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**LELIEVRE (UK) LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 1997**

Company Number: 01446023



**LELIEVRE (UK) LIMITED**

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**Company Information**

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<b>Directors</b>	P Lelievre F J Kortenbout
<b>Secretary</b>	F J Kortenbout
<b>Company Number</b>	01446023
<b>Registered Office</b>	101 Cleveland Street London W1P 5PN
<b>Auditors</b>	Barnes Roffe Chartered Accountants Registered Auditors 840 - 844 High Road London E10 6AE

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**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1997**

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The directors present their report and the financial statements for the year ended 31 December 1997.

**Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements 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 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.

**Principal activity**

The principal activity of the company in the year under review was that of selling agents for the sale of furnishing fabrics.

**Directors**

The directors who served during the year and their beneficial interests in the company's issued share capital were :

	Ordinary shares of £1 each	
	1997	1996
P Lelievre	-	-
F J Kortenbout	-	-

**Auditors**

The auditors, Barnes Roffe, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

**Small company exemptions**

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies.

This report was approved by the board on 9 April 1998 and signed on its behalf.



F J Kortenbout  
Secretary

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AUDITORS' REPORT TO THE SHAREHOLDERS OF LELIEVRE (UK) LIMITED

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We have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention 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.

**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 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



**Barnes Roffe**

Chartered Accountants  
Registered Auditors  
840 - 844 High Road  
London  
E10 6AE

20 May 1998

**PROFIT AND LOSS ACCOUNT**  
For the year ended 31 December 1997

	Note	12 months ended 31 December 1997 £	18 months ended 31 December 1996 £
TURNOVER	1,2	326,907	941,774
Cost of sales		5,518	(478,869)
GROSS PROFIT		332,425	462,905
Distribution costs		(37,848)	(93,220)
Administrative expenses		(243,861)	(377,238)
OPERATING PROFIT/(LOSS)	3	50,716	(7,553)
Loss on disposal of fixed assets		(820)	-
		49,896	(7,553)
Interest receivable		1,052	12,416
Interest payable	5	(803)	(8,432)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		50,145	(3,569)
TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	6	(2,232)	(1,200)
RETAINED PROFIT/(LOSS) FOR THE YEAR		47,913	(4,769)
(LOSS)/RETAINED PROFIT BROUGHT FORWARD		(2,013)	2,756
RETAINED PROFIT/(LOSS) CARRIED FORWARD		£ 45,900	£ (2,013)

Turnover and operating profit derive wholly from continuing operations.

There were no recognised gains and losses for 1997 or 1996 other than those included in the profit and loss account.

The notes on pages 5 to 9 form part of these financial statements.

**BALANCE SHEET**  
As at 31 December 1997

	Note	£	1997 £	£	1996 £
<b>FIXED ASSETS</b>					
Tangible assets	7		45,990		36,023
<b>CURRENT ASSETS</b>					
Debtors	8	37,666		59,593	
Cash at bank and in hand		28,314		25,412	
		<u>65,980</u>		<u>85,005</u>	
<b>CREDITORS: amounts falling due within one year</b>	9	(58,383)		(122,941)	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>7,597</u>		<u>(37,936)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>53,587</u>		<u>(1,913)</u>
<b>CREDITORS: amounts falling due after more than one year</b>	10		(7,587)		-
<b>NET ASSETS/(LIABILITIES)</b>			<u>£ 46,000</u>		<u>£ (1,913)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	11		100		100
Profit and loss account			45,900		(2,013)
<b>SHAREHOLDERS' FUNDS - All equity</b>	12		<u>£ 46,000</u>		<u>£ (1,913)</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies.

The financial statements were approved by the board on 9 April 1998 and signed on its behalf.

P Lelievre

Director

FJ Kortebout

Director

The notes on pages 5 to 9 form part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 1997**

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**1. ACCOUNTING POLICIES****1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report and 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 comprises the invoiced value of services supplied by the company, exclusive of value added tax and trade discounts.

**1.3 Tangible fixed assets and depreciation**

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

Motor vehicles	-	25%	per annum straight line
Fixtures & fittings	-	20%	per annum straight line
Office equipment	-	25%	per annum straight line

**1.4 Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. 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 Deferred Taxation**

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

**1.6 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

**2. TURNOVER**

98.74% of the company's turnover (1996 - 26.08%) is attributable to geographical markets outside the United Kingdom.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 1997**

**3. OPERATING PROFIT/(LOSS)**

The operating profit/(loss) is stated after charging:

	12 months ended 31 December 1997 £	18 months ended 31 December 1996 £
Depreciation of tangible fixed assets		
- owned by the company	9,164	22,937
- held under hire purchase contracts	4,324	-
Auditors' remuneration	4,500	4,700

**4. DIRECTORS' REMUNERATION**

	12 months ended 31 December 1997 £	18 months ended 31 December 1996 £
Aggregate emoluments	£ 60,012	£ 91,798
Company payments to money purchase pension schemes	£ 1,333	£ 1,000

During the year retirement benefits were accruing to one director in respect of money purchase pension schemes (1996 - one ).

**5. INTEREST PAYABLE**

Included in interest payable is interest on hire purchase contracts amounting to £803 (1996 - £1,167) .

**6. TAXATION**

	12 months ended 31 December 1997 £	18 months ended 31 December 1996 £
<b>Current year taxation</b>		
UK corporation tax at 21%&24% (1996-24.5%)	£ 2,232	£ 1,200



**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 1997

**7. TANGIBLE ASSETS**

	<b>Plant &amp; Machinery etc £</b>	<b>Total £</b>
<b>Cost or valuation</b>		
At 1 January 1997	88,936	88,936
Additions	35,775	35,775
Disposals	(25,609)	(25,609)
	<u>99,102</u>	<u>99,102</u>
<b>Depreciation</b>		
At 1 January 1997	52,913	52,913
Charge for the year	13,488	13,488
On disposals	(13,289)	(13,289)
	<u>53,112</u>	<u>53,112</u>
<b>Net Book Value</b>		
At 31 December 1997	<u>£ 45,990</u>	<u>£ 45,990</u>
<i>At 31 December 1996</i>	<u>£ 36,023</u>	<u>£ 36,023</u>

The net book amounts of plant and machinery above include £30,859 (1996-£4,951) in respect of assets held under hire purchase contracts.

**8. DEBTORS**

	<b>1997 £</b>	<b>1996 £</b>
<b>Due within one year</b>		
Trade debtors	214	973
Amounts owed by group undertakings	26,213	23,459
Other debtors	11,239	35,161
	<u>£ 37,666</u>	<u>£ 59,593</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 1997**

**9. CREDITORS:**  
**Amounts falling due within one year**

	1997 £	1996 £
Net obligations under finance lease and hire purchase contracts	11,248	1,360
Trade creditors	855	2,955
Amounts owed to group undertakings	29,152	101,045
Corporation tax	2,232	1,200
Other creditors	14,896	16,381
	<u>£ 58,383</u>	<u>£ 122,941</u>

Included within other creditors is an amount of £8,710 (1996-£8,269) relating to social security and other taxes.

**10. CREDITORS:**  
**Amounts falling due after more than one year**

	1997 £	1996 £
Net obligations under finance lease and hire purchase contracts	£ 7,587	£ -
Included within the above are amounts falling due as follows:		
<b>In 1 - 2 years:</b>		
Finance lease and hire purchase obligations	6,994	-
<b>In 2 - 5 years:</b>		
Finance lease and hire purchase obligations	593	-

**11. CALLED UP SHARE CAPITAL**

	1997 £	1996 £
<b>Authorised</b>		
100 ordinary shares of £1 each	£ 100	£ 100
<b>Allotted, called up and fully paid</b>		
100 ordinary shares of £1 each	£ 100	£ 100

**12. SHAREHOLDERS' FUNDS**

**Reconciliation of movements on shareholders' funds**

	1997 £	1996 £
Profit/(loss) for the year	47,913	(4,769)
Opening shareholders' funds	(1,913)	2,856
Closing shareholders' funds	<u>£ 46,000</u>	<u>£ (1,913)</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 1997**

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**13. RELATED PARTIES**

During the year the company charged commission of £322,779 (1996 - £245,602) to H Lelievre S.A., its ultimate parent company, in respect of services provided as selling agents for the sale of furnishing fabrics. P Lelievre, a director of the company, is also a director of H Lelievre S.A.

There were outstanding balances of £29,152 (1996 - £101,045) due to H Lelievre S.A. and £26,213 (1996 - £23,459) due from H Lelievre S.A. at the year end date.

**14. PENSION COMMITMENTS**

The company operates a defined contributions pension scheme covering the directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £4,985 (1996: £5,164) in the year. Contributions totalling £Nil (1996: £Nil) were payable to the fund at the year end.

**15. PARENT COMPANY**

The company regards H. Lelievre S.A., incorporated in France as its ultimate holding company.