		17,666		19,009	
 Creditors					
Amounts falling due within one year	11	(14,442)		(15,262)	
Net current assets			3,224		3,747
Total assets less current liabilities			5,883		8,978
 Creditors					
Amounts falling due after more than one year	12		(12,073)		(15,726)
Net liabilities			£ (6,190)		£ (6,748)
 Capital and reserves					
Called up share capital	13		2		2
Profit and loss account	14		(6,192)		(6,750)
Shareholders' funds	15		£ (6,190)		£ (6,748)

Approved by the board of directors on 20/10 (date) and signed on its behalf.



Amanda Lismer

The annexed notes form part of these financial statements.

ACUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1999

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 improvements	- 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

FOR THE YEAR ENDED 30TH SEPTEMBER 1999

2. Turnover

The turnover and profit (1998 - 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 profit

	1999 £	1998 £
This is stated after charging:		
Auditors' remuneration	245	250
Depreciation and amortisation of owned assets	2,572	3,414
	<u> </u>	<u> </u>

4. Staff costs

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

	1999	1998
Office and management	5	5
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	1999 £	1998 £
Wages and salaries	20,000	21,373
Social security	739	926
	<u> </u>	<u> </u>
	£20,739	£22,299
	<u> </u>	<u> </u>

5. Interest payable

	1999 £	1998 £
Interest payable - bank loans and overdraft and other loans repayable in more five years	1,198	1,471
	<u> </u>	<u> </u>

ACUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1999

6. Taxation on profit on ordinary activities

	1999	1998
	£	£
Current year:		
United Kingdom Corporation Tax	615	616
	<u> </u>	<u> </u>
	£615	£616
	<u> </u>	<u> </u>

Corporation Tax has been charged/(credited) at 20.5% (1998 22.5%).

7. Intangible fixed assets

	Goodwill
	£
Cost:	
At 1st October 1998	11,999
	<u> </u>
At 30th September 1999	11,999
	<u> </u>
Amortisation:	
At 1st October 1998	9,599
Charge for the year	1,200
	<u> </u>
At 30th September 1999	10,799
	<u> </u>
Net book value:	
At 30th September 1999	£ 1,200
	<u> </u>
	<u> </u>
At 30th September 1998	£ 2,400
	<u> </u>
	<u> </u>

ACUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1999

8. Tangible fixed assets

	Leasehold Improvements £	Fixtures and Fittings £	Total £
Cost:			
At 1st October 1998	9,429	8,793	18,222
At 30th September 1999	9,429	8,793	18,222
Depreciation:			
At 1st October 1998	7,543	7,848	15,391
Charge for the year	943	429	1,372
At 30th September 1999	8,486	8,277	16,763
Net book value:			
At 30th September 1999	£ 943	£ 516	£ 1,459
At 30th September 1998	£ 1,886	£ 945	£ 2,831

9. Stock

	1999 £	1998 £
Raw materials and goods for resale	16,903	17,395

10. Debtors

	1999 £	1998 £
Due within one year:		
Other debtors	-	190
Prepayments	332	1,331
	£ 332	£1,521

ACUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1999

11. Creditors - amounts falling due within one year

	1999	1998
	£	£
Bank loans	2,152	3,327
Trade creditors	7,257	6,648
Corporation tax	627	616
Other taxes and social security	1,306	1,983
Accruals and deferred income	3,100	2,688
	<u>£14,442</u>	<u>£15,262</u>

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

	1999	1998
	£	£
Bank loan accounts	12,073	13,713
Directors' current accounts	-	2,013
	<u>£12,073</u>	<u>£15,726</u>

Of the above bank loan amount £4,886 falls due after more than five years. The loan is repayable by monthly installments at 7.2% interest per annum.

13. Share capital

	1999	1998
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

	1999
	£
Balance at 1st October 1998	(6,750)
Profit retained for the year	558
	<u> </u>
Balance at 30th September 1999	<u>£(6,192)</u>

ACUTE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1999

15. Reconciliation of movements in shareholders' funds

	1999	1998
	£	£
Profit/(Loss) for the financial year	558	(163)
Shareholders' funds at 1st October 1998	(6,748)	(6,585)
Shareholders' funds at 30th September 1999	<u>£(6,190)</u>	<u>£(6,748)</u>

16. Transactions with directors and officers

The company is controlled by the directors as disclosed in the director's report. No amounts are due to directors at the balance sheet date. The directors have also entered into personal guarantees to support bank borrowings.