

SIL MANAGEMENT SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
31ST JULY 1992

KIDSONS IMPEY



Company No: 356329

SIL MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT

31st July 1992

The directors present their report and the audited financial statements for the year ended 31st July 1992. (Comparatives are for the eighteen months ended 31st July 1991).

Business review

The company's principal activity is that of the sale of inter-linings and components to clothing manufacturers.

Profit, dividends and appropriations

The results for the year are shown in the profit and loss account on page 3.

Future developments

On 28th February 1992, the company's main business was sold. Since that date, the directors have continued to trade where possible with the intention of securing repayment of the company's creditors over the next few years.

Directors

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

	31st July 1992 Ordinary shares	31st January 1991 Ordinary shares
D.E. Morris	2207	2199
V.R. Morris	3	1
P.A.J. Morris	277	275
P.M.D. Morris	277	275
A.P. Holland	-	-
E.S. Morris	-	-
Mrs H. Morris (Australian)	-	-

Auditors

Kidsons Impey have agreed to offer themselves for re-election as auditors of the company.

By order of the board


D.E. Morris

Secretary

Unit 1, Robin Mills,
Leeds Road,
Greengates,
Bradford
BD10 9TE.

30th November 1993

SIL MANAGEMENT SERVICES LIMITED

AUDITORS' REPORT

**Auditors' report to the members of
SIL Management Services Limited**

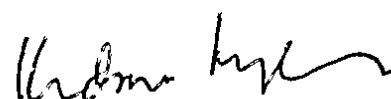
We have audited the financial statements on pages 3 to 10 in accordance with Auditing Standards except that the scope of our work was limited by the matters referred to in the paragraphs below.

During this year and the preceding period, the accounting records were not kept fully up to date and certain documents supporting transactions have been mislaid. Corrective action has been taken subsequent to the balance sheet date to bring the records up to date except that the timing and identity of certain transactions are unclear.

The financial statements have been prepared on a going concern basis. This basis may not be appropriate because debtors include £369,288 owed by connected companies (see Notes 8 and 13). The assets and liabilities of these connected companies were transferred to the company on 28th February 1992. The remaining debtors of £369,288 are unlikely to be recovered and this factor indicates that the company may be unable to continue trading.

Due to the significance of the matters referred to in the preceding paragraphs we are unable to express an opinion on whether the profit and loss account shows a true and fair view of the loss for the period ended 31st July 1992 or whether the balance sheet shows a true and fair view of the state of affairs at 31st July 1992. In all other respects in our opinion the financial statements have been properly prepared in accordance with the Companies Act 1985.

In our opinion, the company is entitled for the year ended 31st July 1992 to the exemption conferred by Section 248 of the Companies Act 1985 from the requirement to prepare group accounts.



**Kidsons Impey
Registered Auditors
Chartered Accountants**

Leeds

30th November 1993

SIL MANAGEMENT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st July 1992

	Note	1992 £	1991 £
Turnover		1182590	2347066
Cost of sales		(977776)	(1882075)
Gross profit		204814	464791
Administrative expenses		(173007)	(464550)
Operating profit	2	31807	441
Interest payable	4	(64339)	(98334)
(Loss) on ordinary activities before taxation		(32532)	(97893)
Taxation	5	-	-
(Loss)/profit on ordinary activities after taxation		(32532)	(97893)
Retained profits brought forward		39147	137040
Retained profits carried forward		6615	39147

SIL MANAGEMENT SERVICES LIMITED

BALANCE SHEET

at 31st July 1992

	Note	£	1992 £	£	1991 £
Fixed assets					
Tangible assets	6		10823		60447
Investments	7		225014		-
			<u>235837</u>		<u>60447</u>
Current assets					
Stocks		-		287891	
Debtors	8	409620		766289	
		<u>409620</u>		<u>1054180</u>	
Creditors: amounts falling due within one year	9	(286448)		(744327)	
		<u></u>		<u></u>	
Net current assets			<u>123172</u>		<u>309853</u>
Total assets less current liabilities			359009		370300
Creditors: amounts falling due after more than one year	10		(342271)		(321044)
			<u>16738</u>		<u>49256</u>
Capital and reserves					
Called up share capital	12		2764		2750
Share premium account			7359		7359
Profit and loss account			6615		39147
			<u>16738</u>		<u>49256</u>

The financial statements on pages 3 to 11 were approved by the board of directors on 30th November 1993.

P.M.D. Morris

)
)
) Director

NOTES ON ACCOUNTS

31st July 1992

1. Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules and on the basis of a going concern. They comply with Statements of Standard Accounting Practice.

Group accounts have not been prepared because the company is the parent company of a group which qualifies as a small group in accordance with Section 249 of the Companies Act 1985.

Depreciation

Depreciation of fixed assets is charged by annual instalments commencing with the year of acquisition at rates estimated to write off their cost less any residual value over the expected useful lives which are as follows:-

Plant and machinery	4 years
Fixtures and equipment	4 years
Motor vehicles	4 years

Finance leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in accordance with the straight line method.

Research and development

Expenditure on research and development incurred in the year other than on fixed assets is charged against profits.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the costs of disposal.

Cash flow

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.

SIL MANAGEMENT SERVICES LIMITED

NOTES ON ACCOUNTS

31st July 1992
(continued)

2.	Operating profit/(loss)	1992 £	1991 £
	Operating (loss)/profit is stated after charging: Auditors' remuneration	750	500
	Operating leases Rent payable	41236	46475
	Depreciation of tangible fixed assets (note 6)	3532	3070
3.	Directors and employees Staff costs including directors' emoluments		
	Wages and salaries	94491	193813
	Social security costs	22971	23336
	Other pension costs	13011	14403
		130473	231552
	Average number employed including executive directors	13	21
	Directors Directors' emoluments	57177	156976
	Emoluments excluding pension scheme contributions: Chairman and highest paid director	15291	41331
	Other directors		
	£ 0 - £ 5000	2	2
	£5001 - £10000	2	-
	£10001 - £15000	2	-
	£15001 - £20000	-	1
	£20001 - £25000	-	-
	£25001 - £30000	-	2
	£30001 - £35000	-	1

SIL MANAGEMENT SERVICES LIMITED

NOTES ON ACCOUNTS

31st July 1992
(continued)

4. Interest payable

	1992 £	1991 £
Bank overdrafts	25278	52154
Finance leases and hire purchase contracts	1605	6210
Directors' loans	37456	39970
	<u>64339</u>	<u>98334</u>

5. Taxation

In view of the trading losses incurred by the company, there is no corporation tax charge (1991 : Nil) and no potential liability for deferred taxation.

6. Tangible fixed assets

	Plant & machinery £	Fixtures & equipment £	Motor vehicles £	Total £
Cost				
31st July 1991	30578	63947	65395	159920
Additions	-	22083	24345	46428
Disposals	(477598)	(96913)	(110564)	(635075)
Group transfers	447281	11488	35179	493948
	<u>261</u>	<u>605</u>	<u>14355</u>	<u>15221</u>
31st July 1992				
Depreciation				
31st July 1991	26464	42389	30620	99473
Charge for year	-	-	3532	3532
Disposals	(216136)	(47278)	(57526)	(320940)
Group transfers	189933	5494	26906	222333
	<u>261</u>	<u>605</u>	<u>3532</u>	<u>4398</u>
31st July 1992				
Net book amount				
31st July 1992	-	-	10823	10823

SIL MANAGEMENT SERVICES LIMITED

NOTES ON ACCOUNTS

31st July 1992
(continued)

7.	Fixed asset investment	Preference Shares in connected company	Ordinary Shares in subsidiary companies	Total
		£	£	£
	Additions	225000	14	225014
	31st July 1992	225000	14	225014

During the year the company acquired 100% of the share capital of two companies, R.H. Manufacturing Co. Ltd. and Suitability 2000 Ltd. Both of these companies had ceased to trade and their assets and liabilities were transferred to SIL Management Services Limited.

8. Debtors

Amounts falling due within one year

	1992 £	1991 £
Trade debtors	-	318700
Corporation tax repayable	1068	1068
Other debtors	39264	11830
	<u>40332</u>	<u>331598</u>

Amounts falling due after more than one year

Amounts owed by subsidiary (formerly (connected) companies	369288	434691
	<u>409620</u>	<u>766289</u>

9. Creditors: amounts falling due within one year

Bank overdraft and loans (note 10)	74105	269240
Trade creditors	187495	428861
Other taxation and social security	17593	43597
Finance leases and hire purchase contracts (note 10)	7255	2629
	<u>286448</u>	<u>744327</u>

SIL MANAGEMENT SERVICES LIMITED

NOTES ON ACCOUNTS

31st July 1992
(continued)

10. Creditors: amounts falling due after more than one year

	1992 £	1991 £
Directors' loans	342271	321044

The bank overdraft is secured by a fixed and floating charge over the company's assets and is supported by third party guarantees. Directors' loans of £150000 are also secured by a fixed and floating charge.

The company has also given an unlimited guarantee in support of its connected companies' borrowing facilities. This company and its connected companies (see Note 13) are dependent upon the continuing support of their creditors.

Obligations under finance leases and hire purchase contracts are repayable over varying periods by monthly instalments. Interest rates vary as fixed by the finance companies.

11. Deferred taxation

No potential liability for deferred taxation arises as at 31st July 1992 or 31st July 1991.

12. Share capital

	Number of shares	1992 £	Number of shares	1991 £
Authorised				
Ordinary shares of £1 each	3000	3000	3000	3000
Allotted called up and fully paid				
Ordinary shares of £1 each	2764	2764	2750	2750

During the year, 14 ordinary shares of £1 each were issued in consideration for the acquisition of shares in two connected companies, R.H. Manufacturing Co. Limited and Suitability 2000 Limited (see Note 13).

SIL MANAGEMENT SERVICES LIMITED

NOTES ON ACCOUNTS

31st July 1992
(continued)

13. Transactions with directors

D.E.Morris, V.R. Morris, P.A.J. Morris and P.M.D. Morris are directors and were shareholders of two 'connected' companies, R.H. Manufacturing Co. Ltd and Suitability 2000 Limited. During the year the trade assets and liabilities and the share capital of these two companies were transferred to SIL Management Services Limited. P.A.J. Morris and P.M.D. Morris are also directors and shareholders in Suitability Interlinings Limited, a company which purchased on an arms length basis the main business of SIL Management Services Ltd. in February 1992.

14. Pension Schemes

The company operates defined contribution pension schemes. The pension cost charge representing contributions payable by the company is shown in note 3.

SIL MANAGEMENT SERVICES LIMITED
TRADING AND PROFIT AND LOSS ACCOUNT

for the year ended 31st July 1992

	Year ended 31st July 1992		18 months ended 31st July 1991	
	£	£	£	£
Sales		1182590		2347066
Purchases	905571		1717231	
Carriage	41010		107968	
Packing materials	9812		22434	
Agents commission	21383		34442	
		<u>977776</u>		<u>1882075</u>
Gross profit		204814		464991
Employment costs	139873		231552	
Rent, rates and power	47793		46475	
Telephone and cables	7840		15397	
Insurances	33222		39669	
Machine rental	19454		3860	
Repairs and renewals	11787		8260	
Motor and travelling	45521		70581	
Printing and stationery	2673		9190	
Advertising and promotion expenses	3957		19295	
Postage and subscriptions	1729		5593	
Training and recruitment	971		7174	
Sundry expenses	23364		19646	
Auditors remuneration	3950		5383	
Legal and professional	63635		60659	
Bad debts	8739		(12247)	
Interest and charges	67134		96124	
Hire purchase interest	1605		6210	
Depreciation	3532		3070	
Relocation expenses	-		4121	
Loss/(Profit) on sale of fixed assets	(69433)		439	
Exceptional items	-		(20567)	
		<u>417346</u>		<u>619884</u>
		(212532)		(154993)
Management charges		180000		57000
Net (loss) for the period		(32532)		(97893)