

K SHOES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JANUARY 2002



Company No. 465430

K SHOES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST JANUARY 2002

The directors present their report and the audited financial statements for the company for the year ended 31st January 2002.

Principal activities

The company's principal activity during the year was the purchase of footwear for resale. The company entered into a series of transactions during the year, which generated no profits or losses. The company expects to enter into similar transactions in the future.

Directors and their interests

The directors who held office during the year and their beneficial interests in the company's issued share capital are given below:

Name of director

Mr R P Beacham (appointed 28th June, 2001)

Mrs J E Derbyshire

Mr M McMenemy (resigned 28th March, 2001)

Mr R A Pedder (appointed 28th March, 2001
- resigned 28th June, 2001)

None of the directors has, at any time, had an interest in the share capital of the company.

The interests of Mr R P Beacham, Mr R A Pedder and Mr M McMenemy in the share capital of C & J Clark Limited, the company's ultimate holding company, are shown in the accounts of that company.

Mrs J E Derbyshire and her family hold 223,551 (2001 : 201,188) Ordinary Shares of £1 each in the share capital of C & J Clark Limited, the company's ultimate holding company.

The requirements of the Companies Act 1985, results in the inclusion, in the case of the holdings of Mrs Derbyshire and her family, of 54,161 (2001 : 32,302) Ordinary Shares which the trustee of the C & J Clark Executive Share Trust holds. No director is as yet entitled to receive these shares from the trust.

K SHOES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST JANUARY 2002

Statement of 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 and of the profit or loss for that year. In preparing those financial statements the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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 enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the Board



Mrs P E Alford, Secretary
40 High Street
Street
BA16 0YA
1st March 2002

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF K SHOES LIMITED

We have audited the financial statements on pages 4 to 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the 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 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 the 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 January 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG
Chartered Accountants
and Registered Auditors
100 Temple Street
Bristol
BS1 6AG
Date: 1st March 2002

K SHOES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST JANUARY 2002

	Notes	2002 £	2001 £
Turnover	2	12,591	16,778
Cost of sales		<u>(12,338)</u>	<u>(16,445)</u>
		253	333
Administrative expenses		<u>(253)</u>	<u>(333)</u>
Operating profit		<u>-</u>	<u>-</u>
Profit on ordinary activities before taxation		-	-
Tax on profit on ordinary activities		<u>-</u>	<u>-</u>
Profit for the financial year		-	-
Retained profit brought forward		<u>800,401</u>	<u>800,401</u>
Retained profit carried forward		<u><u>800,401</u></u>	<u><u>800,401</u></u>

All amounts relate to continuing activities.

There were no recognised gains or losses for 2002 or 2001 other than those included in the profit and loss account.

K SHOES LIMITED

BALANCE SHEET

AS AT 31ST JANUARY 2002

	Notes	2002 £	2001 £
Current assets			
Debtors	4	7,384,362	7,384,362
		<u>7,384,362</u>	<u>7,384,362</u>
Capital and reserves			
Share capital	5	6,479,320	6,479,320
Share premium account	6	104,641	104,641
Profit and loss account	6	800,401	800,401
Shareholders' funds		<u>7,384,362</u>	<u>7,384,362</u>

These financial statements were approved by the board on 1st March 2002 and signed on its behalf by:



Mr R P Beacham
Director

K SHOES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2002

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Under Financial Reporting Standard 1 the company is exempt from the requirement to produce a cash flow statement as the ultimate parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of C & J Clark Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts.

2 Turnover

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

3 Directors' remuneration

None of the directors received any emoluments in respect of their services to the company (2001 : nil).

4 Debtors

	2002 £	2001 £
Amounts owed by group undertakings	7,384,362	7,384,362
	<u>7,384,362</u>	<u>7,384,362</u>

5 Share capital

	2002 £	2001 £
Authorised		
7,850,000 Ordinary Shares of £1.00 each	7,850,000	7,850,000
	<u>7,850,000</u>	<u>7,850,000</u>
Allotted		
6,479,320 Allotted, called up and fully paid Ordinary Shares of £1.00 each	6,479,320	6,479,320
	<u>6,479,320</u>	<u>6,479,320</u>

K SHOES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JANUARY 2002

6 Reserves

	Share premium account £	Profit and loss account £
At 1st February 2001	104,641	800,401
At 31st January 2002	<u>104,641</u>	<u>800,401</u>

7 Ultimate holding company

The company's immediate parent undertaking is C & J Clark (Street) Limited.

In the directors' opinion the company's ultimate parent company and controlling party is C & J Clark Limited, which is incorporated in England. Copies of its group accounts, which include the company, are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.