

Together Limited

**Directors' report and financial
statements**

Registered number 1818712

28 February 2006

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 28 February 2006.

Principal activities

The principal activity of the company is the provision of womenswear designs to leading mail order houses in the United Kingdom and overseas under the brand of Together. Royalties are payable to the company for designs sold through mail order houses. In January 2005 a creative division called Design House commenced offering an individually tailored service to group companies and third parties alike. In addition to the UK office, the company has a branch in Hong Kong and Hamburg.

Business review

The results for the year are set out in the profit and loss account on page 6.

Dividend

No dividend was paid or proposed during the year (2005: £nil).

Directors and directors' interests

The directors who held office during the year and since the year end were as follows:

J Brennan

A Koeman (resigned 18th December 2006)

G Rietz (resigned 31st October 2006)

H Schrader

P Gelsdorf (appointed 1st November 2006)

K Forster (appointed 1st December 2006)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares and debentures of the company.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Mrs L Gladdish
Secretary

26-28 Conway Street
London
W1T 6BH

18 December 2006

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period.

In preparing these 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.



PO Box 695
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London
EC4Y 8BB

Independent auditors' report to the members of Together Limited

We have audited the financial statements of Together Limited for the year ended 28 February 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Companies Act 1985. We also report to you if, in our opinion, the Directors' 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 directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Independent auditors' report to the members of Together Limited (*continued*)

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 February 2006 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

19th December 2006

Profit and loss account

for the year ended 28 February 2006

	<i>Note</i>	2006 £000	2005 £000
Turnover	<i>1</i>	3,818	3,345
Cost of sales		(2,417)	(2,762)
Gross profit		1,401	583
Distribution costs		(1,531)	(769)
Administrative expenses		(518)	(447)
Operating loss		(648)	(633)
Interest receivable and similar income	<i>5</i>	3	19
Interest payable and similar charges	<i>6</i>	(286)	(236)
Loss on ordinary activities before taxation	<i>2</i>	(931)	(850)
Tax on loss on ordinary activities	<i>7</i>	(30)	(27)
Loss on ordinary activities after taxation		(961)	(877)
Retained loss for the year		(961)	(877)
Retained loss brought forward		(1,111)	(234)
Retained loss carried forward		(2,072)	(1,111)

All of the above transactions relate to continuing activities.

A statement of total recognised gains and losses has not been included as part of these financial statements as the company has recognised no gains or losses other than those disclosed in the profit and loss account.

Balance sheet

at 28 February 2006

	Note	2006 £000	2005 £000
Fixed assets			
Tangible assets	8	107	64
Current assets			
Debtors	9	3,005	3,117
Cash at bank and in hand		86	90
		<u>3,091</u>	<u>3,207</u>
Creditors: amounts falling due within one year	10	<u>(5,135)</u>	<u>(277)</u>
Net current assets		<u>(2,044)</u>	<u>2,930</u>
Total assets less current liabilities		<u>(1,937)</u>	<u>2,994</u>
Creditors: amounts falling due after more than one year	11	-	(3,974)
Provisions for liabilities and charges	12	<u>(35)</u>	<u>(31)</u>
Net liabilities		<u>(1,972)</u>	<u>(1,011)</u>
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account		<u>(2,072)</u>	<u>(1,111)</u>
Shareholders' deficit - equity	14	<u>(1,972)</u>	<u>(1,011)</u>

These financial statements were approved by the board of directors on 6 December 2006 and were signed on its behalf by:

J Brennan
Director

Notes (forming part of 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. In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- The presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

Their adoption has had no impact on the profit and loss account or the balance sheet.

Basis of preparation

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

The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate. Otto Versand (UK) Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

The company is exempt from the requirement of FRS 1 (Revised) to prepare a cash flow statement as it is a wholly owned subsidiary of Otto (GmbH & Co KG), and its cash flows are included within the consolidated cash flow of that company.

As the company is a wholly owned subsidiary of Otto (GmbH & Co KG), the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of that group. The consolidated financial statements of Otto (GmbH & Co KG), within which this company is included, can be obtained from the address given in note 17.

Turnover

Turnover represents the amounts (excluding Value Added Tax) derived from the provision of goods and services to customers and franchise income receivable during the year. The company has taken advantage of the exemptions given by SSAP 25 not to disclose segmental information.

Leases

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Notes (continued)

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Short leasehold improvements	-	5 years
Plant and machinery	-	2 to 5 years
Motor vehicles	-	2 to 5 years
Fixtures, fittings, tools and equipment	-	2 to 5 years

Catalogue costs

Costs relating to the production of catalogues that are expected to be matched by future sales are carried forward to the financial year when the related sales arise. Costs carried forward are included in prepayments.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. Where a forward foreign exchange contract has been entered into for the purpose of hedging against income in foreign currency, the rate specified in the contract has been used to value assets and liabilities at the balance sheet date.

2 Loss on ordinary activities before taxation

	2006 £000	2005 £000
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration: - Audit	47	44
- Other services	20	19
Depreciation and other amounts written off tangible fixed assets	40	41
Rentals payable under operating leases		
- plant and machinery	39	36
- other	189	189
	<hr/>	<hr/>

Notes (continued)

3 Remuneration of directors

	2006 £000	2005 £000
Directors' emoluments:		
As directors	275	416

The emoluments of the highest paid director were £149,748, (2005: £180,000), and company pension contributions of £Nil (2005: £4,000) were made to a money purchase scheme on behalf of this director.

Retirement benefits are accruing to the following number of directors under:

	Number of directors 2006	2005
Money purchase schemes	1	2

4 Staff numbers and costs

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

	Number of employees 2006	2005
Sales	9	8
Administration	4	3
Design and sampling	44	40
	57	51

The aggregate payroll costs of these persons were as follows:

	2006 £000	2005 £000
Wages and salaries	1,498	1,371
Social security costs	118	103
Other pension costs	18	20
	1,634	1,494

Notes (continued)

5 Interest receivable and similar income

	2006 £000	2005 £000
Other interest receivable	2	2
Bank interest receivable	1	1
Net gain on foreign exchange transactions	-	16
	<u>3</u>	<u>19</u>

6 Interest payable and similar charges

	2006 £000	2005 £000
Amounts payable on bank overdrafts	2	-
Net loss on foreign exchange transactions	1	-
Amounts payable on intercompany loan	283	236
	<u>286</u>	<u>236</u>

Notes (continued)

7 Tax on loss on ordinary activities

	2006 £000	2005 £000
<i>Current tax charge:</i>		
Overseas taxation	30	27
	<u>30</u>	<u>27</u>

Factors affecting current period tax charge

The current tax charge for the period is higher (2005: higher) than the standard rate of corporation tax in the UK (30%, 2005: 30%). The differences are explained below.

	2006 £000	2005 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(931)	(850)
	<u>(931)</u>	<u>(850)</u>
Current tax at 30% (2005: 30%)	(279)	(255)
<i>Effects of:</i>		
Trading losses in the period	279	255
Higher tax rates on overseas earnings	30	27
	<u>30</u>	<u>27</u>
Current tax charge	<u><u>30</u></u>	<u><u>27</u></u>

The potential deferred tax asset amounting to £734,456 (2005: £630,000) arising in respect of losses and capital allowances has not been recognised in the financial statements as there is inadequate certainty that the company will have sufficient profits to use these in the near future.

Notes *(continued)*

8 Tangible fixed assets

	Short leasehold improvements £000	Plant and machinery and motor vehicles £000	Fixtures, fittings, tools and equipment £000	Total £000
<i>Cost</i>				
At beginning of year	175	203	70	448
Additions	3	65	15	83
Disposals	-	(13)	(10)	(23)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	178	255	75	508
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of year	171	149	64	384
Charge for year	6	29	5	40
Disposals	-	(13)	(10)	(23)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	177	165	59	401
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 28 February 2006	1	90	16	107
	<hr/>	<hr/>	<hr/>	<hr/>
At 29 February 2005	4	54	6	64
	<hr/>	<hr/>	<hr/>	<hr/>

9 Debtors

	2006 £000	2005 £000
Trade debtors	77	342
Amounts owed by group undertakings	455	212
Other debtors	64	162
Prepayments and accrued income	2,409	2,401
	<hr/>	<hr/>
	3,005	3,117
	<hr/>	<hr/>

Notes (continued)

10 Creditors: amounts falling due within one year

	2006 £000	2005 £000
Intercompany loan	4,657	
Trade creditors	213	74
Amounts owed to group undertakings	133	82
Taxes and social security	26	37
Other creditors	7	10
Accruals and deferred income	99	74
	<u>5,135</u>	<u>277</u>

As at 28 February the outstanding intercompany loan was repayable on 1 July 2006. Subsequent to the year end the repayment date was extended until 1 July 2008.

11 Creditors: amounts falling due after more than one year

	2006 £000	2005 £000
Intercompany loan	-	3,974
	<u>-</u>	<u>3,974</u>

12 Provisions for liabilities and charges

	Long service payment provision £000
At 1 March 2005	31
Charge for the year in the profit and loss account	4
	<u>35</u>
At 28 February 2006	<u>35</u>

Notes (continued)

13 Called up share capital

	2006 £000	2005 £000
<i>Authorised</i>		
1,000,000 ordinary class "A" shares of £1 each	1,000	1,000
1,000,000 ordinary class "B" shares of £1 each	1,000	1,000
	<u>2,000</u>	<u>2,000</u>
<i>Allotted, called up and fully paid</i>		
50,001 ordinary class "A" shares of £1 each	50	50
50,001 ordinary class "B" shares of £1 each	50	50
	<u>100</u>	<u>100</u>

The ordinary "A" shares and "B" shares rank pari passu.

14 Reconciliation of movements in shareholders' funds

	2006 £000	2005 £000
Opening shareholders' deficit	(1,011)	(134)
Retained loss for the year	(961)	(877)
	<u>(1,972)</u>	<u>(1,011)</u>

15 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2006		2005	
	Other £000	Land and buildings £000	Other £000	Land and buildings £000
Operating leases which expire:				
Within one year	39	189	-	-
In the second to fifth years inclusive	-	-	38	189
	<u>39</u>	<u>189</u>	<u>38</u>	<u>189</u>