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**Nova of London Limited**  
**Directors' Report and Financial Statements**  
**for the year ended 30 June 1997**

1497069 (England and Wales)



**Nova of London Limited**

**Company Information**

<b>Directors</b>	A P S Chawla S S Chawla
<b>Secretary</b>	S S Chawla
<b>Company Number</b>	1497069 (England and Wales)
<b>Registered Office</b>	Cambridge House 27 Cambridge Park Wanstead London E11 2PU
<b>Auditor</b>	A J Press FCCA Cambridge House 27 Cambridge Park Wanstead London E11 2PU
<b>Business Address</b>	Chawlsons House 191-193, Commercial Road London E1 2UY

# Nova of London Limited

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## **Nova of London Limited**

### **Directors' Report for the year ended 30 June 1997**

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

#### **Principal Activities and Review of the Business**

The principal activity of the company during the year was that of wholesalers and retailers of ladies and childrens clothing.

There were no changes in the type of activity of the company during the year.

#### **Results and Dividends**

The results for the year are set out on page 4.

The directors have paid an interim dividend, amounting to £50,000, and they do not recommend payment of a final dividend.

#### **Directors and their Interests**

The directors who served during the year and their interests in the company were as stated below.

	Class of share	Number of shares	
		1997	1996
A P S Chawla	Ordinary shares	17	17
S S Chawla	Ordinary shares	22	22

#### **Political and Charitable Contributions**

During the year the company contributed £1,205 to charities .

#### **Auditor**

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that A J Press FCCA be reappointed as auditor of the company will be put to the Annual General Meeting.

## Nova of London Limited

### Directors' Report for the year ended 30 June 1997 (continued)

#### 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.

This report was approved by the Board on .....



S S Chawla  
Secretary

**Nova of London Limited**

**Auditor's Report  
to the shareholders of Nova of London Limited**

I have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 10.

**Respective responsibilities of directors and auditors**

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


**Basis of opinion**

I conducted my 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.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In my opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
.....

A J Press FCCA  
**Registered Auditor**

Date:.....30/3/98.....

Cambridge House  
27 Cambridge Park  
Wanstead  
London E11 2PU

**Nova of London Limited**

**Profit and Loss Account  
for the year ended 30 June 1997**

	Notes	1997 £	1996 £
<b>Turnover</b>	2	7,099,835	6,472,366
Cost of sales		(6,292,537)	(5,764,130)
<b>Gross profit</b>		807,298	708,236
Distribution costs		(84,907)	(48,513)
Administrative expenses		(544,527)	(346,680)
<b>Operating profit</b>	3	177,864	313,043
Other interest receivable and similar income	4	826	2,700
Interest payable and similar charges	5	(49,155)	(36,780)
<b>Profit on ordinary activities before taxation</b>		129,535	278,963
Tax on profit on ordinary activities	6	(33,762)	(103,760)
<b>Profit on ordinary activities after taxation</b>		95,773	175,203
Dividends	7	(50,000)	(50,000)
<b>Retained profit for the year</b>	14	£ 45,773	£ 125,203

There are no recognised gains and losses other than those passing through the profit and loss account.

**Nova of London Limited**

**Balance Sheet  
as at 30 June 1997**

	Notes	1997	1996
		£	£
<b>Fixed Assets</b>			
Tangible assets	8	767,700	769,461
<b>Current Assets</b>			
Stocks	9	432,319	443,251
Debtors	10	697,770	934,990
Cash at bank and in hand		42,460	3,721
		<u>1,172,549</u>	<u>1,381,962</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(789,181)</u>	<u>(990,448)</u>
<b>Net Current Assets</b>		<u>383,368</u>	<u>391,514</u>
<b>Total Assets Less Current Liabilities</b>		<u>1,151,068</u>	<u>1,160,975</u>
<b>Creditors: amounts falling due after more than one year</b>	12	<u>(144,575)</u>	<u>(200,255)</u>
		<u>£ 1,006,493</u>	<u>£ 960,720</u>
<b>Capital and Reserves</b>			
Called up share capital	13	100	100
Profit and loss account	14	1,006,393	960,620
<b>Shareholders' Funds (equity interests)</b>	15	<u>£ 1,006,493</u>	<u>£ 960,720</u>

The financial statements were approved by the Board on .....

.....  
A P S Chawla

Director

.....  
S S Chawla

Director



Nova of London Limited

Cash Flow Statement  
for the year ended 30 June 1997

	1997	1996
	£	£
Net cash in/outflow from operating activities	287,986	68,281
Returns on investments and servicing of finance		
Interest received	826	2,700
Interest paid	(49,155)	(36,780)
Net cash in/outflow from returns on investments and servicing of finance	(48,329)	(34,080)
Taxation		
Corporation tax paid (including advance corporation tax)	(103,760)	(61,709)
Tax paid	(103,760)	(61,709)
Capital expenditure		
Payments to acquire tangible assets	(43,230)	(3,612)
Receipts from sales of tangible assets	1,800	-
Net cash in/outflow from capital expenditure	(41,430)	(3,612)
Net cash in/outflow before management of liquid resources and financing	94,467	31,120
Equity dividends paid	50,000	50,000
Net cash in/outflow before management of liquid resources and financing	44,467	81,120
Financing		
Repayment of long term bank loan	(55,680)	(40,583)
Net cash in/outflow from financing	(55,680)	(40,583)
In/Decrease in cash	£ (11,213)	£ (121,703)

**Nova of London Limited**

**Notes to the Cash Flow Statement  
for the year ended 30 June 1997**

<b>1 Reconciliation of operating profit to net cash in/outflow from operating activities</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Operating profit	177,864	313,043
Depreciation of tangible assets	43,089	35,392
Loss on disposal of tangible assets	102	-
Decrease in stocks	10,932	(451)
Decrease in debtors	237,220	(285,313)
Decrease in creditors due within one year	(181,221)	5,610
<b>Net cash in/outflow from operating activities</b>	<b>£ 287,986</b>	<b>£ 68,281</b>

<b>2 Analysis net(debt)/funds</b>	<b>1 April 1996</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>31 March 1997</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Net cash:				
Cash at bank and in hand	3,721	38,739		42,460
Bank overdrafts	(379,808)	(49,952)		(429,760)
	<u>376,087</u>	<u>11,213</u>		<u>387,300</u>
Debt:				
Debt due within one year	65,831	-		65,831
Debt due after one year	200,255	55,680		144,575
	<u>266,086</u>	<u>55,680</u>	<u>-</u>	<u>210,406</u>
Net (debt)/funds	<u>£ 642,173</u>	<u>£ 44,467</u>	<u>£ -</u>	<u>£ 597,706</u>

<b>3 Reconciliation of net cash flow to movement in net debt</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
In/Decrease in cash in the year	11,213	121,703
Cash flow from increase in debt/lease financing	55,680	40,583
Movement in net funds in the year	<u>44,467</u>	<u>81,120</u>
Opening net debt	642,173	561,053
Closing net funds	<u>597,706</u>	<u>642,173</u>

## **Nova of London Limited**

### **Notes to the Financial Statements for the year ended 30 June 1997**

#### **1. Accounting Policies**

##### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

##### **1.2 Turnover**

Turnover represents amounts receivable for goods and services provided in the UK net of VAT 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 less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Straight line over fifty years
Leasehold properties	-	Straight line over the life of the lease
Fixtures, fittings and equipment	-	15% Reducing balance
Motor vehicles	-	25% Reducing balance

##### **1.4 Stock**

Stock is valued at the lower of cost and net realisable value.

##### **1.5 Deferred taxation**

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

##### **1.6 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

#### **2. Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the U.K.

**Nova of London Limited**

**Notes to the Financial Statements  
for the year ended 30 June 1997**

<b>3. Operating Profit</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging:		
Depreciation of tangible assets	43,089	35,392
Hire of plant and machinery	-	1,151
Auditors' remuneration	4,600	4,600
	<u>          </u>	<u>          </u>
 <b>4. Other Interest Receivable and Similar Income</b>	 <b>1997</b>	 <b>1996</b>
	<b>£</b>	<b>£</b>
Bank interest received	826	2,700
	<u>          </u>	<u>          </u>
 <b>5. Interest Payable</b>	 <b>1997</b>	 <b>1996</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	49,040	36,239
On overdue tax	115	541
	<u>          </u>	<u>          </u>
	£ 49,155	£ 36,780
	<u>          </u>	<u>          </u>
 <b>6. Taxation</b>	 <b>1997</b>	 <b>1996</b>
	<b>£</b>	<b>£</b>
U.K. Current year taxation		
U.K. Corporation tax at 24% (1996 - 27%)	33,762	103,760
	<u>          </u>	<u>          </u>
 <b>7. Dividends</b>	 <b>1997</b>	 <b>1996</b>
	<b>£</b>	<b>£</b>
Ordinary interim paid	50,000	50,000
	<u>          </u>	<u>          </u>

**Nova of London Limited**

**Notes to the Financial Statements  
for the year ended 30 June 1997**

<b>3. Operating Profit</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging:		
Depreciation of tangible assets	43,089	35,392
Hire of plant and machinery	-	1,151
Auditors' remuneration	4,600	4,600
	<u>          </u>	<u>          </u>
 <b>4. Other Interest Receivable and Similar Income</b>	 <b>1997</b>	 <b>1996</b>
	<b>£</b>	<b>£</b>
Bank interest received	826	2,700
	<u>          </u>	<u>          </u>
 <b>5. Interest Payable</b>	 <b>1997</b>	 <b>1996</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	49,040	36,239
On overdue tax	115	541
	<u>          </u>	<u>          </u>
	£ 49,155	£ 36,780
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	<b>£</b>	<b>£</b>
U.K. Current year taxation		
U.K. Corporation tax at 24% (1996 - 27%)	33,762	103,760
	<u>          </u>	<u>          </u>
 <b>7. Dividends</b>	 <b>1997</b>	 <b>1996</b>
	<b>£</b>	<b>£</b>
Ordinary interim paid 30 June 1997	50,000	50,000
	<u>          </u>	<u>          </u>

Nova of London Limited

Notes to the Financial Statements  
for the year ended 30 June 1997

8. Tangible Assets

	Land and buildings Freehold	Leasehold properties	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 July 1996	224,236	636,742	56,214	87,488	1,004,680
Additions	-	-	245	42,985	43,230
Disposals	-	-	-	(14,250)	(14,250)
At 30 June 1997	<u>224,236</u>	<u>636,742</u>	<u>56,459</u>	<u>116,223</u>	<u>1,033,660</u>
<b>Depreciation</b>					
At 1 July 1996	3,000	135,922	32,626	63,671	235,219
On disposals	-	-	-	(12,348)	(12,348)
Charge for year	500	22,789	3,575	16,225	43,089
At 30 June 1997	<u>3,500</u>	<u>158,711</u>	<u>36,201</u>	<u>67,548</u>	<u>265,960</u>
<b>Net book values</b>					
At 30 June 1997	<u>£ 220,736</u>	<u>£ 478,031</u>	<u>£ 20,258</u>	<u>£ 48,675</u>	<u>£ 767,700</u>
At 30 June 1996	<u>£ 221,236</u>	<u>£ 500,820</u>	<u>£ 23,588</u>	<u>£ 23,817</u>	<u>£ 769,461</u>

9. Stocks

	1997 £	1996 £
Finished goods and goods for resale	<u>432,319</u>	<u>443,251</u>

10. Debtors

	1997 £	1996 £
Trade debtors	607,617	776,016
ACT recoverable	12,500	12,500
Other debtors	61,934	131,414
Prepayments and accrued income	15,719	15,060
	<u>£ 697,770</u>	<u>£ 934,990</u>

**Nova of London Limited**

**Notes to the Financial Statements  
for the year ended 30 June 1997**

<b>11. Creditors: amounts falling due within one year</b>	<b>1997 £</b>	<b>1996 £</b>
Bank loans and overdrafts	495,591	445,639
Trade creditors	222,885	416,529
Corporation tax	39,216	96,714
Other taxes and social security costs	18,389	26,966
Other creditors	10,000	-
Accruals and deferred income	3,100	4,600
	<u>£ 789,181</u>	<u>£ 990,448</u>
 <b>12. Creditors: amounts falling due after more than one year</b>	 <b>1997 £</b>	 <b>1996 £</b>
<b>Loans</b>		
Wholly repayable within five years	210,406	266,086
Included in current liabilities	(65,831)	(65,831)
	<u>£ 144,575</u>	<u>£ 200,255</u>
 <b>13. Share Capital</b>	 <b>1997 £</b>	 <b>1996 £</b>
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
 <b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
 <b>14. Profit And Loss Account</b>	 <b>1997 £</b>	 <b>1996 £</b>
Retained profits at 1 July 1996	960,620	835,417
Retained profit for the year	45,773	125,203
Retained profits at 30 June 1997	<u>£1,006,393</u>	<u>£ 960,620</u>

**Nova of London Limited**

**Notes to the Financial Statements  
for the year ended 30 June 1997**

**15. Reconciliation of Movements in Shareholders' Funds**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	95,773	175,203
Dividends	(50,000)	(50,000)
	<hr/>	<hr/>
Net addition to shareholders' funds	45,773	125,203
Opening shareholders' funds	960,720	835,517
	<hr/>	<hr/>
Closing shareholders' funds	<u>£1,006,493</u>	<u>£ 960,720</u>

**16. Directors' Emoluments**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Emoluments for qualifying services	38,850	29,150
	<hr/>	<hr/>

**17. Employees**

**Number of employees**

The average monthly number of employees (including directors) during the year was:

	<b>1997</b>	<b>1996</b>
	<b>Number</b>	<b>Number</b>
Sales and Administration	21	16
	<hr/>	<hr/>

**Employment costs**

	<b>£</b>	<b>£</b>
Wages and salaries	121,076	92,491
Social security costs	7,638	7,323
	<hr/>	<hr/>
	<u>£ 128,714</u>	<u>£ 99,814</u>