

**JACQUES VERT (RETAIL) LIMITED**

**1 May 1999**

**Report and Financial  
Statements**



## **JACQUES VERT (RETAIL) LIMITED**

### **REPORT OF THE DIRECTORS**

The Directors present their annual report together with the financial statements of the Company for the 52 weeks ended 1 May 1999.

#### **ACTIVITY**

The principal activity of the Company is the retailing of ladies' fashion wear.

#### **REVIEW OF THE BUSINESS**

The Company's turnover increased by £2.4m from £20.6m to £23.0m reflecting the increase in the number of outlets operated by the Company. The Company reported a profit on ordinary activities before taxation for the period of £0.3m (1998: loss £1.7m).

#### **RESULTS AND DIVIDENDS**

The results for the period are set out in the profit and loss account on page 5. The Directors are unable to declare a dividend for the period (1998: £nil). The profit after tax was £0.3m, leaving the Company with an accumulated deficit on profit and loss reserves of £9.4m (1998: £9.7m). Financial support will continue to be provided by the Company's parent undertaking, Jacques Vert Plc, subject to the going concern statement below.

#### **GOING CONCERN**

The Company is a subsidiary of Jacques Vert Plc and relies on its parent undertaking for continuing financial support. The Directors of Jacques Vert Plc have prepared projected cash flow information as described in Note 1 on page 8. On the basis of a review of these projections and the bank facility available to the Group, the Directors believe that the going concern basis of preparation should continue to be adopted for the financial statements of the Company.

#### **DIRECTORS**

The Directors who served during the period, none of whom had any interest in the share capital of the Company, were as follows:

B Heilbron  
P C Allen

The beneficial interests of the Directors in the share capital of the ultimate parent undertaking, Jacques Vert Plc, are shown in the financial statements of that company.

B Heilbron resigned as a Director on 1 October 1999 and W Reid was appointed a Director on 1 October 1999.

#### **TANGIBLE FIXED ASSETS**

The Directors are of the opinion that the book values of the Company's leasehold property at 1 May 1999 are not significantly different from their market value.

#### **PAYMENT POLICY AND PRACTICE**

During the 52 weeks ended 1 May 1999, the Company continued to re-schedule supplier payments and to re-negotiate and agree extended terms of payment with its suppliers. The Directors wish to place on record their appreciation of the continuing support shown by many of the Company's suppliers whilst the Company's performance recovers. The Company does not follow any code or standard on payment practice.

## **JACQUES VERT (RETAIL) LIMITED**

### **REPORT OF THE DIRECTORS**

#### **PAYMENT POLICY AND PRACTICE (CONT)**

It is the Company's policy to settle the terms of payment with all suppliers when agreeing the terms of each transaction, to ensure that all suppliers are made aware of the terms of payment and to abide by the terms of payment. Company trade creditors at 1 May 1999 were equivalent to 54 days (1998: 31 days) of purchases during the 52 weeks ended on that date.

#### **EMPLOYEES**

The Directors place considerable value on the involvement of employees in the operation and development of the business and keep them informed on matters affecting them and the performance of the Company. Information is given at both formal and informal meetings throughout the Company.

In all employment matters, the Company maintains a commitment to an equal opportunity policy.

The Company continues to give full and fair consideration to application for employment by disabled persons, having regard to their respective aptitudes and abilities. The Company has continued its policy of employee involvement by making information available to employees and encouraging their participation in schemes which are related to the Company's progress and profitability.

#### **HEALTH AND SAFETY**

It is the Company's policy to ensure that, so far as is reasonably practicable, there is a working environment which will minimise the risk to the health and safety of employees and to those persons who are authorised to be on its premises.

#### **CHARITABLE DONATIONS**

During the year, the Company made no contributions of a political or charitable nature.

#### **YEAR 2000**

The ultimate parent undertaking has established a project team to ensure that the risks, issues and costs of computer problems associated with the Year 2000 date change are properly assessed and that sufficient resources are committed to ensure that the Group is not adversely affected by the use of dates beyond 31 December 1999.

As a result of that team's assessment, a decision was taken in mid 1998 to replace the Group's principal computer systems. An implementation plan was devised with a view to achieving Year 2000 compliance of all the Group's systems by late 1999. Progress has been made in line with the implementation plan and it is anticipated that the internal deadline of late 1999 to ensure systems are Year 2000 compliant will be achieved.

The cost of upgrading the Group's computer systems, which includes the cost of Year 2000 compliance, will amount to approximately £0.5m.

The project team is in contact with the Company's suppliers and customers to obtain assurance that third party systems and procedures will not be adversely affected by the Year 2000 date change.

Progress of the project team is reviewed regularly by the Board.

#### **DIRECTORS' RESPONSIBILITIES**

The following statement, which should be read in conjunction with the report of the Auditors set out on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the financial statements.

## **JACQUES VERT (RETAIL) LIMITED**

### **REPORT OF THE DIRECTORS**

#### **DIRECTORS' RESPONSIBILITIES (CONT)**

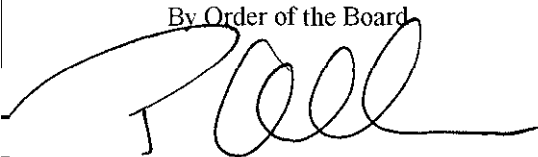
The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period.

The Directors consider that in preparing the financial statements on pages 5 to 13, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed. The Directors have responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

#### **AUDITORS**

The Auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read 'P C Allen', is written over the text 'By Order of the Board'.

*P C Allen*  
*Director*

7 January 2000

# **JACQUES VERT (RETAIL) LIMITED**

## **Report to the Auditors**

### **To the members of Jacques Vert (Retail) Limited**

We have audited the financial statements on pages 5 to 13, which have been prepared under the historical cost convention, and the accounting policies set out on page 8.

### **Respective responsibilities of Directors and Auditors**

The Directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act 1985. We also report to you if, in our opinion, the Director's report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Director's remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements.

### **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.


### **Going concern**

The Company forms part of the Jacques Vert Plc Group of Companies and relies on its parent undertaking, Jacques Vert Plc, for continuing financial support.

In forming our opinion, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the Jacques Vert Plc Group of Companies ability to operate within its banking facilities. In view of the significance of this matter we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 1 May 1999 and of the profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
1 Embankment Place  
London WC2N 6NN

7 January 2000

**JACQUES VERT (RETAIL) LIMITED****PROFIT AND LOSS ACCOUNT****For the 52 weeks ended 1 May 1999**

	Note	Before exceptional items £000	Exceptional items (Note 4) £000	52 weeks ended 1 May 1999 £000	Before exceptional items £000	Exceptional items (Note 4) £000	52 weeks ended 2 May 1998 £000
Turnover	2	23,006	-	23,006	20,618	-	20,618
Cost of sales		(8,429)	-	(8,429)	(9,239)	-	(9,239)
Gross profit		14,577	-	14,577	11,379	-	11,379
Distribution costs		(11,236)	124	(11,112)	(11,534)	165	(11,369)
Administration expenses		(3,101)	-	(3,101)	(1,557)	-	(1,557)
Other operating income		158	-	158	99	-	99
Operating profit/(loss) for the period		398	124	522	(1,613)	165	(1,448)
Interest payable and similar charges	5	(215)	-	(215)	(261)	-	(261)
Profit/(loss) on ordinary activities before taxation	6	183	124	307	(1,874)	165	(1,709)
Tax on profit/(loss) on ordinary activities	8	-	-	-	-	-	-
Amount transferred to/(from) reserves		183	124	307	(1,874)	165	(1,709)
Deficit in reserves brought forward				(9,731)			(8,022)
Deficit in reserves carried forward				<u>(9,424)</u>			<u>(9,731)</u>

All amounts above relate to the continuing activities of the Company.

The notes on pages 8 to 13 form part of these financial statements.

## **JACQUES VERT (RETAIL) LIMITED**

### **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**For the 52 weeks ended 1 May 1999**

No gains or losses other than the profit (1998: loss) for the period have been recognised.

### **NOTE OF HISTORICAL COST PROFITS AND LOSSES**

**For the 52 weeks ended 1 May 1999**

There is no material difference between the results as disclosed in the profit and loss account and the result on a historical cost basis.

### **RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' DEFICIT**

**For the 52 weeks ended 1 May 1999**

	<b>52 weeks ended 1 May 1999</b>	<b>52 weeks ended 2 May 1998</b>
	<b>£000</b>	<b>£000</b>
Profit/(loss) attributable to shareholders for the period	<b>307</b>	<b>(1,709)</b>
Opening shareholders' deficit	<b>(9,730)</b>	<b>(8,021)</b>
Closing shareholders' deficit	<b>(9,423)</b>	<b>(9,730)</b>

The notes on pages 8 to 13 form part of these financial statements.

# JACQUES VERT (RETAIL) LIMITED

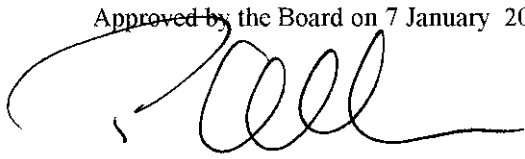
## BALANCE SHEET

1 May 1999

	Note	1 May 1999		2 May 1998	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	9		1,185		1,002
<b>Current assets</b>					
Stocks	10	3,047		2,873	
Debtors: amounts due within one year	11	2,324		1,577	
Cash at bank and in hand		5		3	
		<u>5,376</u>		<u>4,453</u>	
<b>Creditors: amounts due within one year</b>	12	<u>(15,984)</u>		<u>(15,185)</u>	
<b>Net current liabilities</b>			<b>(10,608)</b>		<b>(10,732)</b>
<b>Net liabilities</b>			<b>(9,423)</b>		<b>(9,730)</b>
<b>Capital reserves</b>					
Called up equity share capital	16		1		1
Profit and loss account			(9,424)		(9,731)
<b>Equity shareholders' deficit</b>			<b>(9,423)</b>		<b>(9,730)</b>

The notes on pages 8 to 13 form part of these financial statements.

Approved by the Board on 7 January 2000



P C Allen  
Director



# JACQUES VERT (RETAIL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost accounting convention, and in accordance with applicable accounting standards.

#### **Going concern**

The Company is a subsidiary of Jacques Vert Plc and relies on its parent undertaking for continued financial support. The Jacques Vert Group meets its day to day working capital requirements through a bank facility which is repayable on demand and is due for review in June 2000. This facility, which is secured, has been granted under an agreement dated 25 June 1999 with HSBC.

The Directors have prepared projected cash flow information covering the period from the date of approval of these financial statements to 31 December 2000. On the basis of these projections, the Directors believe that the Group will continue to operate within the facility, although the projected requirements are close to the aggregate facility limit at certain points in the period. They therefore consider it appropriate to prepare the financial statements on the going concern basis and the financial statements do not include any adjustments that might be required if the going concern basis of preparation was no longer considered appropriate.

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost, less accumulated depreciation. Depreciation is calculated so as to write off the cost of fixed assets over their estimated useful economic lives by equal annual instalments at the following rates:

Short-term leasehold premises	Equally over the period of the lease
Plant, fixtures and machinery	20% - 25%

#### **Operating leases**

Rentals payable under operating leases are charged to the profit and loss account as incurred. Rent free periods on short leasehold properties are treated as deferred income and released to the profit and loss account over the period up to the first rent review.

#### **Stocks**

Stocks consist of garments and accessories for sale and are valued at the lower of cost and net realisable value. Net realisable value is the value at which stocks can be realised in the ordinary course of business.

#### **Deferred taxation**

Deferred taxation is provided using the liability method to determine the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

#### **Pension costs**

The Company is a subsidiary of Jacques Vert Plc which operates defined benefit and defined contribution schemes for its employees. In each case a separate fund is being accumulated to meet the accruing liabilities. Details of the schemes are disclosed in the consolidated accounts of Jacques Vert Plc.

## JACQUES VERT (RETAIL) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 2. TURNOVER

Turnover, all of which was generated in the United Kingdom, represents sales during the period, net of value added tax.

#### 3. STAFF NUMBERS AND COSTS

The average number of full time equivalent persons employed by the Company (including Directors), all of whom are employed in the UK, during the period was as follows:

	<b>52 weeks ended 1 May 1999 Number</b>	<b>52 weeks ended 2 May 1998 Number</b>
Distribution and administration	<b>16</b>	33
Retail	<b>312</b>	265
	<b>328</b>	298

The aggregate payroll costs of these employees was as follows:

	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>3,413</b>	3,611
Social security costs	<b>232</b>	251
Other pension costs	<b>28</b>	34
	<b>3,673</b>	3,896

#### 4. EXCEPTIONAL ITEMS

The Company's operating profit/(loss) for the year includes the following exceptional items:-

	<b>£000</b>	<b>£000</b>
Release of Retail property closure costs	<b>(124)</b>	(165)

#### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	<b>£000</b>	<b>£000</b>
Bank interest payable	<b>215</b>	261

# JACQUES VERT (RETAIL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 6. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	52 weeks ended 1 May 1999 £000	52 weeks ended 2 May 1998 £000
Profit/(loss) on ordinary activities before taxation is stated after charging/ (crediting) the following:		
Depreciation of tangible fixed assets	426	439
Loss/(profit) on sale of tangible fixed assets	55	(2)
Rentals payable under operating leases:-		
Property	1,552	1,461
Plant and machinery	4	37
	<hr/>	<hr/>

The Auditors' remuneration has been borne by the ultimate parent undertaking.

### 7. DIRECTORS' EMOLUMENTS

The Directors also served as Directors of the parent undertaking during the year. The Directors received total remuneration for the year (including benefits) of £209,000 (1998: £205,000) all of which was paid by the parent undertaking. Full details of Directors' emoluments including details of the highest paid Director and details of Directors' share options and interests are given in the financial statements of the parent undertaking. Benefits in kind typically include provision of a company car, fuel and private medical insurance.

The Directors are members of the Group Defined Benefit Scheme and full details of retirement benefits accruing under this scheme are given in the financial statements of the parent undertaking. In addition, the parent undertaking contributed a total of £8,000 into an approved money purchase scheme on behalf of the Directors of which £4,000 related to B Heilbron as the highest paid Director.

### 8. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	£000	£000
United Kingdom corporation tax at 31% (1998: 31.3%)	-	-
	<hr/>	<hr/>

No deferred tax liability has been recognised as set out in Note 15 on page 12.

# JACQUES VERT (RETAIL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 9. TANGIBLE FIXED ASSETS

	Leasehold property £000	Plant, fixtures and equipment £000	Total £000
<b>Cost:</b>			
At 2 May 1998	705	3,333	4,038
Additions	43	663	706
Disposals	(128)	(444)	(572)
	<hr/>	<hr/>	<hr/>
At 1 May 1999	620	3,552	4,172
	<hr/>	<hr/>	<hr/>
<b>Depreciation:</b>			
At 2 May 1998	350	2,686	3,036
Disposals	(86)	(389)	(475)
Charge for the year	42	384	426
	<hr/>	<hr/>	<hr/>
At 1 May 1999	306	2,681	2,987
	<hr/>	<hr/>	<hr/>
<b>Net book amount:</b>			
At 1 May 1999	<u>314</u>	<u>871</u>	<u>1,185</u>
At 2 May 1998	<u>355</u>	<u>647</u>	<u>1,002</u>
		<hr/>	<hr/>
		1999	1998
		£000	£000
<b>10. STOCKS</b>			
Finished goods		3,047	2,873
		<hr/>	<hr/>
<b>11. DEBTORS</b>			
		£000	£000
Amounts due within one year:			
Trade debtors		1,523	1,231
Prepayments and accrued income		801	346
		<hr/>	<hr/>
		2,324	1,577
		<hr/>	<hr/>

# JACQUES VERT (RETAIL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 12. CREDITORS

	1999 £000	1998 £000
Amounts due within one year:		
Bank overdraft	-	707
Trade creditors	700	76
Due to the ultimate parent undertaking	14,749	12,908
Taxation and social security	96	745
Accruals and deferred income	287	749
Other creditors	152	-
	<u>15,984</u>	<u>15,185</u>

### 13. BANK BORROWINGS AND OTHER GUARANTEES

The Group's bank facility was re-negotiated on 25 June 1999. The facility, which is repayable on demand, comprises a loan of £2.0m and an overdraft facility of £4.0m. The facility is at variable market interest rates and is due for review in June 2000.

All bank borrowings are secured by a debenture over the assets of the Company and by fixed and floating charges over the assets of the parent undertaking and the Group's principal UK subsidiary undertakings. These borrowings are also secured by a fixed charge over the parent undertaking's interest in Jacques Vert (Far East) Limited. The Company has also given unlimited multilateral cross guarantees to HSBC as security for the liabilities of fellow group undertakings.

### 14. COMMITMENTS

The Company had annual commitments under non-cancellable operating leases expiring as follows:

	1999		1998	
	Land and buildings £000	Other £000	Land and buildings £000	Other £'000
Within one year	57	33	-	9
Within two to five years	80	16	-	12
After five years	1,681	-	1,432	-
	<u>1,818</u>	<u>49</u>	<u>1,432</u>	<u>21</u>

### 15. DEFERRED TAXATION

	1999 £000	1998 £000
Components of potential deferred taxation:		
Accelerated capital allowances	10	(30)
	<u>10</u>	<u>(30)</u>

No benefit has been taken in the financial statements for this potential deferred tax asset/(liability).

## JACQUES VERT (RETAIL) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 16. CALLED UP EQUITY SHARE CAPITAL

	1999 £	1998 £
Authorised, allotted and fully paid 1,000 Ordinary shares of £1 each	1,000	1,000

#### 17. DIRECTORS' TRANSACTIONS

The non-executive Directors of Jacques Vert Plc are employees of The Littlewoods Organisation Plc or its subsidiaries. There is an agreement between Jacques Vert Plc and Littlewoods Retail Limited ("Littlewoods") formerly known as Littlewoods Home Shopping Group Limited, whereby Littlewoods will market Jacques Vert products through a home shopping catalogue in return for a royalty payable to Jacques Vert Plc. The Group and Littlewoods have no current plans to introduce the catalogue. Pursuant to this agreement Littlewoods also have a pre-emptive right over the shares in, and assets of Jacques Vert (Retail) Limited and Jacques Vert Brands Limited.

In addition to the above there is a licence agreement between the Parent Undertaking, Jacques Vert Brands Limited (a fellow subsidiary undertaking) and Littlewoods, such that Littlewoods have been granted the right to use certain trade marks for the marketing, promotion and sale of goods through their home shopping catalogue.

#### 18. CASH FLOW STATEMENT

The Company is a wholly owned subsidiary of Jacques Vert Plc which produces a consolidated cash flow statement in accordance with Financial Reporting Standard 1 (FRS1 Revised). Consequently the Company has taken advantage of the exemption in (FRS1 Revised) from producing a cash flow statement.

#### 19. ULTIMATE PARENT UNDERTAKING

The Company's immediate and ultimate parent undertaking is Jacques Vert Plc, a company registered in England. Copies of the Group financial statements may be obtained from 23 Plumbers Row, London E1 1EQ.

The Parent Undertaking has indicated its intention to provide continuing financial support for the Company to enable it to meet its liabilities as they fall due.

As permitted by Financial Reporting Standard 8 (Related party disclosures), transactions with other entities in the Jacques Vert Plc Group of Companies are not disclosed.