

Company Registration No. 1387607 (England and Wales)

PURECRAFT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1998



PURECRAFT LIMITED

COMPANY INFORMATION

Directors	F Lipman B Lipman L Lipman N.A Tin-Foley (Appointed 1 April 1998)
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 1998

The directors present their report and financial statements for the year ended 30 September 1998.

Principal activities

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

Directors

The following directors have held office since 1 October 1997:

F Lipman
B Lipman
L Lipman
N.A Tin-Foley (Appointed 1 April 1998)

Directors' interests

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

	Ordinary shares of £ 1 each	
	30 September 1998	1 October 1997
F Lipman	-	3,000
B Lipman	-	3,500
L Lipman	-	3,500
N.A Tin-Foley	-	-

On 25 March 1998 the above shareholdings were exchanged for shares in The Lipman Group Limited, the ultimate parent undertaking of Purecraft Limited. Details of the directors shareholdings in The Lipman Group Limited can be found in the accounts of that company.

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.

PURECRAFT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1998

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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



F Lipman

Director

19 May 1999

PURECRAFT LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF PURECRAFT LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 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 1998 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



19 May 1999

48 Portland Place
London
W1N 4AJ

PURECRAFT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1998

	Notes	1998 £	1997 £
Turnover		2,287,304	2,345,820
Cost of sales		(1,259,817)	(1,394,848)
Gross profit		1,027,487	950,972
Administrative expenses		(1,168,326)	(1,058,436)
Other operating income		185,116	223,948
Operating profit	2	44,277	116,484
Other interest receivable and similar income	3	872	59
Interest payable and similar charges		(27,351)	(44,888)
Profit on ordinary activities before taxation		17,798	71,655
Tax on profit on ordinary activities	4	(6,152)	(19,285)
Profit on ordinary activities after taxation	11	11,646	52,370

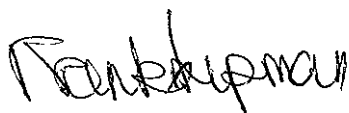
PURECRAFT LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 1998

	Notes	1998 £	£	1997 £	£
Fixed assets					
Tangible assets	5		78,845		83,131
Current assets					
Stocks		528,496		635,800	
Debtors	6	288,774		436,990	
Cash at bank and in hand		764		311	
		<u>818,034</u>		<u>1,073,101</u>	
Creditors: amounts falling due within one year	7	<u>(617,940)</u>		<u>(714,887)</u>	
Net current assets			200,094		358,214
Total assets less current liabilities			<u>278,939</u>		<u>441,345</u>
Creditors: amounts falling due after more than one year	8		-		(174,052)
			<u>278,939</u>		<u>267,293</u>
Capital and reserves					
Called up share capital	10		10,000		10,000
Profit and loss account	11		268,939		257,293
Shareholders' funds			<u>278,939</u>		<u>267,293</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the Board on 19 May 1999



F Lipman
Director

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1998

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

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

2 Operating profit	1998	1997
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	25,856	23,259
Auditors' remuneration	9,000	6,702
Directors' emoluments	150,709	106,843

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (1997 - 1).

3 Other interest receivable and similar income	1998	1997
	£	£
Bank interest	872	59

4 Taxation	1998	1997
	£	£
U.K. current year taxation		
U.K. corporation tax at 21% (1997 - 23%)	6,152	19,600
Prior years		
U.K. corporation tax	-	(315)
	6,152	19,285

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1998

5	Tangible fixed assets		£
	Cost		
	At 1 October 1997		153,364
	Additions		21,570
	At 30 September 1998		174,934
	Depreciation		
	At 1 October 1997		70,233
	Charge for the year		25,856
	At 30 September 1998		96,089
	Net book value		
	At 30 September 1998		78,845
	At 30 September 1997		83,131
6	Debtors	1998	1997
		£	£
	Trade debtors	208	3,095
	Amounts owed by group undertakings and undertakings in which the company has a participating interest	178,874	-
	Other debtors	109,692	433,895
		288,774	436,990
7	Creditors: amounts falling due within one year	1998	1997
		£	£
	Bank loans and overdrafts	332,424	235,435
	Trade creditors	115,372	158,961
	Taxation and social security	114,184	127,855
	Other creditors	55,960	192,636
		617,940	714,887

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

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1998

8	Creditors: amounts falling due after more than one year	1998	1997
		£	£
	Bank loans	-	84,052
	Other creditors	-	90,000
		<u>-</u>	<u>174,052</u>
		<u>-</u>	<u>174,052</u>
	Analysis of loans		
	Wholly repayable within five years	-	339,052
	Included in current liabilities	-	(165,000)
		<u>-</u>	<u>174,052</u>
		<u>-</u>	<u>174,052</u>
9	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 £10,380 (1997 - £12,510).		
10	Share capital	1998	1997
		£	£
	Authorised		
	10,000 Ordinary shares of £ 1 each	10,000	10,000
		<u>10,000</u>	<u>10,000</u>
	Allotted, called up and fully paid		
	10,000 Ordinary shares of £ 1 each	10,000	10,000
		<u>10,000</u>	<u>10,000</u>
11	Statement of movements on profit and loss account		
			Profit and loss account £
	Balance at 1 October 1997		257,293
	Retained profit for the year		11,646
			<u>268,939</u>
	Balance at 30 September 1998		<u>268,939</u>

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1998

12 Financial commitments

At 30 September 1998 the company had annual commitments under non-cancellable operating leases as follows:

	1998 £	1997 £
Expiry date:		
Between two and five years	50,500	50,500
In over five years	121,500	121,500
	<u>172,000</u>	<u>172,000</u>

13 Control

The company is controlled by The Lipman Group Limited, a company incorporated in England. The ultimate controlling party of The Lipman Group Limited is Mr F Lipman by virtue of his shareholding in it.

14 Related party transactions

Transactions with fellow subsidiaries of The Lipman Group Limited are not disclosed by virtue of the exemptions in FRS 8.

The company's solicitor is S L Lipman & Co whose sole partner is a close family member of the directors. £13,456 was payable in respect of legal services provided, which are all on normal commercial terms.