

Company Registration No. 2722136 (England and Wales)

**COPY FOR
REGISTRAR OF
COMPANIES**

**POSITIVE CLOTHING (LONDON) LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999**

RICHARD ANTHONY & COMPANY
Chartered Accountants and Registered Auditors



POSITIVE CLOTHING (LONDON) LIMITED

COMPANY INFORMATION

Director	J Finn
Secretary	H Frankel
Company number	2722136
Registered office	13 Station Road Finchley London N3 2SB
Auditors	Richard Anthony & Company 13 Station Road Finchley London N3 2SB
Business address	52-56 Onsaburgh St, London NW1 3ND

POSITIVE CLOTHING (LONDON) LIMITED

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POSITIVE CLOTHING (LONDON) LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 1999

The director presents her report and financial statements for the year ended 30 June 1999.

Principal activities

The principal activity of the company continued to be that of design, manufacture and wholesale of ladies garments.

Year 2000

The director has considered whether the company's operations could be adversely affected by malfunctions in computer or other equipment arising from errors in processing dates in the year 2000 and beyond.

No part of the company's current operations are critically dependent on computer or other equipment which could be affected by year 2000 problems.

Director

The following director has held office since 1 July 1998:

J Finn

Director's interests

The director's beneficial interest in the shares of the company was as stated below:

	Ordinary shares of £ 1 each	
	30 June 1999	1 July 1998
J Finn	90	90

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Richard Anthony & Company be reappointed as auditors of the company will be put to the Annual General Meeting.

POSITIVE CLOTHING (LONDON) LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 1999

Director's responsibilities

Company law requires the director 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable her to ensure that the financial statements comply with the Companies Act 1985. She is 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 has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board

X H. Frankel X

H Frankel

Secretary

31 January 2000

POSITIVE CLOTHING (LONDON) LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF POSITIVE CLOTHING (LONDON) LIMITED

We 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 6.

Respective responsibilities of the director and auditors

As described on page 2 the company's director is 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 director 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

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the uncertainty as to the continuation and renewal of the company's bank overdraft facility. In view of the significance of this uncertainty 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 the company's affairs as at 30 June 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Richard Anthony & Company
Chartered Accountants
Registered Auditors
13 Station Road
Finchley
London

N3 2SB

18th August 2000

POSITIVE CLOTHING (LONDON) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1999

	Notes	1999 £	1998 £
Turnover	2	2,606,116	3,317,335
Cost of sales		(1,841,698)	(2,668,731)
Gross profit		764,418	648,604
Distribution costs		(407,668)	(490,512)
Administrative expenses		(247,243)	(300,401)
Operating profit/(loss)	3	109,507	(142,309)
Interest payable and similar charges	4	(72,307)	(80,817)
Profit/(loss) on ordinary activities before taxation		37,200	(223,126)
Tax on profit/(loss) on ordinary activities	5	-	-
Profit/(loss) on ordinary activities after taxation	12	37,200	(223,126)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

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


POSITIVE CLOTHING (LONDON) LIMITED

BALANCE SHEET AS AT 30 JUNE 1999

	Notes	1999 £	£	1998 £	£
Fixed assets					
Tangible assets	6		29,388		46,930
Current assets					
Stocks		47,960		61,297	
Debtors	7	496,471		516,738	
Cash at bank and in hand		2,518		2,916	
		<u>546,949</u>		<u>580,951</u>	
Creditors: amounts falling due within one year	8	<u>(698,147)</u>		<u>(750,175)</u>	
Net current liabilities			<u>(151,198)</u>		<u>(169,224)</u>
Total assets less current liabilities			<u>(121,810)</u>		<u>(122,294)</u>
Creditors: amounts falling due after more than one year	9		<u>(330,151)</u>		<u>(366,867)</u>
			<u>(451,961)</u>		<u>(489,161)</u>
Capital and reserves					
Called up share capital	11		100		100
Profit and loss account	12		<u>(452,061)</u>		<u>(489,261)</u>
Shareholders' funds - equity interests	13		<u>(451,961)</u>		<u>(489,161)</u>

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

The financial statements were approved by the Board on 31 January 2000

X  X
J Finn
Director

POSITIVE CLOTHING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company is largely dependent on the support of its loan creditors. The director has prepared projected cash flow information for the 9 months period from the date of approval of these financial statements. On the basis of this cash flow information and agreement with the company's loan creditors, the director considers that the company will be able to continue to trade. The director, therefore, considers it appropriate to prepare the financial statements on a going concern basis. Should the company be unable to continue trading, adjustments would have to be made to reduce the value of assets to their recoverable amounts and provide for any further liabilities which might arise.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents amounts receivable for goods 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:

Fixtures, fittings & equipment	-25% on reducing balance
Motor vehicles	-25% on reducing balance

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.7 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet 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.

POSITIVE CLOTHING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1999

2 Turnover

In the year to 30 June 1999 3.00% (1998 - 10.00%) of the company's turnover was to markets outside the United Kingdom.

3 Operating profit/(loss)	1999	1998
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	9,796	14,164
Operating lease rentals	2,749	3,532
Auditors' remuneration	12,000	12,360
Director's emoluments	105,716	99,000
	<u> </u>	<u> </u>

4 Interest payable	1999	1998
	£	£
Hire purchase interest	6,208	1,195
	<u> </u>	<u> </u>

5 Taxation

On the basis of these financial statements and the losses brought forward, no provision has been made for corporation tax.

POSITIVE CLOTHING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1999

6 Tangible fixed assets

	Plant and machinery etc £
Cost	
At 1 July 1998	61,526
Additions	18,525
Disposals	(29,695)
	<hr/>
At 30 June 1999	50,356
	<hr/>
Depreciation	
At 1 July 1998	14,596
On disposals	(3,424)
Charge for the year	9,796
	<hr/>
At 30 June 1999	20,968
	<hr/>
Net book value	
At 30 June 1999	29,388
	<hr/>
At 30 June 1998	46,930
	<hr/>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 30 June 1999	18,278
	<hr/>
At 30 June 1998	34,643
	<hr/>
Depreciation charge for the year	
30 June 1999	6,093
	<hr/>
30 June 1998	11,548
	<hr/>

POSITIVE CLOTHING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1999

7	Debtors	1999	1998
		£	£
	Trade debtors	445,097	491,156
	Other debtors	51,374	25,582
		<u>496,471</u>	<u>516,738</u>
8	Creditors: amounts falling due within one year	1999	1998
		£	£
	Bank loans and overdrafts	67,616	70,356
	Net obligations under hire purchase contracts	6,988	10,952
	Trade creditors	260,343	254,056
	Taxation and social security	49,702	43,066
	Other creditors	313,498	371,745
		<u>698,147</u>	<u>750,175</u>
	Debt due within one year	<u>32,011</u>	<u>25,000</u>

The bank overdraft is secured by way of a mortgage debenture dated 6th December 1993, including specific charge over part of the premises.

POSITIVE CLOTHING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1999

9	Creditors: amounts falling due after more than one year	1999 £	1998 £
	Bank loans	-	25,000
	Net obligations under finance leases and hire purchase agreements	5,151	16,867
	Other creditors	325,000	325,000
		<u>330,151</u>	<u>366,867</u>
	Analysis of loans		
	Not wholly repayable within five years by instalments	325,000	325,000
	Wholly repayable within five years	32,011	59,591
		<u>357,011</u>	<u>384,591</u>
	Included in current liabilities	(32,011)	(34,591)
		<u>325,000</u>	<u>350,000</u>
	Loan maturity analysis		
	Between two and five years	10,091	34,591
	In five years or more	325,000	325,000
		<u>325,000</u>	<u>325,000</u>
	Net obligations under finance leases and hire purchase contracts		
	Repayable within one year	6,988	10,952
	Repayable between one and five years	5,151	16,867
		<u>12,139</u>	<u>27,819</u>
	Included in liabilities falling due within one year	(6,988)	(10,952)
		<u>5,151</u>	<u>16,867</u>

10 Pension costs

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 pension cost charge represents contributions payable by the company to the fund and amounted to £6,750 (1998 - £nil).

POSITIVE CLOTHING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1999

11 Share capital	1999 £	1998 £
Authorised		
1,000 Ordinary shares of £ 1 each	1,000	1,000
Allotted, called up and fully paid		
100 Ordinary shares of £ 1 each	100	100

12 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 July 1998	(489,261)
Retained profit for the year	37,200
Balance at 30 June 1999	(452,061)

13 Reconciliation of movements in shareholders' funds	1999 £	1998 £
Profit/(loss) for the financial year	37,200	(223,126)
Opening shareholders' funds	(489,161)	(266,035)
Closing shareholders' funds	(451,961)	(489,161)

14 Financial commitments

At 30 June 1999 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	1999 £	1998 £	1999 £	1998 £
Expiry date:				
Between two and five years	-	-	2,749	3,247
In over five years	20,910	20,910	-	-
	20,910	20,910	2,749	3,247

POSITIVE CLOTHING (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1999

15 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans are as follows:

	Amount outstanding		Maximum
	1999	1998	in year
	£	£	£
Director's current account (debit bal)	28,950	24,584	28,950

16 Control

The ultimate controlling party is Mrs J Finn.