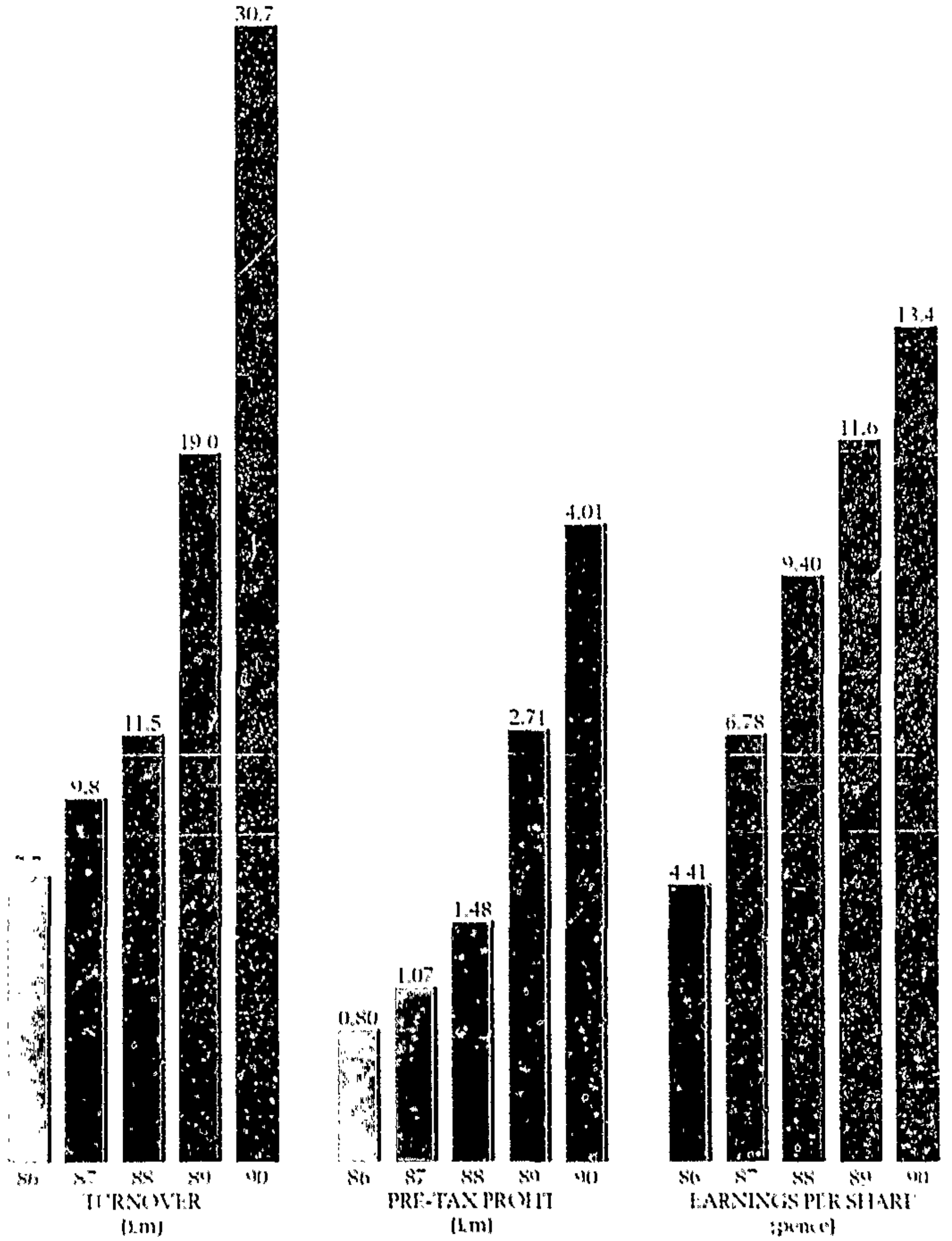
1870320

# CONTENTS

# FINANCIAL HIGHLIGHTS

| | 1990 | 1989 | Increase |
|---|---|---|---|
| Turnover<br>£m | 30.7 | 19.0 | 61% |
| Profit before Taxation<br>£m | 4.0 | 2.7 | 48% |
| Earnings per Ordinary Share<br>pence | 13.4 | 11.6 | 16% |
| Ordinary Dividends<br>pence | 3.7 | 3.3 | 12% |

# FINANCIAL SUMMARY



# TO OUR SHAREHOLDERS

Colefax and Fowler's pretax profits for the year to 30th April, 1990 rose by 48% to £4.01 million, strengthened by an increased contribution from overseas. Earnings per share, enhanced by a reduced tax charge, increased by 16% to 13.4p. Turnover has grown by 61% to £30.7 million, of which 48% was generated overseas.

The Board has proposed a final dividend of 2.4p (2.2p), making a total of 3.7p (3.3p), an increase of 12% to be paid on 1st October, 1990 to Shareholders on the register at the close of business on 3rd September, 1990.

The Company's product division, with the principal brands Colefax and Fowler and Cowtan & Tout, now augmented by Jane Churchill and Kingcome, accounts for approximately 80% of the Company's total sales, as compared to 60% at flotation in 1988.

Trade sales of Colefax and Fowler in the UK have increased by 24% in the year due in the main to the successful launch in 1988 of the "Halkin" and "Ebury" collections and in 1989 of the "Avery" collection. The company has more than doubled its range of fabrics and wallpapers since flotation and plans to launch two new collections during 1990.

In the USA. sales have increased by 15% and future contributions from Cowtan & Tout will be enhanced by the two new showrooms, San Diego and Minneapolis, opened during 1989, the launch of the Jane Churchill range in September 1990 and, on termination of our current agreement with Clarence House in January 1991, the distribution of the Colefax and Fowler classic designs.

Sales in Australia increased by 16% and with the launch of the Jane Churchill range in September 1990 we look forward to continued steady growth from this market. Export sales, excluding those to the USA and Australia, have increased by 22%, principally to Continental Europe.

In October, 1989, our new UK distribution centre was completed, more than doubling our storage and handling capacity which, together with the upgrading of our computer system, puts in place the infrastructure required to take the Company forward.

Under the Kingcome brand name, the Company has diversified its activities into the design, production and marketing of bespoke upholstered furniture. Kingcome has taken over manufacturing the Colefax and Fowler range of upholstered furniture, which is now available in the UK, and we are currently analysing the potential for its distribution in the USA.

The Company operates seven retail outlets in the UK, accounting for approximately 10% of total sales. Colefax and Fowler, with the opening of its new Sloane Street showroom in September 1989, now has three retail showrooms in central London. Jane Churchill has two showrooms, one in Sloane Street and one in St. Albans, together with a concession in Liberty. Kingcome has one showroom in Fulham Road. This area of the Company's activities has performed well, but we do not anticipate growth in the current economic climate.

The decorating division, which accounts for approximately 20% of total sales, has had an excellent year, with the teams working on a variety of exciting projects. Work in progress ranges from a fifteenth century fortified house on a Greek Island, an English shooting lodge and two yachts to the restoration of an important English country house. 30% of the decorating division's sales are generated abroad, with the USA being the principal overseas market. Our decorator based in Sydney has had a very good year and is becoming established in that market.

The proceeds of our rights issue in September 1989 have been used to fund the move to our new distribution centre in South London, upgrading the computer system and reducing short term borrowings.

During 1989 the Company made two strategic acquisitions. Jane Churchill gives us access to the middle market, enhancing trade sales of fabric and wallpaper. A significant amount of work has gone into restructuring its product line, which will be completed by September 1990, in time to launch the range in the US and Australia. The acquisition of Kingcome expands the product range we have available throughout our distribution network. The beneficial effects on profit of these acquisitions will flow through over the next few years as our strategic marketing brings the brands wider market awareness.

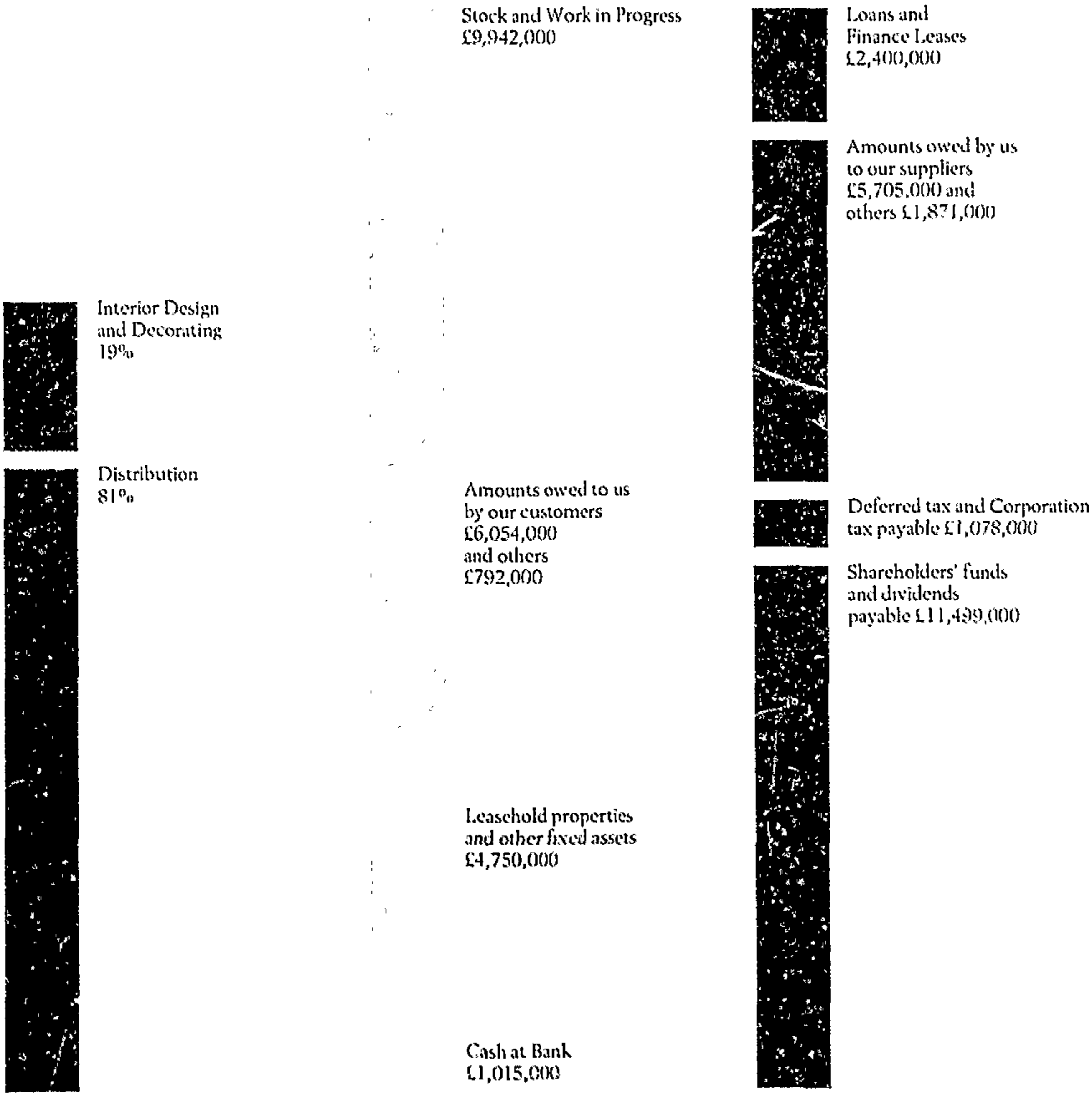
Whilst organic growth remains our primary focus for increased earnings per share, our financial objectives can also be supported by the acquisition of complementary niche businesses. Our strategy for growth is to continue to develop our international distribution network and utilise it fully with an expanding range of closely related products.

We thank all our staff for their skill, dedication and hard work, without which this year's record result would not have been possible. We also thank our shareholders for their continued support. The current year has had a sound start and we look forward to achieving continued growth and moving further towards our strategic objectives.

Thomas S. Parr
Chairman
31st July 1990

David B. Green
Chief Executive

# ILLUSTRATED ACCOUNTS




Sales of £30,728,000 were analysed as above.

£22,553,000 was employed in the Company in the above proportions at 30th April 1990.

The £22,553,000 utilised at 30th April 1990 came from the above areas.

# DIRECTORS, BANKERS AND ADVISERS

Directors

T. S. Parr, *Chairman*
D. B. Green, *Chief Executive*
F. B. Pearson, BA FCA *Finance Director*
G. Oakes
A Grafton

Non-executive

Lord Rothschild.
Lord Rothschild has been a non-executive Director of the Group since 1985. He is Chairman of J. Rothschild Holdings Limited.

All of 39 Brook Street, London W1Y 2JE

Secretary and Registered Office

F. B. Pearson BA FCA
39 Brook Street, London W1Y 2JE

Financial Advisers

Kleinwort Benson Limited
P.O. Box 560
20 Fenchurch Street
London EC3P 3DB

Stockbrokers

UBS Phillips & Drew Securities Limited
100 Liverpool Street
London EC2M 2RH

Auditors

Ernst & Young
Chartered Accountants
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

Solicitors

Clifford Chance
Royex House
Aldermanbury Square
London EC2V 7LD

U.S. Counsel

Simpson Thacher & Bartlett
425 Lexington Avenue
New York
NY 10017–3909
U.S.A.

U.K. Bankers

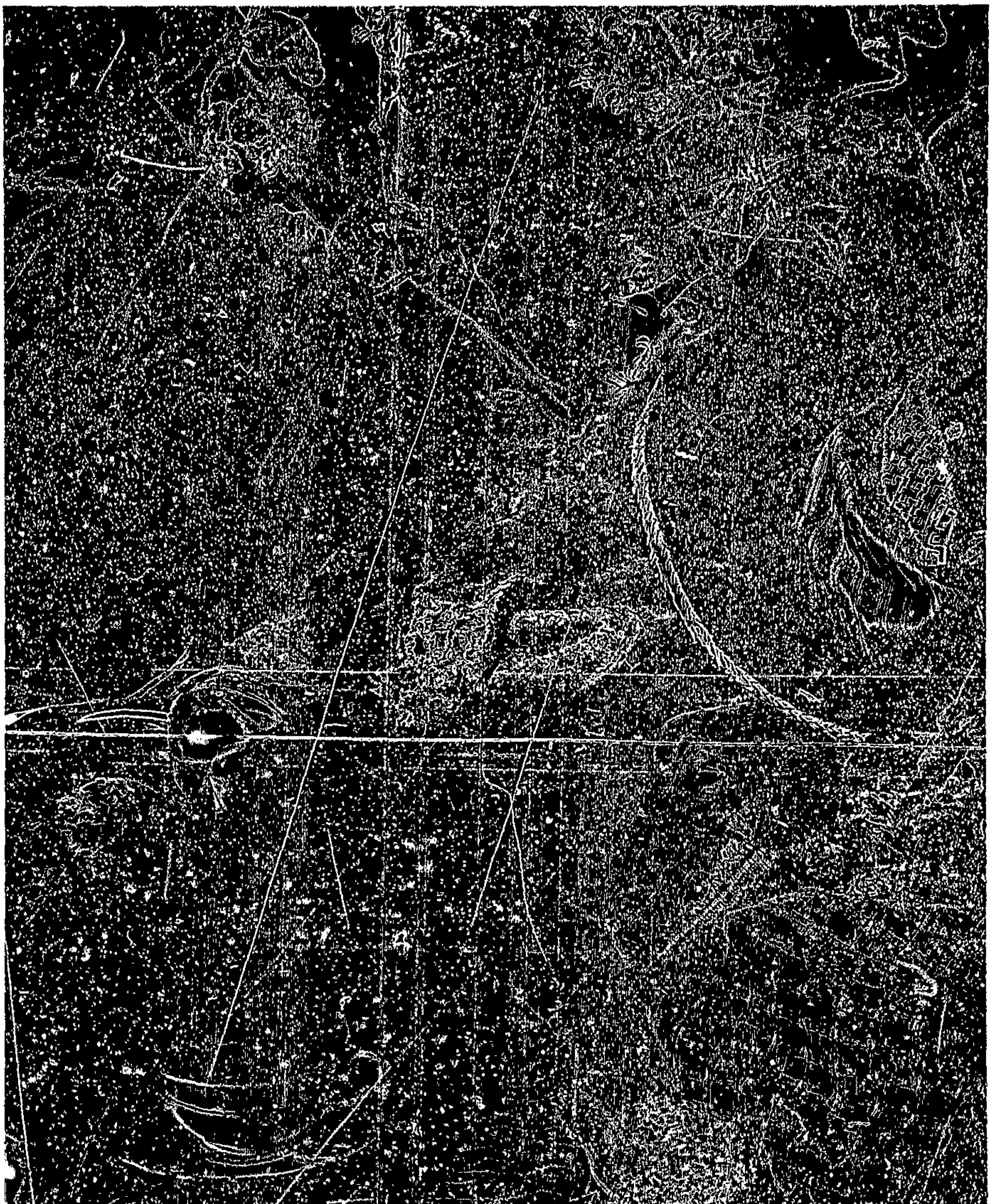
Midland Bank plc
10 Newgate Street
London EC1A 7AS

U.S. Bankers

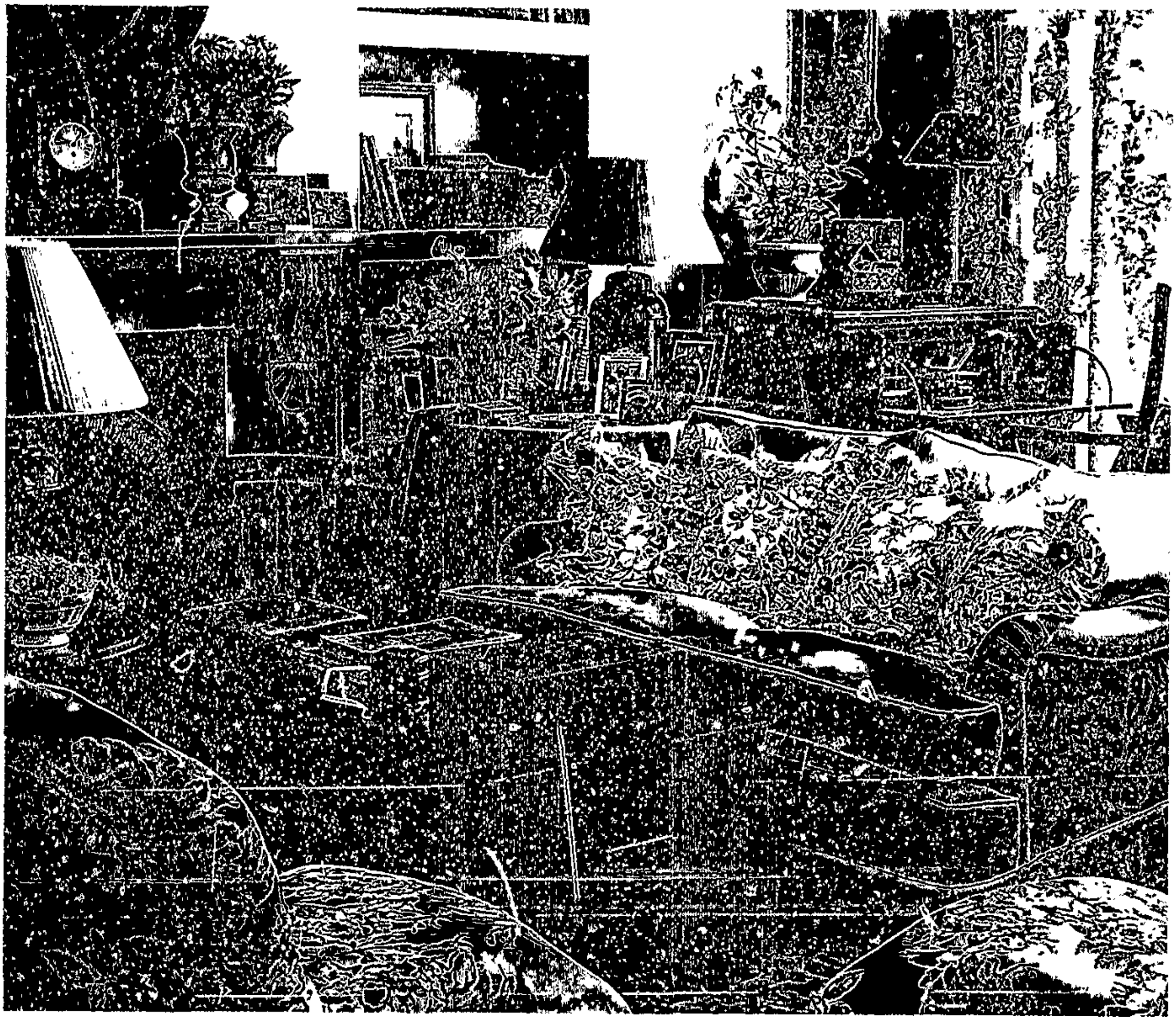
Chemical Bank
277 Park Avenue
New York
NY 10172
U.S.A.

Registrars and Transfer Office

The Royal Bank of Scotland plc
Registrars' Department
Owen House
PO Box 435
8 Bankhead Crossway North
Edinburgh EH11 4BR

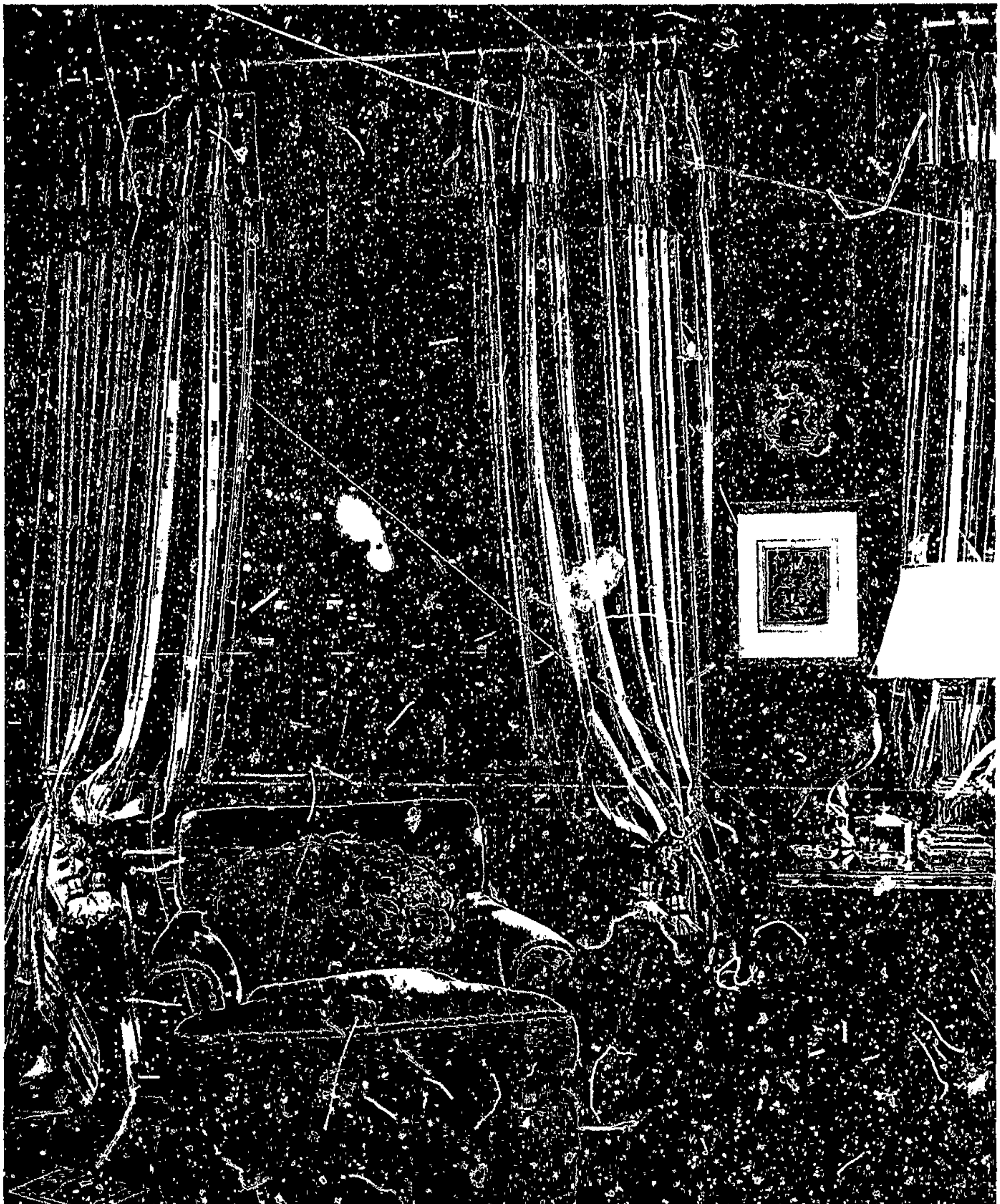


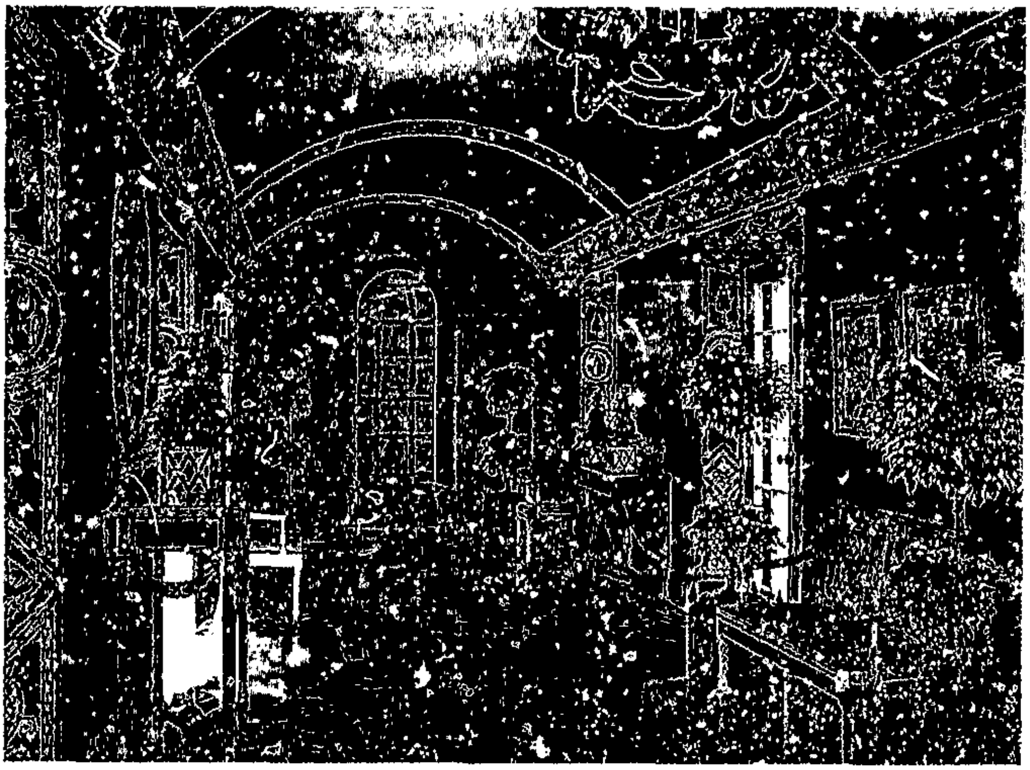


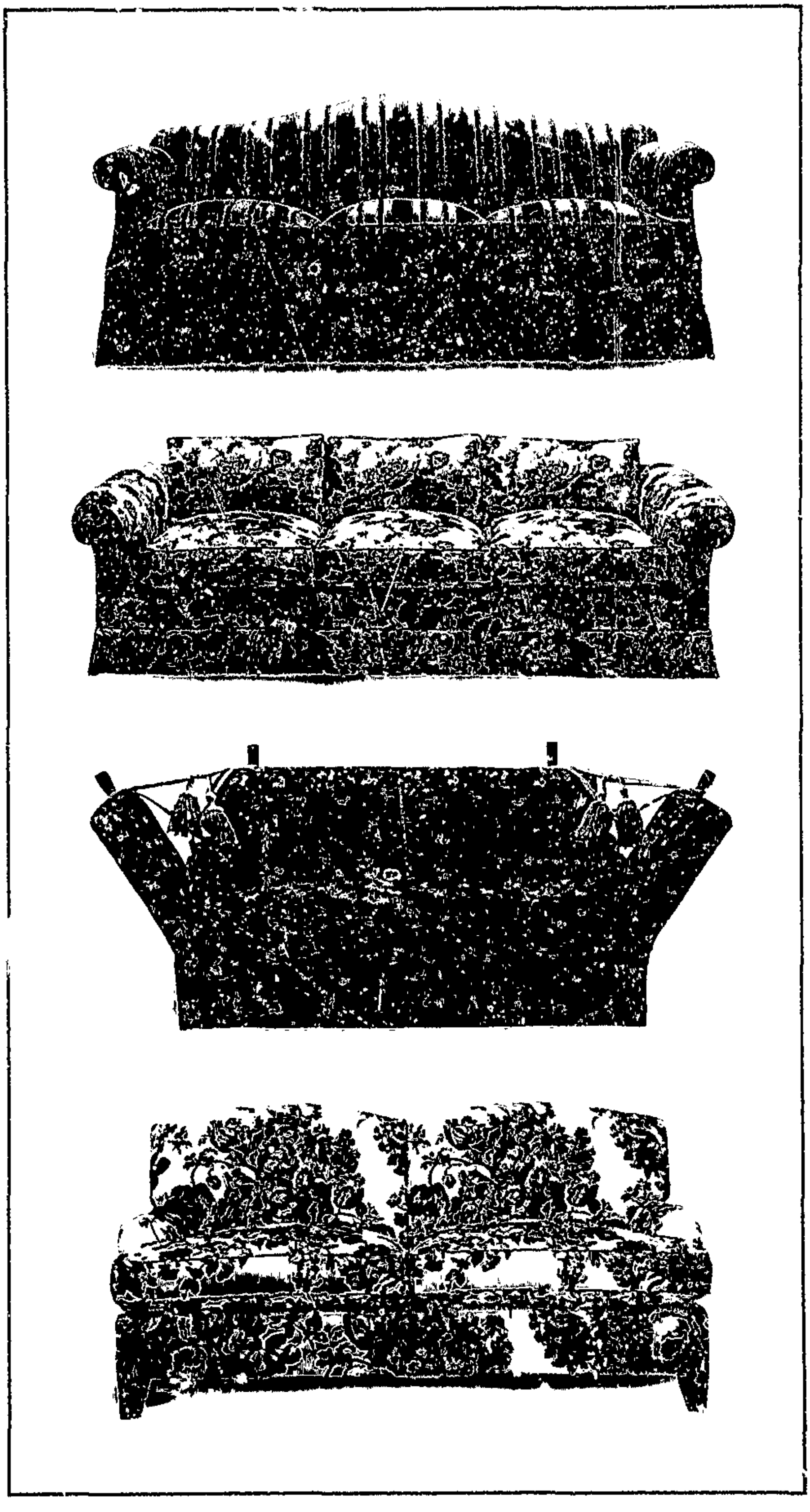


Opposite COLEFAX AND FOWLER Fabrics and Wallpapers
Honeysuckle (Yellow orange) Tavistock (Dark yellow)
Pelham Stripe (Yellow-green) Chester Check (Yellow) Oak Twig (Green)
Melford Check (Yellow) Oxford Trimming Collection

Above JANE CHURCHILL Fabrics and Wallpapers
Wallpaper Mayfair Stripe (Yellow) Curtains Cushions Montrose (Pink)
Pelham sofa Damask (Beige) Victorian chairs Montrose (Pink)
Tablecloth Damask (Lombardy gold)
Felt Blinds Tablecloth Pavilion (Yellow) Cushions Selbourne (Blue)

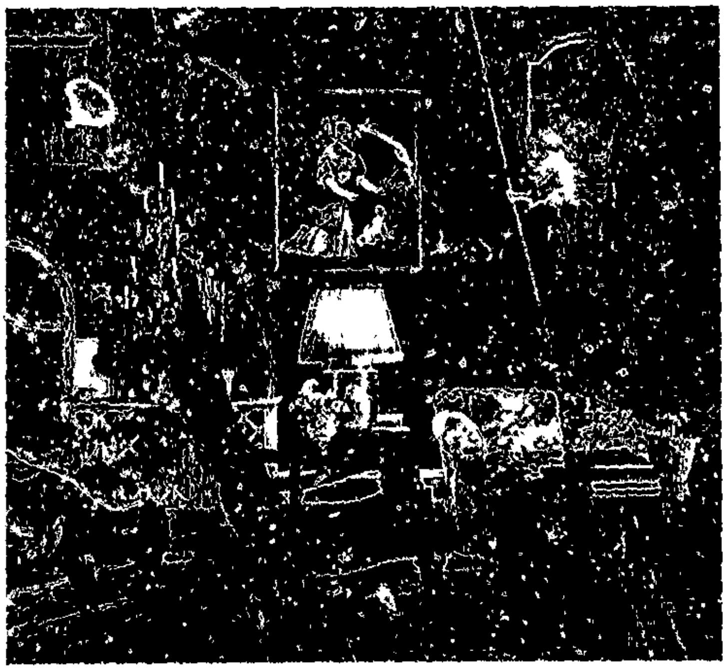






COWTAN & TOUT
and Wallpapers

SOFAS



Decorators and Interior Designers
SIBYL COLEFAX AND JOHN FOWLER
COLEFAX AND FOWLER DESIGN

# DIRECTORS' REPORT

The Directors submit their report and Group financial statements for the year ended 30th April, 1990.

**Principal Activities**

The principal activities of the Group are the design, marketing, distribution and retailing of furnishing fabrics, wallpapers, trimmings and related products in the U.K. and overseas and the sale of antiques; interior and architectural design, project management, decoration and furnishing for private and commercial clients.

**Review of The Business and Future Developments**

On 10th May, 1989 the Company purchased Jane Churchill Limited, which designs, markets and distributes furnishing fabrics, wallpapers and accessories. The purchase consideration was £783,915 satisfied by the issue of 427,415 shares and £65,557 cash. Loans made to Jane Churchill Limited by vendors were satisfied by the issue of 107,143 shares in the Company. On 10th May, 1990 further consideration of £150,000 in the form of shares became payable to certain vendors of Jane Churchill Limited.

On 20th September, 1989 the Company [illegible] 000 (net of expenses) by a one for five rights issue to ordinary shareholders. These proceeds have been used [illegible] borrowings.

On 20th September, 1989 the Company purchased L M Kingcome Limited which designs, markets and distributes upholstered furniture. The purchase consideration was £1,096,919 satisfied by the issue of 611,699 shares and £46,919 cash. On the attainment of [illegible] targets in the years to 30th September, 1990, 30th September, 1991 and 30th September, 1992, further consideration may become payable in the form of shares to a maximum of £100,000, £100,000 and £150,000 respectively.

In respect of the acquisition of Cowtan & T[illegible] on 2nd November, 1988 further consideration may become payable on 1st August, 1991 and 1[illegible] aggregate maximum of $1,000,000 and $1,500,000 cash respectively, dependent on trading results. No further consideration became payable in 1990.

Further details of the Group's activities during the year and future plans are contained in the statement to our shareholders on pages 4 and 5.

**Share Capital**

At the forthcoming Annual General Meeting, certain resolutions are to be proposed as Special Business.

Resolution Number 5 would authorise the Directors to allot shares in the Company up to a maximum of the authorised but unissued share capital of the Company for a period expiring on the date of the next annual general meeting or 15 months after the passing of the resolution whichever first occurs.

Resolution Number 6 would increase the number of ordinary shares of the Company available for issue under the Executive Share Option Scheme to bring such amount to 10% of the present issued share capital of the Company.

Resolution Number 7 would seek to authorise the Directors to allot shares for cash, other than to existing shareholders in proportion to their existing holdings, in respect of a maximum of 5% of the existing issued share capital of the Company, for a period again expiring on the date of the next annual general meeting or 15 months after the passing of the resolution, whichever first occurs.

Details of the changes in the share capital [illegible] the year are given in note 17 to the accounts.

**Results and Dividends**

The Group's trading profit for the year, after taxation was £3,134,000 (1989 – £1,853,000). An interim dividend of 1.3p (1988 – 1.1p) per share was paid to shareholders on 6th April, 1990. The Directors recommend the payment of a final dividend of 2.4p (1989 – 2.2p) per share to be paid on 1st October to shareholders on the register on 3rd September. The total dividend is 3.7p per share and the total dividend cost is £935,000, leaving a profit of £2,199,000 to be retained.

**Fixed Assets**

The changes in fixed assets during the year are summarised in the notes to the accounts.

**Market Value of Land and Buildings**

In the opinion of the Directors the market value of the Group's short leasehold properties is significantly in excess of book value.

**Employees**

The Group values the involvement of its employees and keeps them informed on matters affecting them and on factors affecting the performance of the Group. Information is given at formal and informal meetings throughout the year.

**Disabled Persons**

It is the policy of the Group to employ disabled persons wherever appropriate. Such disabled employees are given the same opportunities for training and promotion as other employees. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues.

**Charitable Donations**
During the year the Group made various charitable donations totalling £8,014 (1989 – £3,563).

**Directors and their Interests**
The Directors during the year, and their interests in the share capital of the Company at the beginning and the end of the year, were as follows:

| | 30th April, 1990 Ordinary Shares of 10p each | 30th April, 1989 Ordinary Shares of 10p each |
|---|---|---|
| T S Parr | 921,389 | 916,700 |
| D B Green | 4,020,462 | 4,000,000 |
| F B Pearson BA FCA | 5,000 | – |
| G Oakes | 447,678 | 445,400 |
| A Gratton | 5,804 | 800 |
| Lord Rothschild (Non-executive) | 485,068 | 482,600 |

Mr D B Green's shareholding included 100,000 (1989 – Nil) ordinary shares in which his interest was non-beneficial. The Directors' shareholdings in the company have not changed since the year end. No Director was interested in the shares of any subsidiary company.

In addition to the Directors listed above, H C Jones served as a Director until 18th December, 1989, when he resigned. His interest in the share capital of the Company was 345,400 ordinary shares at 30th April, 1989 and 347,166 at the date of his resignation.

A summary of the share options granted to Directors and senior executives is given in note 17 to the accounts.

Lord Rothschild retires by rotation and, being eligible, offers himself for re-election

The Executive Directors have service agreements with the company which will be available for inspection at the annual general meeting.

There are no Directors' interests in contracts which are required to be disclosed under the Companies Act 1985.

**Substantial Shareholdings**
Other interests of 3 per cent. or more in the issued ordinary shares of which the company has been notified as at 31st July, 1990 were:

| | No. of shares |
|---|---|
| E Netto | 1,025,763 |
| Gartmore Investment Management Limited | 1,176,495 |
| Fidelity Investment Services Limited | 818,695 |
| Argosy Asset Management PLC | 775,322 |
| Tesco Pension Trustees Limited | 778,774 |

**Post Balance Sheet Events**
On 10th May, 1990 further consideration of £150,000 in the form of shares became payable to certain vendors of Jane Churchill Limited. The liability has been dealt with in the accounts as a capital reserve and written off to goodwill.

On 31st July, 1990, 96,774 Ordinary shares of 10p each were issued at a price of 155p each as further consideration for the acquisition of Jane Churchill Limited. The shares are fully paid.

**Close Company Status**
The Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

**Auditors**
A resolution proposing the re-appointment of Ernst & Young will be submitted at the Annual General Meeting.

**By order of the Board**
F B Pearson BA FCA
Secretary
31st July, 1990

# GROUP PROFIT AND LOSS ACCOUNT
For the year ended 30th April, 1990

| | Notes | 1990 £'000 | 1989 £'000 |
|---|---|---|---|
| Turnover | 2 | 30,728 | 19,037 |
| Cost of sales | | 17,739 | 11,149 |
| Gross profit | | 12,989 | 7,888 |
| Operating expenses | 3 | 8,414 | 4,988 |
| Operating profit | | 4,575 | 2,900 |
| Interest receivable | | – | 49 |
| Interest payable | 4 | (564) | (240) |
| Profit on ordinary activities before taxation | 5 | 4,011 | 2,709 |
| Tax on profit on ordinary activities | 7 | 877 | 856 |
| Profit on ordinary activities after taxation | | 3,134 | 1,853 |
| Dividends | 8 | 935 | 577 |
| Retained profit for the year | 18 | 2,199 | 1,276 |
| Earnings per share | 9 | 13.4p | 11.6p |

The notes on pages 21 to 30 form part of these financial statements.

# GROUP BALANCE SHEET
At 30th April, 1990

| | Notes | 1990 £'000 | 1989 £'000 |
|---|---|---|---|
| **Fixed assets:** | | | |
| Tangible assets | 10 | 4,750 | 2,898 |
| **Current assets:** | | | |
| Stocks and contracts in progress | 12 | 9,942 | 7,565 |
| Debtors | 13 | 7,027 | 4,448 |
| Cash at bank and in hand | | 1,015 | 78 |
| | | 17,984 | 12,091 |
| Creditors: amounts falling due within one year | 14 | 9,660 | 7,067 |
| Net current assets | | 8,324 | 5,024 |
| Total assets less current liabilities | | 13,074 | 7,922 |
| Creditors: amounts falling due after more than one year | 15 | 1,572 | 2,639 |
| Provision for liabilities and charges: | | | |
| Deferred taxation | 16 | 439 | 215 |
| Acquisition provisions | 11 | 171 | — |
| | | 10,892 | 5,068 |
| **Capital and reserves:** | | | |
| Called up share capital | 17 | 2,521 | 1,997 |
| Share premium account | 18 | 8,352 | 2,357 |
| Capital reserve | 18 | 150 | — |
| Profit and loss account | 18 | (131) | 714 |
| | | 10,892 | 5,068 |

T. S. Parr Director
D. B. Green Director
31st July, 1990

The notes on pages 21 to 30 form part of these financial statements.

# COMPANY BALANCE SHEET
At 30th April, 1990

| | Notes | 1990 £'000 | 1989 £'000 |
|---|---|---|---|
| **Fixed assets:** | | | |
| Tangible assets | 10 | 1,612 | 1,789 |
| Investments | 11 | 13,233 | 10,850 |
| | | 14,845 | 12,639 |
| **Current assets:** | | | |
| Debtors | 13 | 8,663 | 3,157 |
| Cash at bank and in hand | | 1,294 | — |
| | | 9,957 | 3,157 |
| Creditors: amounts falling due within one year | 14 | 1,276 | 1,247 |
| Net current assets | | 8,681 | 1,910 |
| Total assets less current liabilities | | 23,526 | 14,549 |
| Creditors: amounts falling due after more than one year | 15 | 78 | 111 |
| | | 23,448 | 14,438 |
| **Capital and reserves:** | | | |
| Called up share capital | 17 | 2,521 | 1,997 |
| Share premium account | 18 | 18,975 | 11,315 |
| Revaluation reserve | 18 | 48 | 66 |
| Capital reserve | 18 | 150 | — |
| Profit and loss account | 18 | 1,754 | 1,060 |
| | | 23,448 | 14,438 |

T. S. Parr Director
D. B. Green Director
31st July, 1990

The notes on pages 21 to 30 form part of these financial statements

# GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS
For the year ended 30th April, 1990

| | 1990 £'000 | 1989 £'000 |
|---|---|---|
| **Source of Funds:** | | |
| Profit on ordinary activities before taxation | 4,011 | 2,709 |
| Adjustment for items not involving the movement of funds: | | |
| Depreciation | 670 | 380 |
| (Profit) on disposal of tangible fixed assets | (20) | (7) |
| | 650 | 373 |
| Total generated from operations | 4,661 | 3,082 |
| Funds from other sources: | | |
| Proceeds of disposal of tangible fixed assets | 234 | 17 |
| Net Proceeds of shares issued during the year | 8,184 | 12,410 |
| Capital Reserve | 150 | — |
| | 8,568 | 12,427 |
| | 13,229 | 15,509 |
| **Application of Funds:** | | |
| Purchase of tangible fixed assets | 2,362 | 763 |
| Decrease in Loans | 1,302 | 557 |
| Exchange Movements | 90 | 11 |
| Tax | 1,498 | 473 |
| Dividends paid | 768 | 236 |
| Acquisition of subsidiary companies* | 2,030 | 10,684 |
| Acquisition provisions | 171 | — |
| | 8,221 | 12,724 |
| Working capital Increase | 5,008 | 2,785 |
| Components of increase (decrease) in working capital: | | |
| Stocks and contracts in progress | 1,846 | 2,484 |
| Long term contracts | — | (7) |
| Debtors | 2,097 | 733 |
| Creditors | (25) | (327) |
| | 3,918 | 2,883 |
| **Movement in net liquid funds:** | | |
| Cash at bank and in hand | 857 | (419) |
| Bank overdraft | 233 | 321 |
| | 1,090 | (98) |
| | 5,008 | 2,785 |

The notes on pages 21 to 30 form part of these financial statements

# GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS
Continued

*Analysis of acquisition of the assets and liabilities of subsidiary companies:

| | Jane Churchill Limited £'000 | L. M. Kingcome Limited £'000 |
|---|---|---|
| **Net assets/liabilities acquired:** | | |
| Tangible fixed assets | 137 | 191 |
| Stocks | 459 | 72 |
| Debtors | 249 | 184 |
| Cash | 80 | – |
| Overdraft | (313) | (70) |
| Loans | (956) | (43) |
| Creditors | (1,737) | (888) |
| Goodwill | 3,014 | 1,651 |
| | 933 | 1,097 |

| | | |
|---|---|---|
| **Discharged by:** | | |
| Issue of shares | 717 | 1,050 |
| Cash | 66 | 47 |
| Capital Reserve | 150 | – |
| | 933 | 1,097 |

The notes on pages 21 to 30 form part of these financial statements

# NOTES TO THE ACCOUNTS
At 30th April, 1990

## 1 Accounting Policies

(a) Accounting Convention
The financial statements are prepared under the historical cost convention modified to include the revaluation of certain land and buildings.

(b) Basis of Consolidation
The Group financial statements consolidate the financial statements of Colefax and Fowler Group PLC and its subsidiaries for the year ended 30th April, 1990. No profit and loss account is presented for the Company as provided in S.228(7) of the Companies Act 1985. The profit dealt with in the financial statements of the holding company was £1,611,000 (1989–£1,149,000).

The Group profit and loss account includes the results of subsidiary companies acquired from the date of acquisition. The Group profit and loss account includes the results of Jane Churchill Limited and L. M. Kingcome Limited since their dates of acquisition on 10th May, 1989 and 20th September, 1989 respectively. The purchase consideration has been allocated to each class of asset on the basis of fair value at the date of acquisition.

Advantage has been taken of the merger relief offered by S.131 of the Companies Act 1985 in respect of consideration paid in excess of the nominal value of the shares issued in connection with the acquisitions of Jane Churchill Limited and L. M. Kingcome Limited. However, although the transactions qualify for merger accounting, the Directors have decided to account for the combinations as acquisitions.

(c) Goodwill
Individual elements of purchased goodwill are written off directly against reserves.

(d) Depreciation and Amortisation
Depreciation and amortisation are provided on all tangible fixed assets at rates calculated to write off the cost or valuation less estimated residual value of each asset evenly over its expected useful life, as follows:

| | |
|---|---|
| Leasehold land and buildings and leasehold improvements | – 50 years or, if shorter, over the period of the lease |
| Furniture, fixtures and equipment | – 5–10 years |
| Motor vehicles | – 4 years |
| Screens and originations | – 4 years |

The part of the annual depreciation charge on revalued assets which relates to the surplus over historical cost is transferred from the revaluation reserve to the retained profit and loss account. Assets in the course of construction are not depreciated.

(e) Stocks
Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolescent, slow moving and defective stocks.

(f) Contracts in Progress
Short term contracts in progress are valued at cost less progress payments received and receivable. Cost includes all direct expenditure on materials, external services, labour and related overheads that have been incurred in bringing the contracts in progress to their present location and condition. Provision is made for any losses expected to arise on completion of the contracts entered into at the date of the balance sheet, whether or not work on these has commenced.

(g) Deferred Taxation
Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future, without being replaced, calculated at the current rate.

# NOTES TO THE ACCOUNTS
At 30th April, 1990

**1 Accounting Policies continued**

(h) Leasing Commitments
*Assets obtained under* finance leases are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the [illegible] obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals in respect of operating leases are charged to income as incurred.

(i) Pension Scheme Arrangements
The Companies in the Group operate defined money purchase pension schemes which are externally funded. Payments made to the funds are charged annually in these accounts as part of employment costs. The funds are valued on a daily basis by the managers of the pension scheme.

One Group company operates a defined benefit pension schemes for employees. The schemes' funds are administered by trustees and are independent of Group finances. Annual contributions are based on actuarial advice and the expected cost of providing pensions is recognised on a systematic and rational basis over the expected average remaining service life of members of the schemes.

(j) Foreign Currencies
Group
The financial statements of overseas subsidiaries are translated at the rate of exchange ruling at the balance sheet date The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. *All other translation differences* are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against Group equity investments in foreign enterprises, which are taken directly to reserves together with the exchange differences on the carrying amount of the related investments.

Company
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

**2. Turnover**

Turnover represents the value of goods sold and services provided during the accounting period which falls within the Group's ordinary activities, stated net of value added tax.

| The geographical analysis of the Group's turnover is as follows: | 1990 | | 1989 | |
|---|---|---|---|---|
| Geographical area: | £'000 | % | £'000 | % |
| United Kingdom | 15,922 | 52 | 10,647 | 56 |
| United States | 12,120 | 39 | 6,395 | 34 |
| Rest of world | 2,686 | 9 | 1,995 | 10 |
| | 30,728 | 100 | 19,037 | 100 |

No further sector information is presented as the Directors consider that the Group's business comprises a single activity.

**3. Operating Expenses**

| | 1990 £'000 | 1989 £'000 |
|---|---|---|
| Distribution and Marketing costs | 4,221 | 2,886 |
| Administrative costs | 4,193 | 2,102 |
| | 8,414 | 4,988 |

**4. Interest Payable**

| | 1990 £'000 | 1989 £'000 |
|---|---|---|
| Bank loans and overdrafts | | |
| Repayable within five years | (453) | (142) |
| Repayable after five years | – | (62) |
| | (453) | (204) |
| Finance leases payable within five years | (111) | (36) |
| | (564) | (240) |

# NOTES TO THE ACCOUNTS
At 30th April, 1990

| | | 1990 £'000 | 1989 £'000 |
|---|---|---|---|
| 5 Profit on Ordinary Activities before Taxation | (a) This is stated after charging or (crediting): | | |
| | Directors' emoluments (see below) | 330 | 377 |
| | Auditors' remuneration | 81 | 39 |
| | Depreciation of owned fixed assets | 628 | 344 |
| | Depreciation of assets held under finance leases | 42 | 36 |
| | Operating lease rentals – land and buildings | 648 | 412 |
| | – other | 11 | 21 |
| | Royalties received | (35) | (7) |
| | (b) Directors' Remuneration: | | |
| | Emoluments (including pension contributions) | 330 | 346 |
| | Compensation to Director for loss of office | – | 31 |
| | | 330 | 377 |
| | Emoluments, excluding pension contributions, of: | | |
| | Chairman | 50 | 54 |
| | Highest paid Director | 56 | 61 |

Other Directors' emoluments, excluding pension contributions, fell within the following ranges:

| | 1990 No. | 1989 No. |
|---|---|---|
| £ Nil – £ 5,000 | 1 | 1 |
| £25,001 – £30,000 | – | 2 |
| £35,001 – £40,000 | 1 | – |
| £40,001 – £45,000 | 1 | 2 |
| £50,001 – £55,000 | 2 | 1 |

F E Pearson and A Grafton have shares under option, details of which are included in note 17 to the accounts.

The emoluments stated above do not include an estimate of the pecuniary value of the share options.

(c) Senior Employees.
Employees receiving emoluments excluding pension contributions in excess of £30,000 fell within the following ranges:

| | 1990 No. | 1989 No. |
|---|---|---|
| £30,001 – £35,000 | 6 | 1 |
| £35,001 – £40,000 | 6 | 2 |
| £40,001 – £45,000 | 3 | 2 |
| £45,001 – £50,000 | 4 | 1 |
| £50,001 – £55,000 | 1 | – |

| | | 1990 £'000 | 1989 £'000 |
|---|---|---|---|
| 6 Staff Costs | Staff Costs, excluding Directors, were as follows | | |
| | Wages and salaries | 4,144 | 2,518 |
| | Social security costs | 363 | 250 |
| | Other pension costs | 23 | 71 |
| | | 4,530 | 2,839 |

The average weekly number of employees during the year including Directors, was made up as follows:

| | No. | No. |
|---|---|---|
| Distribution and Marketing | 230 | 157 |
| Administration | 62 | 49 |
| | 292 | 206 |

# NOTES TO THE ACCOUNTS
At 30th April, 1990

| | | | 1990 £'000 | 1989 £'000 |
|---|---|---|---|---|
| 7. Tax on Profit on ordinary activities | The taxation charge is made up as follows: | | | |
| | Based on profits for the year: | | | |
| | Corporation tax at 35% (1989–35%) | | 799 | 843 |
| | Deferred taxation | | 173 | (95) |
| | | | 972 | 748 |
| | Overseas taxation | | (59) | 90 |
| | | | 913 | 838 |
| | Taxation (over)/under provided in previous years: | | | |
| | Corporation tax | | (36) | 18 |
| | | | 877 | 856 |

The effective taxation rate is 21.9% (1989–31.6%) mainly due to a payment in respect of a non-competition agreement which is deductible for overseas taxation purposes, but which is written off directly against reserves on consolidation as part of acquisition costs.

| | | 1990 £'000 | 1989 £'000 |
|---|---|---|---|
| 8. Dividends | Interim (paid) | 328 | 138 |
| | Final (proposed) | 607 | 439 |
| | | 935 | 577 |

9. Earnings per share

Earnings per share have been calculated on the basis of earnings of £3,134,000 (1989 – £1,853,000) and on 23,477,238 (1989 – 16,040,953) ordinary shares, being the weighted average number of ordinary shares in issue during the year ended 30th April, 1990. The prior year weighted average has been adjusted to reflect the bonus element of the rights issue on 20th September, 1990.

| | | Leasehold Long £'000 | Leasehold Short £'000 | Leasehold Improvements £'000 | Furniture Fixtures and Equipment £'000 | Motor Vehicles £'000 | Screens and Originations £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|---|
| 10. Tangible Fixed Assets | Group Cost or Valuation. | | | | | | | |
| | At 1st May, 1989 | 762 | 620 | 738 | 1,370 | 257 | 276 | 4,023 |
| | Arising on the acquisition of subsidiaries | – | 81 | 52 | 267 | 158 | – | 558 |
| | Exchange adjustment | 27 | – | 10 | 13 | (1) | 4 | 53 |
| | Additions | – | 65 | 1,045 | 519 | 295 | 438 | 2,362 |
| | Disposals | – | (7) | (223) | (497) | (127) | (36) | (890) |
| | At 30th April, 1990 | 789 | 759 | 1,622 | 1,672 | 582 | 682 | 6,106 |
| | Depreciation: | | | | | | | |
| | At 1st May, 1989 | 10 | 86 | 183 | 657 | 108 | 81 | 1,125 |
| | Arising on the acquisition of subsidiaries | – | 37 | – | 120 | 73 | – | 230 |
| | Exchange adjustment | (1) | – | 2 | 8 | (1) | (1) | 7 |
| | Charge for the year | 21 | 39 | 116 | 261 | 125 | 108 | 670 |
| | Disposals | – | (7) | (139) | (416) | (82) | (32) | (676) |
| | At 30th April, 1990 | 30 | 155 | 162 | 630 | 223 | 156 | 1,356 |
| | Net Book Value | | | | | | | |
| | At 30th April, 1990 | 759 | 604 | 1,460 | 1,042 | 359 | 526 | 4,750 |
| | At 1st May, 1989 | 752 | 534 | 555 | 713 | 149 | 195 | 2,898 |

# NOTES TO THE ACCOUNTS
At 30th April, 1990

| | | Leasehold Long £'000 | Leasehold Short £'000 | Leasehold Improvements £'000 | Furniture Fixtures and Equipment £'000 | Motor Vehicles £'000 | [illegible] and Organisations £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|---|
| 10. Tangible Fixed Assets continued | Company Cost or Valuation: | | | | | | | |
| | At 1st May, 1989 | – | 620 | 465 | 896 | 242 | 175 | 2,398 |
| | Additions | – | – | 51 | 285 | 13 | – | 349 |
| | Disposals | – | – | (128) | (154) | (174) | (4) | (460) |
| | At 30th April, 1990 | – | 620 | 388 | 1,027 | 81 | 171 | 2,287 |
| | Depreciation: | | | | | | | |
| | At 1st May, 1989 | – | 86 | 78 | 298 | 106 | 41 | 609 |
| | Charge for the year | – | 26 | 31 | 147 | 51 | 41 | 296 |
| | Disposals | – | – | (50) | (74) | (106) | – | (230) |
| | At 30th April, 1990 | – | 112 | 59 | 371 | 51 | 82 | 675 |
| | Net Book Value: | | | | | | | |
| | At 30th April, 1990 | – | 508 | 329 | 656 | 30 | 89 | 1,612 |
| | At 1st May, 1989 | – | 534 | 387 | 598 | 136 | 134 | 1,789 |

Assets held under finance leases are as follows:

| | Group Long Term Lease £'000 | Group Equipment Furniture and Fixtures £'000 | Group Motor Vehicles £'000 | Company Long Term Lease £'000 | Company Equipment, Furniture and Fixtures £'000 | Company Motor Vehicles £'000 |
|---|---|---|---|---|---|---|
| Cost or Valuation. | | | | | | |
| At 1st May, 1989 | 762 | 166 | – | – | 166 | – |
| Arising on the acquisition of subsidiaries | – | – | 61 | – | – | – |
| Disposal | – | 93 | – | – | 93 | – |
| Exchange adjustment | 27 | – | – | – | – | – |
| At 30th April, 1990 | 789 | 73 | 61 | – | 73 | – |
| Depreciation. | | | | | | |
| At 1st May, 1989 | 10 | 67 | | – | 67 | – |
| Arising on the acquisition of subsidiaries | – | | 21 | – | – | – |
| Exchange adjustment | (1) | – | – | – | – | – |
| Charge for the year | 21 | 6 | 15 | – | 6 | – |
| Disposal | – | 44 | – | – | 44 | – |
| At 30th April, 1990 | 30 | 29 | 36 | – | 29 | – |
| Net Book Value: | | | | | | |
| At 30th April, 1990 | 759 | 44 | 25 | – | 44 | – |
| At 1st May, 1989 | 752 | 99 | – | – | 99 | – |

# NOTES TO THE ACCOUNTS
At 30th April 1990

11 **Investments**

The Company has the following subsidiaries:

| Name of Company | Country of Registration or Incorporation | Holding | Proportion Held |
|---|---|---|---|
| Colefax and Fowler Limited | England | Ordinary Shares | 100% |
| Sibyl Colefax and John Fowler Limited | England | Ordinary Shares | 100% |
| Colefax and Fowler Design Limited | England | Ordinary Shares | 100% |
| Chintz Limited | England | Ordinary Shares | 100% |
| Jane Churchill Limited (acquired 10th May, 1989) | England | Ordinary Shares | 100% |
| L. M. Kingcome Limited (acquired 20th September, 1989) | England | Ordinary Shares | 100% |
| Cowtan & Tout Incorporated | U.S.A. | Common Stock | 100% |
| Colefax and Fowler Incorporated | U.S.A. | Common Stock | 100% |
| Colefax and Fowler Pty Limited | Australia | Ordinary Shares | 100% |

The movement on investment in subsidiary companies during the year comprises:

| Cost | £'000 |
|---|---|
| At 1st May, 1989 | 10,850 |
| Subsidiaries acquired | 2,031 |
| *Loans to subsidiary* | 352 |
| At 30th April, 1990 | 13,233 |

The fair value adjustments in the year are as follows:

Acquisition of Jane Churchill Limited

On 10th May, 1989 the Group acquired Jane Churchill Limited at a cost of £933,000 which includes accrued further consideration of £150,000. The fair value of the net liabilities acquired was (£2,081,000) giving rise to goodwill of £3,014,000.

| | Book Value £'000 | Accounting Policy Alignment £'000 | Other Provisions £'000 | Fair Value to Group £'000 |
|---|---|---|---|---|
| Fixed assets | 771 | – | (634) | 137 |
| Current assets | | | | |
| Stocks | 459 | – | – | 459 |
| Debtors | 374 | – | (125) | 249 |
| Cash | 80 | – | | 80 |
| Total Assets | 1,684 | – | (759) | 925 |
| Creditors less than one year | 1,831 | – | – | 1,831 |
| Creditors more than one year | 500 | – | – | 500 |
| Provisions | – | – | 675 | 675 |
| Total Liabilities | 2,331 | – | 675 | 3,006 |
| Net Liabilities | (647) | – | (1,434) | (2,081) |

# NOTES TO THE ACCOUNTS
At 30th April, 1990

**11 Investments continued**

Acquisition of L. M. Kingcome Limited

On 20th September, 1989 the Group acquired L. M. Kingcome Limited at a cost of £1,097,000. The fair value of the net liabilities acquired was (£554,000) giving rise to goodwill of £1,651,000.

| | Book Value £'000 | Accounting Policy Alignment £'000 | Other Provisions £'000 | Fair Value to Group £'000 |
|---|---|---|---|---|
| Fixed assets | 191 | – | – | 191 |
| Current assets | | | | |
| Stocks | 83 | (11)[d] | – | 72 |
| Debtors | 184 | – | – | 184 |
| Cash | – | – | – | – |
| Total Assets | 458 | (11) | – | 447 |
| Creditors less than one year | 891 | – | – | 891 |
| Creditors more than one year | – | – | – | – |
| Provisions | 80 | – | 30[c] | 110 |
| Total Liabilities | 971 | – | 30 | 1,001 |
| Net Liabilities | (513) | (11) | (30) | (554) |

[a] Write down of fixed assets on closure of a number of shops and the scrapping of redundant plant and equipment.
[b] Write down of leasehold property classified for resale
[c] Provision for losses expected to be incurred on the closure of the shops and the re-organisation of the administration and warehouse functions.
[d] Write down of sale literature.

| Acquisition Provisions | £'000 |
|---|---|
| Established on acquisition | 1,464 |
| Amounts used for the purpose established | 1,293 |
| Balances at 30th April, 1990 | 171 |

**12 Stocks and Contracts in progress**

| | Group 1990 £'000 | Group 1989 £'000 | Company 1990 £'000 | Company 1989 £'000 |
|---|---|---|---|---|
| Finished goods for resale | 9,278 | 6,625 | – | – |
| Contracts in progress | 868 | 1,094 | – | – |
| Less: progress payments received and receivable | (204) | (154) | – | – |
| | 9,942 | 7,565 | – | – |

The difference between purchase price and replacement cost of stocks is not material

**13 Debtors**

| | Group 1990 £'000 | Group 1989 £'000 | Company 1990 £'000 | Company 1989 £'000 |
|---|---|---|---|---|
| Amounts owed by Group companies | – | – | 8,370 | 2,839 |
| Trade debtors | 6,054 | 3,963 | – | 21 |
| Other debtors | 402 | 126 | 29 | 78 |
| Prepayments and accrued income | 390 | 227 | 83 | 87 |
| ACT recoverable | 181 | 132 | 181 | 132 |
| | 7,027 | 4,448 | 8,663 | 3,157 |

# NOTES TO THE ACCOUNTS
At 30th April, 1990

| | | Group 1990 £'000 | Group 1989 £'000 | Company 1990 £'000 | Company 1989 £'000 |
|---|---|---|---|---|---|
| 14 Creditors: Amounts falling due within one year | Bank overdraft | 674 | 524 | – | 344 |
| | Amount owed to Group companies | – | – | 307 | – |
| | Trade creditors and accruals | 5,705 | 3,708 | 168 | 264 |
| | Payments received on account | 531 | 325 | – | – |
| | Finance leases (see note 20) | 828 | 31 | 33 | 29 |
| | Corporation tax | 820 | 1,616 | 51 | 93 |
| | Other taxes and social security costs | 260 | 236 | 93 | 16 |
| | Other creditors | 235 | 187 | 17 | 61 |
| | Proposed dividend | 607 | 440 | 607 | 440 |
| | | 9,660 | 7,067 | 1,276 | 1,247 |

| | | Group 1990 £'000 | Group 1989 £'000 | Company 1990 £'000 | Company 1989 £'000 |
|---|---|---|---|---|---|
| 15. Creditors: Amounts falling due after more than one year | Finance leases (see note 20) | 103 | 867 | 78 | 111 |
| | Loans (see below) | 1,469 | 1,772 | – | – |
| | | 1,572 | 2,639 | 78 | 111 |
| | Loans: | | | | |
| | Repayable within 1-2 years | 367 | – | – | – |
| | Repayable within 2-5 years | 881 | 997 | – | – |
| | Repayable in more than 5 years | 221 | 775 | – | – |
| | | 1,469 | 1,772 | – | – |

| | | Group 1990 £'000 | Group 1989 £'000 | Company 1990 £'000 | Company 1989 £'000 |
|---|---|---|---|---|---|
| 16 Deferred Taxation: | Deferred taxation has been fully provided as follows: | | | | |
| | Accelerated capital allowances on tangible assets | – | 84 | 17 | 32 |
| | Short term timing differences | (286) | (63) | 4 | (18) |
| | Other timing differences | 746 | 208 | – | – |
| | | 460 | 229 | 21 | 14 |
| | Advance corporation tax | (21) | (14) | (21) | (14) |
| | | 439 | 215 | – | – |

| | | Authorised 1990 | Authorised 1989 | Allotted, called up and fully paid 1990 | Allotted, called up and fully paid 1989 |
|---|---|---|---|---|---|
| 17. Called Up Share Capital | | No. | No. | | |
| | Ordinary shares of 10p each | 33,000,000 | 28,000,000 | £2,521,078 | £1,996,509 |

1. On 10th May, 1989 424,915 shares of 10p each were issued at a price of £1.68 each in consideration for the acquisition of Jane Churchill Limited. The shares are fully paid.
2. On 10th May, 1989 107,143 shares of 10p each were issued at a price of £1.68 each in satisfaction of loans made to Jane Churchill Limited by the vendors.
3. On 20th September, 1989, 611,699 shares of 10p each were issued at a price of £1.72 each in consideration for the acquisition of L. M. Kingcome Limited. The shares are fully paid.

# NOTES TO THE ACCOUNTS
At 30th April, 1990

**17. Called Up Share Capital continued**

4. On 20th September, 1989, 4,099,429 shares of 10p each were issued following a rights issue on the London Stock Exchange at a price of £1.60 each. The shares are fully paid.
5. On 28th December, 1989, 2,500 shares of 10p each were issued at a price of £1.80 each as further consideration for the acquisition of Jane Churchill Limited. The shares are fully paid.

Pursuant to the Company's Executive Share Option Scheme, the following options have been granted and were outstanding at 30th April 1990:

| Number of shares | Number of options | Exercise price | Date of grant | Exercise Date |
|---|---|---|---|---|
| 356,018 | 4 | 39p | 11.05.88 | 11.05.91 |
| 15,258 | 1 | 39p | 23.05.88 | 23.05.91 |
| 248,200 | 29 | 133p | 01.02.89 | 01.02.92 |
| 12,206 | 2 | 180p | 29.08.89 | 29.08.92 |
| 220,070 | 26 | 172p | 01.03.90 | 01.03.93 |

F. B. Pearson and A. Grafton, Directors of the Company, have the following shares under option which were outstanding at 30th April, 1990:

| | Number of shares | Exercise price | Date of grant | Exercise Date |
|---|---|---|---|---|
| F. B. Pearson | 40,688 | 133p | 01.02.89 | 01.02.92 |
| | 25,000 | 172p | 01.03.90 | 01.03.93 |
| A. Grafton | 203,428 | 39p | 11.05.88 | 11.05.91 |

**18. Reserves**

| | Share Premium Account £'000 | Merger Reserve £'000 | Revaluation Reserve £'000 | Capital Reserve £'000 | Profit and Loss Account £'000 |
|---|---|---|---|---|---|
| The Group: | | | | | |
| At 1st May, 1989 | 2,357 | – | – | – | 714 |
| Premium on issue of shares | 6,320 | 1,665 | – | – | – |
| Cost of issue | (325) | – | – | – | – |
| Goodwill on acquisitions | – | (1,665) | – | – | (3,000) |
| Reserve for additional consideration on acquisition | – | – | – | 150 | – |
| Foreign currency translation | – | – | – | – | (44) |
| Profit retained | – | – | – | – | 2,199 |
| At 30th April, 1990 | 8,352 | – | – | 150 | (131) |
| The Company: | | | | | |
| At 1st May, 1989 | 11,315 | – | 66 | – | 1,060 |
| Premium on issue of shares | 7,985 | – | – | – | – |
| Cost of issue | (325) | – | – | – | – |
| Reserve for additional consideration on acquisition | – | – | – | 150 | – |
| Depreciation relating to revaluations | – | – | (18) | – | 18 |
| Profit retained | – | – | – | – | 676 |
| At 30th April, 1990 | 18,975 | – | 48 | 150 | 1,754 |

In accordance with the provisions of S.131 of the Companies Act 1985, the Company has transferred to Merger Reserve the premium arising on the issue of shares as consideration for Jane Churchill Limited and L. M. Kingcome Limited, acquired during the year. The Group has written off goodwill arising on consolidation to the Merger Reserve.

**19. Capital Commitments**

The Group had contracted capital commitments at 30th April, 1990 amounting to £96,000 (1989 – £587,000), and capital commitments authorised but not contracted of £Nil (1989 – £669,000).

# NOTES TO THE ACCOUNTS
At 30th April, 1990

| | | Group 1990 £'000 | Group 1989 £'000 | Company 1990 £'000 | Company 1989 £'000 |
|---|---|---|---|---|---|
| 20 Obligations under Finance Leases | Within one year | 896 | 43 | 43 | 43 |
| | In the second year | 120 | 932 | 43 | 43 |
| | In the third to fifth years inclusive | – | 91 | 42 | 85 |
| | | 1,016 | 1,066 | 128 | 171 |
| | Less: Finance charges allocated to future periods | (85) | (168) | (17) | (31) |
| | | 931 | 898 | 111 | 140 |
| | Finance leases are analysed as follows: | | | | |
| | Current obligations | 828 | 31 | 33 | 29 |
| | Non-current obligations | 103 | 867 | 78 | 111 |
| | | 931 | 898 | 111 | 140 |

**21. Commitments under Operating Leases**

At 30th April, 1990 the Group had annual commitments under non-cancellable operating leases as follows:

| | 1990 Land and Buildings £'000 | 1990 Other £'000 | 1989 Land and Buildings £'000 | 1989 Other £'000 |
|---|---|---|---|---|
| Operating leases which expire: | | | | |
| In one to five years | 147 | 29 | 165 | 21 |
| After five years | 1,069 | – | 221 | – |
| | 1,216 | 29 | 386 | 21 |

The majority of leases of land and buildings are subject to rent reviews of either 3 or 5 years.

**22. Pension Commitments**

Group companies operate a defined contribution money purchase 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 during the year and amounted to £116,501 (1989–£111,000).

One Group company operates a funded pension scheme covering employees. The scheme is of a defined benefit type and the costs have been assessed with the advice of a qualified actuary using the projected unit method of valuation. The actuary has valued the fund at £782,480 and confirmed that there are sufficient assets to cover its liabilities.

**23. Guarantees**

The Company has guaranteed an overdraft facility of 400,000 Australian Dollars for Colefax and Fowler Pty Limited and, jointly with two subsidiaries, a loan facility of 2,400,000 United States Dollars for Cowtan &Tout Incorporated. There is a cross guarantee between the Company and each of its U.K. subsidiaries in respect of their overdraft facilities.

The Company has guaranteed borrowings up to 100,000 United States Dollars for Sheeter Martin, a sales agent of Cowtan & Tout. This guarantee expires on 4th January, 1993.

A subsidiary has provided a bank guarantee for £202,981 to a customer in respect of advance contract payments received.

**24. Post Balance Sheet Events**

On 10th May, 1990 further consideration of £150,000 in the form of shares became payable to certain vendors of Jane Churchill Limited. The liability has been dealt with in the accounts as a capital reserve and written off to goodwill.

On 31st July, 1990, 96,774 ordinary shares of 10p each were issued at a price of 155p each as further consideration for the acquisition of Jane Churchill Limited. The shares are fully paid.

**25. Contingent Liabilities**

In respect of the acquisition of Cowtan & Tout Incorporated on 2nd November, 1988, further consideration may become payable on 1st August, 1991 and 1992 up to an aggregate maximum of $1,000,000 and $1,500,000 cash respectively, dependent on trading results.

In respect of the acquisition of L. M. Kingcome Limited on 20th September, 1989 further consideration in the form of shares may become payable in each of the years to 30th September 1990, 1991 and 1992 up to an aggregate maximum of £100,000, £100,000 and £150,000 respectively, dependent on trading results.

# Ernst & Young

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## REPORT OF THE AUDITORS TO THE MEMBERS OF COLEFAX AND FOWLER GROUP PLC

We have audited the financial statements on pages 16 to 30 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group at 30th April, 1990 and of the profit and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

ERNST & YOUNG Ernst & Young
London
31st July, 1990

# WHERE TO FIND COLEFAX AND FOWLER

## Great Britain

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COLEFAX AND FOWLER
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*Retail Showrooms*
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Retail Showrooms
JANE CHURCHILL
135 Sloane Street
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TAPIAGENTURA
Styrmansgatan 52
11460 Stockholm
*Sweden*

*Switzerland*
R & S KOCH
Lowenstrasse 32
Postfach 162
CH 8060 Zurich
Switzerland

West Germany
ALAN JONES DESIGNS
Thierschstrasse 38
8 Munchen 22
West Germany

West Germany
ARDECORA
Maximilianstrasse 15
8 Munchen 2
West Germany

## Pacific, Far East, Middle East, Africa

Australia
COLEFAX AND FOWLER
PTY LIMITED
40 Queen Street
Woollahra
Sydney
NSW 2025
Australia

New Zealand
ATELIER TEXTILES
P O Box 39258
Hobson Street
Auckland
New Zealand

Hong Kong
SOURCE INTERIORS
13 Wyndham Street
Central
Hong Kong

Lebanon
SHEHAHDEH
Villa Shehahdeh
Rue Ibn Ruchd
Beirut
Lebanon

South Africa
MAVROMAC
12D Kramer Road
PO Box 76178
Wendywood 2144
Sandton
South Africa

# PRINCIPAL TRADING SUBSIDIARIES

COLEFAX AND FOWLER LIMITED
39 Brook Street
London W1Y 2JE
Tel: 071-493 2231

SIBYL COLEFAX AND JOHN FOWLER LIMITED
39 Brook Street
London W1Y 2JE
Tel: 071-493 2231

COLEFAX AND FOWLER DESIGN LIMITED
1a Avery Row
London W1Y 1AU
Tel: 071-493 5219

COLEFAX AND FOWLER PTY LIMITED
46 Queen Street
Woollahra Sydney NSW 2025
Australia
Tel: (02) 327 3566

COWTAN & TOUT INC
979 Third Avenue
New York NY 10022
U.S.A
Tel: (212) 753 4488

JANE CHURCHILL LIMITED
39 Brook Street
London W1Y 2JE
Tel: 071-493 2231

L M KINGCOME LIMITED
304 Fulham Road,
London SW10
Tel: 071-351 3998

# NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at The Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8AY on Monday 24th September 1990 at 11.00 a.m. to transact the following business:

*Ordinary Business*

1. To receive and adopt the Annual Report and Accounts of the Company for the year ended 30th April, 1990, together with the reports of the Directors and of the auditors thereon.
2. To declare a final dividend.
3. To re-elect as a Director, Lord Rothschild, the Director retiring by rotation.
4. To appoint Ernst & Young as auditors and to authorise the Directors to fix their remuneration for the year.

Special Business

To consider and, if thought fit, to pass the following resolutions of which resolutions 5 and 6 will be proposed as ordinary resolutions and resolution 7 will be proposed as a special resolution:

5. THAT the Directors be and are hereby generally and unconditionally authorised to exercise all or any of the powers of the Company to allot relevant securities (within the meaning of Section 80 (2) of the Companies Act 1985 ("the Act")) of the Company up to an aggregate nominal amount of £769,244.90 (being the amount of the authorised but unissued share capital of the Company) for a period expiring (unless previously renewed varied or revoked by the Company in general meeting) fifteen months after the passing of this resolution or on the conclusion of the first annual general meeting of the Company following the passing of this resolution, whichever first occurs, save that the Company may prior to such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer or agreement.
6. THAT the rules of the Colefax and Fowler Executive Share Option Scheme be amended to increase the number of ordinary shares of the Company available for issue under the Scheme from 2,049,715 to 2,530,755, representing approximately 10 per cent. of the issued share capital of the Company at the date hereof and the Directors of the Company be and are hereby authorised and directed to do all acts and things necessary to carry the same into effect and to obtain formal Inland Revenue approval thereto.
7. THAT the Directors be and are hereby empowered to allot equity securities (within the meaning of Section 94(2) of the Act) of the Company pursuant to the authority conferred by Resolution 5 as if Section 89(1) of the Act did not apply to such allotment provided that this power:
   (A) shall expire fifteen months after the passing of this resolution or on the conclusion of the first annual general meeting of the Company following the passing of this resolution, whichever first occurs, save that the Company may prior to such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement; and
   (B) shall be limited to:
      a. any allotment of equity securities in connection with a rights issue to holders of equity securities in proportion (as nearly as may be) to their then holdings subject only to the Directors having a right to make such arrangements in connection with such rights issue as they deem necessary or expedient:
         (i) to deal with equity securities representing fractional entitlements; and
         (ii) to deal with equity securities which the Directors consider it necessary or expedient to exclude from the offer on account of either legal problems under the laws of any territory or the requirements of any recognised regulatory body or any other stock exchange; and
      b. any other allotments of equity securities for cash up to a maximum nominal amount of £126,538.

By order of the Board 31st August 1990
F. B. Pearson BA FCA
Secretary
39 Brook Street
London W1Y 2JE

*Note*

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote, on a poll, on his/her behalf. A proxy need not be a member of the Company. A Form of Proxy is enclosed.
2. Members who are unable to be present at the Annual General Meeting are invited to complete and return the form of proxy which, in order to be effective, must reach the Company's registrars not less than 48 hours before the time appointed for the meeting. The lodgement of a form of proxy will not preclude a shareholder from attending and voting at the meeting in person.
3. The service agreements of Directors and the rules of the Executive Share Option Scheme are available for inspection at 39 Brook Street, London W1Y 2JE during usual business hours and will be available for inspection at The Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8AY from 10.30 am until the conclusion of the meeting on Monday 24th September 1990.

# FORM OF PROXY

For use by holders of shares in
COLEFAX AND FOWLER GROUP PLC
Form of Proxy

I/we (capital letters) ............................................................................................................
of ....................................................................................................................................
being (a) holder(s) of ordinary shares of 10p each in the above-mentioned Company hereby appoint the Chairman of the Meeting (see note (iv) below) ................................ ..................................... as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at The Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8AY on Monday 24th September, 1990 at 11.00 a.m. and at any adjournment thereof.

I/we direct that my/our proxy vote as indicated below* in respect of the resolutions set out in the notice convening the Meeting. (If no specific direction as to voting is given, the proxy will vote or abstain as he/she thinks fit.)

| | For | Against |
|---|---|---|
| Resolution 1 (ordinary) | | |
| Resolution 2 (ordinary) | | |
| Resolution 3 (ordinary) | | |
| Resolution 4 (ordinary) | | |
| Resolution 5 (ordinary) | | |
| Resolution 6 (ordinary) | | |
| Resolution 7 (special) | | |

*Please indicate with an 'X' in the relevant box

Date .......................................... Signature(s) ..................................................

Notes:

(i) A member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, vote instead of him. A member may appoint two or more persons as proxies in the alternative, but if he does so only one of such proxies may attend as such and vote instead of such member on any one occasion. A proxy need not be a member of the Company. To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or other authority, must be received at the address shown overleaf not less than forty-eight hours before the time appointed for the Meeting or any adjournment thereof.

(ii) If two or more persons are jointly entitled to a share, then in voting upon any question the vote of the senior who tenders the vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other registered holders of the share, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

(iii) The form of proxy, if completed by a corporation, should be executed under the Common Seal of that corporation or be signed by an officer or attorney duly authorised to do so, proof of whose capacity should be included.

(iv) A member wishing to appoint as his proxy a person or persons other than the Chairman of the Meeting should print in block capitals the full name(s) of the person(s) of his choice and delete the words "the Chairman of the Meeting". All alterations should be initialled.