

Company Registration No. 1387607 (England and Wales)

PURECRAFT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1997



PURECRAFT LIMITED

COMPANY INFORMATION

Directors

F Lipman
B Lipman
L Lipman

Secretary

L Lipman

Company number

1387607

Registered office

48 Portland Place
London
W1N 4AJ

Auditors

Jayson Newman
48 Portland Place
London
W1N 4AJ

Business address

22 Charing Cross Road
London
WC2H 0HR

PURECRAFT LIMITED

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PURECRAFT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1997

The directors present their report and financial statements for the year ended 30 September 1997.

Principal activities and review of the business

The principal activity of the company continued to be that of menswear retailers and distributors.

Results and dividends

The results for the year are set out on page 3.

Directors

The following directors have held office since 1 October 1996:

F Lipman

B Lipman

L Lipman

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	30 September 1997	1 October 1996
F Lipman	3,000	3,000
B Lipman	3,500	3,500
L Lipman	3,500	3,500

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Jayson Newman be reappointed as auditors of the company will be put to the Annual General Meeting.

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 of the company for that period. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

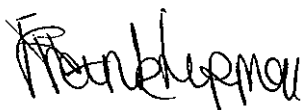
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

F Lipman

Director

3 February 1998



PURECRAFT LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF PURECRAFT LIMITED

We have audited the financial statements on pages 3 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

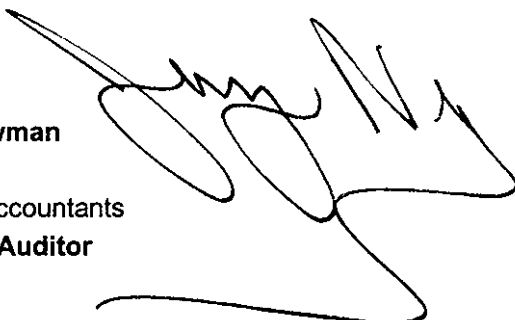
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Jayson Newman

Chartered Accountants
Registered Auditor



3 February 1998

48 Portland Place
London
W1N 4AJ

PURECRAFT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1997

	Notes	1997 £	1996 £
Turnover	2	2,345,820	2,380,443
Cost of sales		(1,394,848)	(1,503,851)
Gross profit		<u>950,972</u>	<u>876,592</u>
Administrative expenses		(1,058,436)	(1,004,735)
Other operating income		223,948	216,934
Operating profit	3	<u>116,484</u>	<u>88,791</u>
Other interest receivable and similar income	4	59	14
Interest payable and similar charges	5	(44,888)	(36,489)
Profit on ordinary activities before taxation		<u>71,655</u>	<u>52,316</u>
Tax on profit on ordinary activities	6	(19,285)	(19,600)
Profit on ordinary activities after taxation	14	<u><u>52,370</u></u>	<u><u>32,716</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

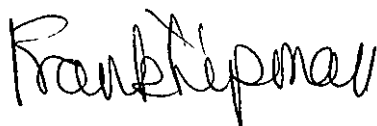
PURECRAFT LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 1997

	Notes	1997 £	£	1996 £	£
Fixed assets					
Tangible assets	7		83,131		67,799
Current assets					
Stocks	8	635,800		905,774	
Debtors	9	436,990		326,753	
Cash at bank and in hand		311		597	
		<u>1,073,101</u>		<u>1,233,124</u>	
Creditors: amounts falling due within one year	10	<u>(714,887)</u>		<u>(689,486)</u>	
Net current assets			358,214		543,638
Total assets less current liabilities			441,345		611,437
Creditors: amounts falling due after more than one year	11		<u>(174,052)</u>		<u>(396,514)</u>
			<u>267,293</u>		<u>214,923</u>
Capital and reserves					
Called up share capital	13		10,000		10,000
Profit and loss account	14		257,293		204,923
Shareholders' funds - equity interests	15		<u>267,293</u>		<u>214,923</u>

The financial statements were approved by the Board on 3 February 1998

F Lipman
Director



B Lipman
Director



PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1997

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

1.2 Turnover

The turnover and pre-tax profit are attributable to menswear retailing, and are generated wholly in the United Kingdom. Turnover represents the invoiced value of goods sold exclusive of value added tax.

1.3 Tangible fixed assets and depreciation

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

Fixtures, fittings & equipment	10% -25% per annum straight line basis
Motor vehicles	25% per annum straight line basis

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	1997	1996
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	23,259	18,421
Operating lease rentals	181,722	136,931
Auditors' remuneration	6,702	5,764

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1997

4	Other interest receivable and similar income	1997	1996
		£	£
	Bank interest	59	14
5	Interest payable	1997	1996
		£	£
	On bank loans and overdrafts	25,088	14,829
	On other loans wholly repayable within 5 years	19,800	21,660
		44,888	36,489
6	Taxation	1997	1996
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 23.00% (1996 - 24.00%)	19,600	17,856
	Prior years		
	U.K. Corporation tax	(315)	1,744
		19,285	19,600

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1997

7 Tangible fixed assets

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost			
At 1 October 1996	114,775	18,550	133,325
Additions	38,589	-	38,589
At 30 September 1997	153,364	18,550	171,914
Depreciation			
At 1 October 1996	46,975	18,550	65,525
Charge for the year	23,258	-	23,258
At 30 September 1997	70,233	18,550	88,783
Net book value			
At 30 September 1997	83,131	-	83,131
At 30 September 1996	67,799	-	67,799

8 Stocks

	1997 £	1996 £
Finished goods and goods for resale	635,800	905,774

9 Debtors

	1997 £	1996 £
Trade debtors	3,095	5,122
Other debtors	324,163	259,504
Prepayments and accrued income	109,732	62,127
	436,990	326,753

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1997

10 Creditors: amounts falling due within one year	1997 £	1996 £
Bank loans and overdrafts	235,435	172,639
Trade creditors	158,961	389,830
Corporation tax	19,600	17,856
Other taxes and social security costs	108,255	98,504
Other creditors	177,636	10,657
Accruals and deferred income	15,000	-
	<u>714,887</u>	<u>689,486</u>

The bank loan and overdraft is secured by a fixed and floating charge over the assets of the company.

11 Creditors: amounts falling due after more than one year	1997 £	1996 £
Bank loans	84,052	156,514
Other loans	90,000	240,000
	<u>174,052</u>	<u>396,514</u>
Analysis of loans		
Wholly repayable within five years	339,052	433,970
	<u>339,052</u>	<u>433,970</u>
Included in current liabilities	(165,000)	(37,456)
	<u>174,052</u>	<u>396,514</u>
Loan maturity analysis		
Between one and two years	90,000	240,000
In five years or more	84,052	156,514
	<u>174,052</u>	<u>396,514</u>

12 Pension costs

The company operates a defined contribution 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 and amounted to £12,510 (1996 - £12,549). Contributions totaling £Nil(1996 - £Nil) were payable to the fund at the year end and are included in creditors.

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1997

13 Share capital	1997 £	1996 £
Authorised		
10,000 Ordinary shares of £1 each	10,000	10,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000
	<u> </u>	<u> </u>

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 October 1996	204,923
Retained profit for the year	52,370
	<u> </u>
Balance at 30 September 1997	257,293
	<u> </u>

15 Reconciliation of movements in shareholders' funds	1997 £	1996 £
Profit for the financial year	52,370	32,716
Opening shareholders' funds	214,923	182,207
	<u> </u>	<u> </u>
Closing shareholders' funds	267,293	214,923
	<u> </u>	<u> </u>

16 Financial commitments

At 30 September 1997 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1997 £	1996 £
Expiry date:		
Between two and five years	50,500	50,500
In over five years	121,500	121,500
	<u> </u>	<u> </u>
	172,000	172,000
	<u> </u>	<u> </u>

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1997

17 Directors' emoluments	1997 £	1996 £
Emoluments for qualifying services	94,333	92,000
Company pension contributions to money purchase schemes	12,510	12,549
	<u>106,843</u>	<u>104,549</u>

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1997 Number	1996 Number
Directors	3	3
Sales	27	23
Administration	4	4
	<u>34</u>	<u>30</u>

Employment costs

	£	£
Wages and salaries	515,218	488,084
Social security costs	46,608	47,278
Other pension costs	12,510	12,549
	<u>574,336</u>	<u>547,911</u>

19 Control

The company is controlled by the directors by virtue of their shareholdings.

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1997

20 Related party transactions

Hotel Clothing Company Limited and Lipman & Sons (Wholesale) Limited paid £302,713 and £606,589 respectively for shared overheads, goods and management charges. Both these companies are controlled by Mr F Lipman.

The company paid interest of £19,800 to The Purecraft Retirement Benefit Scheme in respect of the loans due to it. Interest is charged at 3% over bank base rate. Mr F Lipman is the sole member of that scheme. The loans outstanding at the year end totalled £255,000.

Other debtors includes interest free amounts of £159,809 due from Lipman & Sons (Wholesale) Limited and £135,808 due from Hotel Clothing Company Limited.

The company's solicitor is S L Lipman & Co whose sole partner is a close family member of the directors. £21,671 was payable in respect of legal services provided, which are all on normal commercial terms.