

BABERS LIMITED (JERSEY) ✓

INCORPORATED IN JERSEY

FINANCIAL STATEMENTS

AS AT 31st JULY 1997



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BABERS LIMITED (JERSEY)

FINANCIAL STATEMENTS

YEAR ENDED 31st JULY 1997

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BABERS LIMITED (JERSEY)**OFFICERS AND PROFESSIONAL ADVISERS**

THE BOARD OF DIRECTORS

J G Church FCA
H Walton Jones
J D I Church BA (Hons)
W J Church BSc ARICS

COMPANY SECRETARY

P A Hayward FCA

REGISTERED OFFICE

6 Hill Street
Jersey
Channel Islands

AUDITORS

Dove Naish
Chartered Accountants & Registered Auditor
Eagle House
28 Billing Road
Northampton
NN1 5AJ

BANKERS

National Westminster Bank
41 The Drapery
Northampton
NN1 2EY

BABERS LIMITED (JERSEY)**THE DIRECTORS' REPORT****YEAR ENDED 31st JULY 1997**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st July 1997.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year under review continued to be the retail sale of footwear.

Turnover has increased during the year by 9.1% to £1,210,123. It should be remembered that sales were slightly lower last year since the shop was closed for five weeks whilst the premises were refurbished.

RESULTS AND DIVIDENDS

The trading results for the year, and company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	1997 £	1996 £
Proposed dividends on ordinary shares	64,000	60,000
Dividends paid on ordinary shares	24,000	24,000
Proposed dividends on preference shares	210	210
Dividends paid on preference shares	210	210
	<u>88,420</u>	<u>84,420</u>

The final ordinary dividend will be paid on 24th November 1997.

The balance of the profits for the year amounting to £58,134 will be added to reserves and carried forward to the following year.

THE DIRECTORS OF THE COMPANY

The directors who served the company during the period were as follows:

J G Church FCA
H Walton Jones
J D I Church BA (Hons)
W J Church BSc ARICS

RETIREMENT OF DIRECTORS

In accordance with the Articles of Association, W J Church BSc ARICS will retire from the board and, being eligible, will stand for re-appointment.

BABERS LIMITED (JERSEY)**THE DIRECTORS' REPORT (continued)****YEAR ENDED 31st JULY 1997**

FIXED ASSETS

The movements in fixed assets are recorded in the notes to the financial statements.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 7 and 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 (Jersey) Law 1991. The directors 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.

AUDITORS


A resolution to re-appoint Dove Naish as auditors for the ensuing year will be proposed at the annual general meeting.

Registered office:

6 Hill Street
Jersey
Channel Islands

Signed on behalf of the directors

P A Hayward FCA
Company secretary



Approved by the directors on 21st October 1997.

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
BABERS LIMITED (JERSEY)**

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention, and the accounting policies set out on pages 7 and 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3, 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 the UK 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 31st July 1997 and of its results for the year then ended and have been properly prepared in accordance with the Companies (Jersey) Law 1991.



DOVE NAISH

Chartered Accountants and
Registered Auditor

Eagle House
28 Billing Road
NORTHAMPTON
NN1 5AJ

Date: 22nd October 1997

BABERS LIMITED (JERSEY)**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31st JULY 1997**

	Note	1997 £	1996 £
TURNOVER	2	1,210,123	1,109,434
Cost of sales		(622,353)	(609,168)
GROSS PROFIT		587,770	500,266
Distribution costs		(204,851)	(187,386)
Administrative expenses		(242,707)	(291,366)
OPERATING PROFIT	3	140,212	21,514
Income from other fixed asset investments	6	69,492	63,977
Interest payable and similar charges	7	(25,018)	(13,175)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		184,686	72,316
Tax on profit on ordinary activities	8	(42,132)	(17,213)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		142,554	55,103
Dividends	9	(88,420)	(84,420)
RETAINED PROFIT/(DEFICIENCY) FOR THE FINANCIAL YEAR		54,134	(29,317)
Balance brought forward		755,751	785,068
BALANCE CARRIED FORWARD		809,885	755,751

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 7 to 14 form part of these financial statements.

BABERS LIMITED (JERSEY)**BALANCE SHEET****AS AT 31st JULY 1997**

		1997		1996	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	10		294,738		316,609
Investments	11		532,945		532,945
			<u>827,683</u>		<u>849,554</u>
CURRENT ASSETS					
Stocks	12	421,056		405,303	
Debtors	13	22,037		24,019	
Cash at bank and in hand		216		204	
		<u>443,309</u>		<u>429,526</u>	
CREDITORS: Amounts falling due within one year	14	(415,107)		(477,329)	
NET CURRENT ASSETS/(LIABILITIES)			28,202		(47,803)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>855,885</u>		<u>801,751</u>
CAPITAL AND RESERVES					
Share capital:	16				
Equity			40,000		40,000
Non equity			6,000		6,000
			<u>46,000</u>		<u>46,000</u>
Profit and loss account			809,885		755,751
SHAREHOLDERS' FUNDS			<u>855,885</u>		<u>801,751</u>

These financial statements were approved by the directors on the 21st October 1997, and are signed on their behalf by:


 J G CHURCH FCA

The notes on pages 7 to 14 form part of these financial statements.

BABERS LIMITED (JERSEY)**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31st JULY 1997**

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention using the following UK accounting policies:

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The subsidiary has remained dormant over the year and as no changes have occurred, the company has not prepared group accounts.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful economic life. The depreciation rates used are as follows:

Long leasehold land and buildings	1.58% on cost
Improvements to leasehold property	5% on cost
Fixtures and fittings	20% on book value

Stocks

These are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

Pension costs

The company operates a defined contribution pension scheme. Contributions are specified in the scheme rules and accordingly the pension cost for the year is the amount of contributions payable in respect of the year.

BABERS LIMITED (JERSEY)**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31st JULY 1997****1. ACCOUNTING POLICIES (continued)****Deferred taxation**

Provision is made for deferred taxation on the liability method at current rates unless there is a reasonable probability that no payment will be made in the foreseeable future.

Foreign currency translation

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

The analysis of turnover by geographical market is :-

	1997	1996
	£	£
UK	1,206,549	1,104,277
Export	3,574	5,157
	<u>1,210,123</u>	<u>1,109,434</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	1997	1996
	£	£
Management charges	12,000	12,000
Depreciation on owned assets	30,858	27,582
Loss on disposal of fixed assets	-	15,877
Operating lease costs:		
Land and buildings	7,010	7,010
Auditors' remuneration	1,500	1,500
Directors' remuneration	8,000	9,000
	<u>58,368</u>	<u>63,869</u>

BABERS LIMITED (JERSEY)**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31st JULY 1997****4. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to:

	1997 No.	1996 No.
Production and sales	10	13
Office and management	3	2
	<u>13</u>	<u>15</u>

The aggregate payroll costs of the above were:

	1997 £	1996 £
Wages and salaries	182,582	175,492
Social security costs	15,347	14,973
Other pension costs	6,227	7,271
	<u>204,156</u>	<u>197,736</u>

5. DIRECTORS' EMOLUMENTS

The directors' emoluments were:

	1997 £	1996 £
Remuneration as directors	<u>8,000</u>	<u>9,000</u>

6. INCOME FROM OTHER FIXED ASSET INVESTMENTS

	1997 £	1996 £
Dividends received from quoted investments	<u>69,492</u>	<u>63,977</u>

BABERS LIMITED (JERSEY)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st JULY 1997

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £	1996 £
Interest payable on bank borrowing	25,018	9,811
Other similar charges payable	-	3,364
	<u>25,018</u>	<u>13,175</u>

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
Corporation tax based on the results for the year at 23% (1996 : 25%)	27,734	5,381
Adjustment to provision in previous years	-	(1,463)
Tax deducted from dividends received	13,898	12,795
Jersey Corporation Tax	500	500
	<u>42,132</u>	<u>17,213</u>

9. DIVIDENDS

The following dividends have been paid or proposed during the year:

	1997 £	1996 £
Proposed dividends on ordinary shares	64,000	60,000
Dividends paid on ordinary shares	24,000	24,000
Proposed dividends on preference shares	210	210
Dividends paid on preference shares	210	210
	<u>88,420</u>	<u>84,420</u>

BABERS LIMITED (JERSEY)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st JULY 1997

10. TANGIBLE FIXED ASSETS

	Long leasehold land and buildings £	Improve- ments to leasehold property £	Fixtures and fittings £	Total £
COST				
At 1st August 1996	27,296	216,915	118,605	362,816
Additions	-	7,967	1,020	8,987
At 31st July 1997	<u>27,296</u>	<u>224,882</u>	<u>119,625</u>	<u>371,803</u>
DEPRECIATION				
At 1st August 1996	19,058	3,428	23,721	46,207
Charge for year	433	11,244	19,181	30,858
At 31st July 1997	<u>19,491</u>	<u>14,672</u>	<u>42,902</u>	<u>77,065</u>
NET BOOK VALUE				
At 31st July 1997	<u>7,805</u>	<u>210,210</u>	<u>76,723</u>	<u>294,738</u>
At 31st July 1996	<u>8,238</u>	<u>213,487</u>	<u>94,884</u>	<u>316,609</u>

The long leasehold land and buildings relate to the premises at 299 Oxford Street, London.

11. INVESTMENTS

	Shares in group undertakings £	Listed investments £	Total £
COST			
At 1st August 1996	500	532,445	532,945
At 31st July 1997	<u>500</u>	<u>532,445</u>	<u>532,945</u>
NET BOOK VALUE			
At 31st July 1997	<u>500</u>	<u>532,445</u>	<u>532,945</u>
At 1st August 1996	<u>500</u>	<u>532,445</u>	<u>532,945</u>

BABERS LIMITED (JERSEY)**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31st JULY 1997****11. INVESTMENTS (continued)**

The market value of the listed investments is the UK Stock Exchange value of £1,464,846 (1996 : £1,641,334).

The shares in group undertakings relate to Babers of Oxford Street Limited. Further information about this company is as follows :-

Location	England and Wales
Class of shares	Ordinary shares of £1 each
Holding	1,000
Proportion held	100%
Nature of business	Ceased trading (21st July 1980)
Aggregate capital and reserves	£1,971

12. STOCKS

	1997 £	1996 £
Finished goods and goods for resale	421,056	405,303

The difference between purchase price or production cost of stocks and their replacement cost is not material.

13. DEBTORS

	1997 £	1996 £
ACT recoverable	882	8,042
Prepayments and accrued income	21,155	15,977
	<u>22,037</u>	<u>24,019</u>

All debtors are receivable within one year of the balance sheet date.

BABERS LIMITED (JERSEY)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st JULY 1997

14. CREDITORS: Amounts falling due within one year

	1997 £	1996 £
Bank loans and overdrafts	279,063	333,806
Trade creditors	5,637	12,671
Amounts owed to group undertakings	1,971	1,971
Corporation Tax	20,527	1,018
Other taxation and social security	20,419	7,855
Dividends payable	64,210	60,210
Other creditors	7,457	7,457
Accruals and deferred income	15,823	52,341
	<u>415,107</u>	<u>477,329</u>

15. COMMITMENTS UNDER OPERATING LEASES

At 31st July 1997 the company had annual commitments under non-cancellable operating leases as set out below.

	1997 £	1996 £
Operating leases which expire:		
More than five years	7,010	7,010
	<u>7,010</u>	<u>7,010</u>

16. SHARE CAPITAL

Authorised share capital:

	1997 £	1996 £
150,000 Ordinary shares of £1 each	150,000	150,000
50,000 10% (now 7% plus tax credit) non-cumulative preference shares of £1 each	50,000	50,000
6,000 10% (now 7% plus tax credit) 'A' cumulative preference shares of £1 each	6,000	6,000
	<u>206,000</u>	<u>206,000</u>

Allotted, called up and fully paid:

	1997 £	1996 £
40,000 Ordinary shares of £1 each	40,000	40,000
6,000 10% (now 7% plus tax credit) 'A' cumulative preference shares of £1 each	6,000	6,000
	<u>46,000</u>	<u>46,000</u>

BABERS LIMITED (JERSEY)**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31st JULY 1997****17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS****Equity shareholders' funds**

	1997	1996
	£	£
Profit for the financial year	142,554	55,103
Dividends	(88,420)	(84,420)
	<u>54,134</u>	<u>(29,317)</u>
Opening shareholders' equity funds	<u>795,751</u>	<u>825,068</u>
Closing shareholders' equity funds	<u><u>849,885</u></u>	<u><u>795,751</u></u>

Non-equity shareholders' funds

	1997	1996
	£	£
Opening shareholders' non-equity funds	<u>6,000</u>	<u>6,000</u>
Closing shareholders' non-equity funds	<u><u>6,000</u></u>	<u><u>6,000</u></u>

This represents 6,000 'A' cumulative preference shares of £1 each at par value. These shares are redeemable at the company's option at par value.

18. COUNTRY OF INCORPORATION

The company trading in England is incorporated in Jersey.

19. PENSIONS

The company operates a defined contribution pension scheme on behalf of certain 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 £4,106 (1996 : £4,561).

20. RELATED PARTY TRANSACTIONS

Messrs J G Church and H Walton Jones are directors of Church & Co Plc. Details of the transactions and balances are as follows:

Name of company	Type of transaction	Amount	Balance owing
Church & Co Plc	Purchase of shoes	£232,284	£6,279

All transactions were carried out under normal commercial terms. The company also owed £1,971 to its dormant subsidiary, Babers of Oxford Street Limited.