

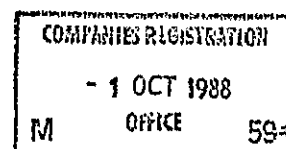
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Directors' Report and Accounts

Lyndale Wools Limited

31 March 1988

 Ernst & Whinney



LYNDALE WOOLS LIMITED

DIRECTORS' REPORT

Directors: Giuseppe Modiano
Mrs B Modiano

Secretary: C J Rockett FCA

Registered Office: 80 Clifton Street, London EC2A 4RS

The directors present their report and the audited accounts for the year ended 31 March 1988.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

At the beginning of the year the business carried on by the company was transferred to the holding company, G Modiano Limited, for whom it now trades as an agent.

RESULTS AND DIVIDENDS

The accounts show no profit or loss for the year. A dividend of £30,591 has been paid from retained profits leaving no balance to be carried forward.

DIRECTORS

The directors of the company during the year ended 31 March 1988 were those listed above.

DIRECTORS' INTERESTS

Neither of the directors had any interests in the shares of the company, either at the beginning or at the end of the year. The interests of the directors in the shares of the company's holding company, G Modiano Limited, are shown in that company's accounts.

AUDITORS

Ernst & Whinney have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the annual general meeting.

By order of the board

C. J. Rockett
Secretary

1. 8. 88



Ernst & Whinney
Chartered Accountants .

REPORT OF THE AUDITORS TO THE MEMBERS OF LYNDAL WOGLS LIMITED

We have audited the accounts set out on pages 3 to 8 in accordance with approved auditing standards. The accounts have been prepared under the historical cost convention.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31 March 1988 and of the movement on retained profits and source and application of funds for the year then ended and comply with the Companies Act 1985.

London - 1 AUG 1988

LYNDALE WOOLS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1988

| | Note | 1988 £ | 1987 £ |
|--|------|-----------|-----------|
| TURNOVER | 2/3 | - | 762,904 |
| Cost of sales | | - | 748,997 |
| GROSS PROFIT | | - | 13,907 |
| Selling, distribution and administrative expenses | | - | 13,294 |
| NET OPERATING INCOME | 4 | 0 - | 613 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | - | 613 |
| Taxation | 5 | - | 256 |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | - | £869 |

STATEMENT OF RETAINED PROFITS

| | | |
|------------------------------|----------|-----------|
| Balance, at 31 March 1987 | 30,591 | 529,722 |
| Dividend paid | (30,591) | (500,000) |
| Retained profit for the year | - | 869 |
| Balance at 31 March 1988 | - | £30,591 |

LYNDALE WOOLS LIMITED

BALANCE SHEET - 31 MARCH 1988

| | Note | 1988 £ | 1987 £ |
|--|------|----------------|----------------|
| FIXED ASSETS | | | |
| Tangible assets | 6 | - | 1,387 |
| CURRENT ASSETS | | | |
| Stocks | 7 | - | 49,984 |
| Debtors | 8 | - | 161,224 |
| Amounts owed by holding company | | 11,000 | - |
| Amounts owed by fellow subsidiaries | | - | 3,236 |
| Cash at bank and in hand | | - | 1,415 |
| | | <u>11,000</u> | <u>215,859</u> |
| CREDITORS - amounts falling due within one year | | | |
| Creditors | 9 | - | 14,837 |
| Amounts due to holding company | | - | 134,989 |
| Amounts due to fellow subsidiary | | - | 25,829 |
| | | <u>-</u> | <u>175,655</u> |
| NET CURRENT ASSETS | | <u>11,000</u> | <u>40,204</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>£11,000</u> | <u>£41,591</u> |
| CAPITAL AND RESERVES | | | |
| Called-up share capital | 10 | 11,000 | 11,000 |
| Profit and loss account | | - | 30,591 |

Approved by the board

[Signature]
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)
) Directors
)

1. 8. 88

£11,000

£41,591

LYNDALE WOOLS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 MARCH 1988

| | 1988 £ | 1987 £ |
|--|------------------|-------------------|
| SOURCE OF FUNDS | | |
| FROM OPERATIONS | | |
| Profit on ordinary activities before taxation | - | 613 |
| Items not involving the movement of funds: | | |
| Depreciation of tangible fixed assets | - | 274 |
| Transfer of tangible fixed assets to holding company | 1,387 | - |
| | <u>1,387</u> | <u>887</u> |
| Total generated from operations | 1,387 | 887 |
| FUNDS APPLIED | | |
| Dividend paid | (30,591) | (500,000) |
| Taxation paid | (260) | (148,615) |
| Purchase of tangible fixed assets | - | (38) |
| | <u>£(29,464)</u> | <u>£(647,766)</u> |
| DECREASE IN WORKING CAPITAL | | |
| Arising from movements in: | | |
| Stocks | (49,984) | (35,866) |
| Debtors | (161,224) | (75,701) |
| Creditors | 14,577 | (4,083) |
| Group companies | 168,582 | (533,531) |
| Liquid funds | (1,415) | 1,415 |
| | <u>£(29,464)</u> | <u>£(647,766)</u> |

LYNDALE WOOLS LIMITED

NOTES ON THE ACCOUNTS - 31 MARCH 1988

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts are prepared under the historical cost convention.

(b) Depreciation

The provision for depreciation is calculated on the net cost of fixed assets in order to write off such cost over the estimated useful lives by equal annual instalments as follows:

| | |
|--------------------------------|----------|
| Office furniture and equipment | 10 years |
|--------------------------------|----------|

(c) Stocks

Stocks are valued at the lower of cost and estimated net realisable value, taking the open position into account. Cost includes processing costs and freight but does not include interest or warehousing costs.

The valuation of stocks and open positions on the basis that provision is made only for any overall potential loss supersedes the statutory valuation rules to enable the accounts to give a true and fair view.

(d) Transactions in commodity and foreign exchange markets

Provision is made where transactions open at the year end show an overall potential loss. No credit is taken where transactions open at the year end show an overall potential profit, such profits being taken into account in the year in which they are realised.

(e) Foreign currencies

Current assets and liabilities in foreign currencies have been translated into sterling at the year-end rates of exchange.

2 TURNOVER

Turnover comprises the invoice value of goods and services supplied by the company exclusive of VAT.

3 ANALYSIS OF TURNOVER AND PROFITS BETWEEN ACTIVITIES AND MARKETS

Turnover and profits are derived only from trading in wool.

Turnover, analysed geographically, was as follows:

| | 1988 £ | 1987 £ |
|-------------------|-----------|-----------|
| United Kingdom | - | 165,945 |
| Rest of the world | - | 596,959 |
| | <hr/> | <hr/> |
| | - | £762,904 |
| | <hr/> | <hr/> |

LYNDALE WOOLS LIMITED

NOTES ON THE ACCOUNTS - 31 MARCH 1988

4 NET OPERATING INCOME is stated after charging:

| | 1988 £ | 1987 £ |
|---------------------------------------|-----------|--------------|
| Depreciation of tangible fixed assets | - | 274 |
| Auditors' remuneration | - | 3,000 |
| | <u>-</u> | <u>3,000</u> |

5 TAXATION

The tax credit for the year comprises:

| | 1988 £ | 1987 £ |
|------------------------|-----------|-------------|
| Corporation tax at 29% | - | (260) |
| Prior year adjustment | - | 516 |
| | <u>-</u> | <u>£256</u> |

6 TANGIBLE FIXED ASSETS

| | Furniture and equipment £ | Plant and machinery £ | Total £ |
|--------------------------------|------------------------------------|-----------------------------|---------------|
| Cost | | | |
| At 31 March 1987 | 5,008 | 522 | 5,530 |
| Transferred to holding company | (5,008) | (522) | (5,530) |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| At 31 March 1988 | - | - | - |
| Depreciation | | | |
| At 31 March 1987 | 3,621 | 522 | 4,143 |
| Transferred to holding company | (3,621) | (522) | (4,143) |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| At 31 March 1988 | - | - | - |
| Net book amounts at | | | |
| 31 March 1988 | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| 31 March 1987 | £1,387 | - | £1,387 |
| | <u>£1,387</u> | <u>-</u> | <u>£1,387</u> |

NOTES ON THE ACCOUNTS - 31 MARCH 1988

7 STOCKS

Stocks relate exclusively to stocks of wool. There is no material difference between the replacement cost of stocks and their historical cost.

8 DEBTORS

| | 1988 £ | 1987 £ |
|--------------------------------|-----------|-----------------|
| Trade debtors | - | 157,150 |
| Prepayments and accrued income | - | 4,074 |
| | <u>-</u> | <u>£161,224</u> |

9 CREDITORS - amounts falling due within one year

| | 1988 £ | 1987 £ |
|-----------------|-----------|----------------|
| Trade creditors | - | 10,565 |
| Taxation | - | 260 |
| Accruals | - | 4,012 |
| | <u>-</u> | <u>£14,837</u> |

10 CALLED-UP SHARE CAPITAL

| | 1988 £ | 1987 £ |
|-------------------------------------|----------------|----------------|
| Authorised, allotted and fully paid | | |
| Deferred shares of £1 each | 10,000 | 10,000 |
| Ordinary shares of £1 each | 1,000 | 1,000 |
| | <u>£11,000</u> | <u>£11,000</u> |

11 HOLDING COMPANY

The company is a wholly-owned subsidiary of G Modiano Limited, incorporated in Great Britain, which is its ultimate holding company.