

TURNBULL & ASSER (HOLDINGS) LIMITED
AND ITS SUBSIDIARY COMPANIES

DIRECTORS' REPORT

AND ACCOUNTS

15 months ended 3rd May 1986

MacIntyre Hudson
Chartered Accountants
28 Ely Place
London EC1N 6RL



TURNBULL & ASSER (HOLDINGS) LIMITED
AND ITS SUBSIDIARY COMPANIES

REPORT OF THE DIRECTORS

15 months ended 3rd May 1986

PRINCIPAL ACTIVITIES

The company continues to act as holding company of a group which trades as shirtmakers and clothiers.

RESULTS AND APPROPRIATIONS

The period's results are set out in the financial statements which follow.

REVIEW OF THE BUSINESS

The financial year end of the group has been changed to 3rd May 1986 to conform with the accounting reference date of the ultimate holding company.

DIRECTORS

The following were directors during the period :

- K.T. Williams /		
G.F. Casey	(resigned 13th January 1986)	
/ A. Somji		
Prof. R. Smith	(appointed 13th January 1986 : resigned 1st June 1986)	
A.J.B. Mawdsley	(appointed 13th January 1986)	
- P. Cuss	(appointed 13th January 1986)	
- J.B. Tuffney	(appointed 13th January 1986)	
W.A. Craddock	(appointed 19th February 1986)	
L.F. Drewitt	(appointed 19th February 1986)	

DIRECTORS' INTERESTS

The directors held the following shares in the company :

	3.5.86	31.1.85
K. T. Williams	Nil	39,400
A. Somji	Nil	800
J.B. Tuffney	Nil	1,675
P. Cuss	Nil	2,550

HOLDING COMPANY

The ultimate holding company is House of Fraser (Holdings) Limited, a company incorporated in England.

FIXED ASSETS

A revaluation of freehold properties as at 3rd May 1986, based on valuations carried out by Savills in October 1985, has been adopted by the Directors. This revaluation showed a surplus of £138,951 which has been taken to a revaluation reserve and is shown in note 11 in the accounts.

AUDITORS

Messrs. MacIntyre Hudson will not be seeking reappointment as auditors.

A resolution to appoint Messrs. Price Waterhouse and Co., who are the auditors of the ultimate holding company, will be put to the members at the Annual General Meeting.

By Order of the Board

71/72 Jermyn Street
London SW1Y 6PF

16th June 1986


A. Somji A.C.A.
Secretary

JANBULL & ASSER (HOLDINGS) LIMITED
AND ITS SUBSIDIARY COMPANIES

BALANCE SHEET

At 3rd May 1986

	Notes	Group		Parent	
		3rd May 1986 £	31st January 1985 £	3rd May 1986 £	31st January 1985 £
FIXED ASSETS					
Tangible assets	1	637,421	464,947	-	-
Investment in subsidiaries	2	-	-	373,439	373,439
Net investment in finance leases	4	583,664	641,145	-	-
		<u>1,221,085</u>	<u>1,106,092</u>	<u>373,439</u>	<u>373,439</u>
CURRENT ASSETS					
Stock	3	2,096,683	1,441,073	-	-
Net investment in finance leases	4	277,989	233,091	-	-
Debtors	5	1,215,226	1,176,153	443,139	390,446
Cash and bank balances		1,721,727	991,440	5,366	-
		<u>5,311,625</u>	<u>3,841,757</u>	<u>448,505</u>	<u>390,446</u>
CREDITORS - due within one year	6	1,872,770	1,264,627	301,241	249,537
NET CURRENT ASSETS		<u>3,438,855</u>	<u>2,577,130</u>	<u>147,264</u>	<u>140,909</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,659,940	3,683,222	520,703	514,348
CREDITORS - due after more than one year	7	349,890	512,297	-	-
		<u>4,310,050</u>	<u>3,170,925</u>	<u>520,703</u>	<u>514,348</u>
PROVISION FOR LIABILITIES AND CHARGES					
Deferred taxation	8	(280,674)	(325,105)	-	-
		<u>£4,029,376</u>	<u>£2,845,820</u>	<u>£ 520,703</u>	<u>£ 514,348</u>
CAPITAL AND RESERVES					
Called up share capital	9	604	30,200	604	30,200
Capital redemption reserve fund		30,200	-	30,200	-
Share premium		-	-	320,741	320,741
Revaluation reserve	10	138,951	-	-	-
Capital reserve on consolidation		151,109	151,109	-	-
Profit and loss account	11	3,699,124	2,655,188	169,158	163,407
		<u>4,019,988</u>	<u>2,836,497</u>	<u>520,703</u>	<u>514,348</u>
Minority interest		9,388	9,323	-	-
		<u>£4,029,376</u>	<u>£2,845,820</u>	<u>£ 520,703</u>	<u>£ 514,348</u>

SIGNED ON BEHALF OF THE BOARD

Directors

16th June 1986

K.T. WILLIAMS

P. CUSS

K.T. Williams *P. Cuss*

JORNEULL & ASSER (HOLDINGS) LIMITED
 AND ITS SUBSIDIARY COMPANIES
 CONSOLIDATED PROFIT AND LOSS ACCOUNT
 15 months ended 3rd May 1986

	Notes	15 months ended 3rd May 1986		Year ended 31st January 1985	
		£	£	£	£
GROUP TURNOVER	12		8,980,090		5,800,966
Cost of sales			5,112,811		3,564,661
GROSS PROFIT			3,867,279		2,236,305
Other operating income			203,521		150,870
Interest receivable			187,311		71,914
			4,258,111		2,459,089
Operating expenses		1,843,180		1,324,032	
Administration expenses		627,219		273,559	
Interest payable		12,404		23,030	
			2,482,803		1,620,621
GROUP PROFIT BEFORE TAXATION	13		1,775,308		838,468
TAXATION	14		726,274		320,690
GROUP PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			1,049,034		517,778
MINORITY SHARE OF PROFIT			65		7,505
			1,048,969		510,273
DIVIDEND	15		-		37,750
GROUP RETAINED PROFIT FOR THE PERIOD	11		£ 1,048,969		£ 472,523
RETAINED BY:					
Holding company			7,355		11,411
Subsidiaries			1,041,614		461,112
			£1,048,969		£472,523

TURNBULL & ASSER (HOLDINGS) LIMITED

AND ITS SUBSIDIARY COMPANIES

STATEMENT OF ACCOUNTING POLICIES

15 months ended 3rd May 1986

The principal accounting policies which are adopted in the preparation of the group accounts are set out below.

A. BASIS OF CONSOLIDATION

The group accounts consolidate the accounts of Turnbull & Asser (Holdings) Limited and all its subsidiaries made up to 3rd May 1986.

B. DEPRECIATION

Depreciation is calculated to write off the cost of assets in equal annual instalments on the following basis :

Freehold property	NIL
Short leases	Over the unexpired period of the lease
Fixtures, fittings and plant	5% - 30%
Vehicles	20%

Insofar as depreciation has not been provided on freehold property the group has not complied with the Statement of Standard Accounting Practice No. 12. In the opinion of the directors, the amounts involved are not material.

C. DEFERRED TAXATION

Provision is made in full for taxation deferred by capital allowances and other timing differences. No deferred tax has been provided on the revaluation of freehold property. In the opinion of the directors the liability is unlikely to crystallise in the foreseeable future.

D. STOCKS AND WORK-IN-PROGRESS

Stocks are valued at the lower of cost and net realisable value on bases consistent with those adopted in previous years.

Work in progress is valued at cost of direct materials, labour and a proportion of production overheads.

E. FOREIGN CURRENCY

All assets, liabilities, turnover and profits or losses expressed in currencies other than Sterling, are translated to Sterling at rates of exchange ruling at the end of the period. All exchange variations are dealt with through the profit and loss account.

F. INTEREST

Finance charges on leases are taken to profit and loss using the "Rule of 78". Income from bank interest is accounted for as received. Bank interest charged is accounted for on an accruals basis.

G. TURNOVER

Turnover comprises cash and invoiced sales excluding Value Added Tax.

AND ITS SUBSIDIARY COMPANIES

NOTES TO ACCOUNTS

15 months ended 3rd May 1986

1. FIXED ASSETS : GROUP

	Freehold Property £	Short Leasehold Premises £	Fixtures, Fittings, Plant and Vehicles £	Total £
Cost :				
Opening total	147,123	55,000	555,210	757,333
Exchange variation	-	-	(18,041)	(18,041)
Additions	10,926	-	215,907	226,833
Revaluations	138,951	-	-	138,951
Disposals and adjustments	(2,000)	-	(156,944)	(158,944)
Closing total	295,000	55,000	596,132	946,132
Depreciation :				
Opening total	1,000	23,000	268,386	292,386
Exchange variation	-	-	(6,492)	(6,492)
Provision	-	13,750	92,256	106,006
Disposals and adjustments	(1,000)	-	(82,189)	(83,189)
Closing total	-	36,750	271,961	308,711
Net book values :				
at 3rd May 1986	295,000	18,250	324,171	637,421
at 31st January 1985	146,123	32,000	286,824	464,947

2. SUBSIDIARY COMPANIES

Shareholdings in subsidiary companies, expressed as a percentage of issued shares, are as follows :

Name of Subsidiary	Held by Turnbull & Asser (Holdings) Limited	Held by Subsidiaries	Country of Incorporation
Turnbull and Asser Ltd	100%	-	England
Jermyn Street Shirtmakers Ltd	-	100%	England
Hawes and Curtis Ltd	-	100%	England
Hawes & Curtis (Tailors) Ltd	-	100%	England
Caldwell Young and Co Ltd	-	100%	Scotland
James Drew Ltd	-	100%	England
Turnbull and Asser (Ontario) Ltd	-	51%	Canada
Eagle Shirt Co. Ltd	100%	-	England

3. STOCKS

	1986 £	1985 £
Raw materials	757,960	697,873
Work in progress	118,086	53,422
Finished goods	1,220,637	689,778
	£2,096,683	£1,441,073

AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS (continued)

15 months ended 3rd May 1986

4. NET INVESTMENT IN FINANCE LEASES	Group		Parent	
	1986	1985	1986	1985
	£	£	£	£
The net investment in finance leases at 3rd May 1986 comprises:				
Total minimum lease payments receivable	966,106	955,425	-	-
Less: Finance charges allocated to future periods	(104,453)	(81,189)	-	-
	861,653	874,236	-	-
	=====	=====	=====	=====
Split as follows:				
Non current	583,664	641,145	-	-
Current	277,989	233,091	-	-
	861,653	874,236	-	-
	=====	=====	=====	=====
5. DEBTORS				
Trade debtors	1,985,383	964,973	-	-
Other debtors	47,423	162,957	2,012	5,479
Prepayments	54,200	38,729	-	-
Due from subsidiaries	-	-	424,198	375,473
Loan to trustees	750	9,494	750	9,949
Tax recoverable	27,470	-	16,179	-
	2,115,226	1,176,153	443,139	390,901
	=====	=====	=====	=====
6. CREDITORS - due within one year				
Trade creditors	527,700	355,847	-	-
Other creditors	285,708	235,694	15,574	38,895
Due to group companies	151,000	-	269,212	159,990
Due to affiliated company	43,575	68,251	-	-
Bank loan	-	25,000	-	-
Bank overdraft	5,307	37,986	-	907
Leasing obligations	177,962	153,938	-	-
Corporation tax	633,901	219,246	3,972	-
Other tax and social security costs	47,617	130,915	12,483	11,995
Proposed dividend	-	37,750	-	37,750
	1,872,770	1,264,627	301,241	249,537
	=====	=====	=====	=====

The bank overdrafts are secured by charges over the group's freehold properties.

AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS (continued)

15 months ended 3rd May 1986

7. CREDITORS - due after more than one year	Group		Parent	
	1986 £	1985 £	1986 £	1985 £
	349,890	512,297	-	-
	=====	=====	=====	=====
The analysis of creditors due after more than one year is as follows:				
Amounts repayable within 1-2 years	201,985	177,962		
Amounts repayable within 2-5 years	147,905	334,335		
	-----	-----		
	349,890	512,297		
	=====	=====		
8. DEFERRED TAXATION				
Opening balance	325,105	231,256	-	-
Adjustments for the period:				
Capital allowances	(44,431)	119,296	-	-
Other timing differences	-	(25,447)	-	-
	-----	-----	-----	-----
Closing balance	280,674	325,105	-	-
	=====	=====	=====	=====
Potential liability:				
Accelerated capital allowances	280,674	350,552	-	-
Other timing differences	-	(25,447)	-	-
Gain on revaluation of properties	41,000	-	-	-
	-----	-----	-----	-----
	321,674	325,105	-	-
	=====	=====	=====	=====
9. CALLED UP SHARE CAPITAL				
			1986 £	1985 £
Authorised				
302,000 Ordinary shares of 10p each			-	30,200
80,000 Ordinary shares of 1p each			800	-
302,000 Deferred shares of 10p each			30,200	-
			-----	-----
			31,000	30,200
			=====	=====
Issued, allotted and fully paid				
302,000 Ordinary shares of 10p each			-	30,200
60,400 Ordinary shares of 1p each			604	-
			-----	-----
			604	30,200
			=====	=====

At an extraordinary general meeting on 13th January 1986 a resolution was passed to increase the authorised share capital by the creation of 80,000 new ordinary shares of 1p each to apply £604 of distributable profits in paying up 60,400 new ordinary shares each to be issued by way of bonus on bearer letters of allotment to the holders of 10p ordinary shares and convert the original 10p ordinary shares into Deferred shares of 10p each. Since completion of the acquisition of the new 1p ordinary shares by House of Fraser P.L.C., Turnbull & Asser (Holdings) Limited purchased the Deferred shares of 10p each for a consideration of £1,000. The Capital Redemption Reserve Fund of £30,200 has arisen as a result of this reorganisation.

AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS (continued)

15 months ended 3rd May 1986

10. REVALUATION RESERVE

During the period freehold properties were revalued. The resulting surplus of £138,951 was taken to a revaluation reserve. The historical cost of these properties was £156,049.

11. PROFIT AND LOSS ACCOUNT

	Group		Parent	
	1986 £	1985 £	1986 £	1985 £
At 1st February 1985	2,655,188	2,183,219	163,407	151,996
Exchange variation	(3,429)	(554)	-	-
Retained profit for period	1,048,969	472,523	7,355	11,411
Capitalisation	(604)	-	(604)	-
Purchase of own shares	(1,000)	-	(1,000)	-
At 3rd May 1986	3,699,124	2,655,188	169,158	163,407
	=====	=====	=====	=====

12. TURNOVER

Turnover for the period is attributable to the one principal activity. The geographical split is as follows:

	Group	
	1986	1985
United Kingdom	6,029,646	3,710,230
United States and Canada	2,950,444	2,090,736
	8,980,090	5,800,966
	=====	=====

13. GROUP PROFIT BEFORE TAXATION

Profit is stated after charging:

Depreciation and amortisation	1,006,006	71,891
Auditors' remuneration	12,000	10,600
Directors' emoluments (see below)	81,902	63,860
	=====	=====
Directors' emoluments:		
Remuneration	72,242	63,060
Estimated benefits	9,660	800
Chairman and highest paid director	38,825	43,360
	=====	=====

TURNBULL & ASSER (HOLDINGS) LIMITED
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS (continued)

15 months ended 3rd May 1986

13. GROUP PROFIT BEFORE TAXATION (continued)

The number of directors in each category of remuneration was as follows:

	No.	No.
£ 0	5	-
£ 1 - £ 5,000	2	1
£ 5,001 - £10,000	-	1
£10,001 - £15,000	-	-
£15,001 - £20,000	1	-
£20,001 - £30,000	-	-
£30,001 - £35,000	1	-
£35,001 - £40,000	-	-
£40,001 - £45,000	-	1

Group staff costs during the period amounted to:

	£	£
Wages and salaries	2,127,122	1,436,089
Social security costs	135,072	138,135
Other pension costs	25,050	18,031
	-----	-----
	2,287,244	1,592,255
	=====	=====

The average number of employees in the group during the period was:

No.	No.
263	305
=====	=====

14. TAXATION

UK corporation tax has been provided for at 40.83% as follows:

	1986 £	1985 £
Taxation on the period's profit	619,245	26,892
Adjustment in respect of prior year	(43,971)	(51)
Surrender of losses from group company	151,000	93,849
	-----	-----
	726,274	320,690
	=====	=====

15. DIVIDENDS

Nil (1985: 12½p per 10p ordinary share)

-	37,750
=====	=====

16. PENSION ARRANGEMENTS

The group maintains a pension scheme for senior employees. Actuarial valuations at 31st March 1986 confirmed that the scheme was fully paid on both a discontinuance and a going concern basis.

17. HOLDING COMPANY PROFIT AND LOSS ACCOUNT

The company has taken advantage of the exemption in the Companies Act 1985 not to present its own profit and loss account.

18. APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 16th June 1986.

WILL & ASSER (HOLDINGS) LIMITED
AND ITS SUBSIDIARY COMPANIES

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GROUP MOVEMENT OF FUNDS

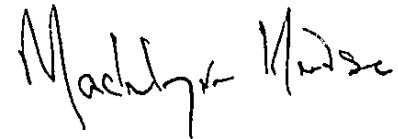
15 months ended 3rd May 1986

SOURCE OF FUNDS	15 months ended 3rd May 1986		Year ended 31st January 1985	
	£	£	£	£
Group profit before taxation		1,775,308		838,468
Adjustment for items not involving the movement of funds:				
Depreciation and amortisation	106,006		77,891	
(Profit)/loss on disposal of fixed assets	1,832		3,721	
Exchange variation	11,549		(4,461)	
Lease income	(36,179)		(23,368)	
		83,208		53,783
TOTAL GENERATED FROM OPERATIONS		1,858,516		892,251
FUNDS FROM OTHER SOURCES				
Disposals of fixed assets - proceeds	2,550		15,560	
Lease payments	270,057		258,834	
		272,607		274,394
		2,131,123		1,166,645
APPLICATION OF FUNDS				
Leased assets (see below)	359,677		361,629	
Dividends paid	-		37,750	
Tax paid	356,050		78,917	
Purchases of fixed assets	197,640		227,617	
Loan repayment	25,000		30,000	
		938,367		735,913
		£1,192,756		£430,732
		=====		=====
INCREASE/(DECREASE) IN WORKING CAPITAL				
Stock and work in progress	655,610		(70,872)	
Debtors	39,073		409,706	
Creditors	(289,569)		(146,999)	
Due to affiliated company	24,676		65,876	
		429,790		257,711
MOVEMENT OF NET LIQUID FUNDS:				
Cash	730,287		182,601	
Bank overdraft	32,679		(9,580)	
		762,966		173,021
		£1,192,756		£430,732
		=====		=====
Leased Assets				
Gross investment in leased assets		221,294		721,691
Less: Money received to finance purchase		138,383		(360,062)
		£359,677		£361,629
		=====		=====

REPORT OF THE AUDITORS
TO THE MEMBERS OF
TURNBULL & ASSER (HOLDINGS) LIMITED

We have audited the financial statements on pages 2 to 10 in accordance with approved Auditing Standards and have carried out such procedures as we considered necessary.

In our opinion the financial statements, which have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings, give a true and fair view of the state of the financial affairs of the company and the group at 3rd May 1986 and of the results and movement of funds of the group for the period then ended and comply with the Companies Act 1985.



MacIntyre Hudson
CHARTERED ACCOUNTANTS

16th June 1986

TURNBULL & ASSER (HOLDINGS) LIMITED

PROFIT AND LOSS STATEMENT

15 months ended 3rd May 1986

	15 months ended 3rd May 1986		Year ended 31st January 1985	
	£	£	£	£
Management fees receivable		243,125		192,000
Directors' remuneration	66,057		53,360	
National insurance	13,006		8,821	
Salaries and pension contributions	141,124		110,296	
Legal and professional fees	6,400		3,425	
Auditors' remuneration	4,000		3,000	
General expenses	211		11	
	-----	230,798	-----	178,913
		-----		-----
		12,327		13,087
Taxation		4,972		3,926
		-----		-----
		7,355		9,161
Dividend receivable from subsidiary company		-		40,000
		-----		-----
		7,355		49,161
Proposed dividend		-		37,750
		-----		-----
		7,355		11,411
Retained profits brought forward		163,407		151,996
Capitalisation		(604)		-
		-----		-----
RETAINED PROFITS carried forward		£170,158		£163,407
		=====		=====