

Company Registration No. 1387607 (England and Wales)

PURECRAFT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2000



PURECRAFT LIMITED

COMPANY INFORMATION

Directors	F Lipman L Lipman
Secretary	L Lipman
Company number	1387607
Registered office	48 Portland Place London W1B 1AJ
Auditors	Jayson Newman 48 Portland Place London W1B 1AJ
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 2000

The directors present their report and financial statements for the year ended 30 September 2000.

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 1999:

F Lipman

L Lipman

N.A Tin-Foley

(Resigned 28 July 2000)

Directors' interests

The directors' beneficial interests in the shares of the parent undertaking as defined by the Companies Act 1985 were as follows:

	Ordinary shares of £1 each	
	30 September 2000	1 October 1999
F Lipman	29,814	29,814
L Lipman	10,093	10,093

The directors did not have any interest in the ordinary shares of the company throughout the year.

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

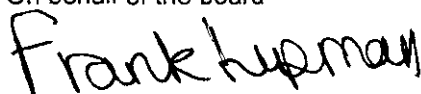
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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.

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

On behalf of the board



F Lipman

Director

28 March 2001

PURECRAFT LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF PURECRAFT LIMITED

We have audited the financial statements on pages 3 to 7 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), 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 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Jayson Newman

Chartered Accountants
Registered Auditor

28 March 2001

48 Portland Place
London
W1B 1AJ

PURECRAFT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2000

	Notes	2000 £	1999 £
Turnover		2,226,122	2,338,190
Cost of sales		(1,275,199)	(1,399,555)
Gross profit		950,923	938,635
Administrative expenses		(1,095,877)	(1,141,213)
Other operating income		107,233	207,850
Operating (loss)/profit	2	(37,721)	5,272
Other interest receivable and similar income		360	784
Interest payable and similar charges		(2,112)	(6,948)
Loss on ordinary activities before taxation		(39,473)	(892)
Tax on loss on ordinary activities	3	-	(2,655)
Loss on ordinary activities after taxation	9	(39,473)	(3,547)

PURECRAFT LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2000

	Notes	2000 £	£	1999 £	£
Fixed assets					
Tangible assets	4		47,719		64,045
Current assets					
Stocks		307,856		326,829	
Debtors	5	271,705		224,156	
Cash at bank and in hand		91,946		1,522	
		<u>671,507</u>		<u>552,507</u>	
Creditors: amounts falling due within one year	6	<u>(483,303)</u>		<u>(341,159)</u>	
Net current assets			<u>188,204</u>		<u>211,348</u>
Total assets less current liabilities			<u>235,923</u>		<u>275,393</u>
Capital and reserves					
Called up share capital	8	10,000		10,000	
Profit and loss account	9	225,923		265,393	
Shareholders' funds			<u>235,923</u>		<u>275,393</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 (effective March 2000).

The financial statements were approved by the Board on 28 March 2001

Frank Lipman

F Lipman
Director

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2000

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 (effective March 2000).

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
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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 Related party transactions

The company is a wholly owned subsidiary of The Lipman Group Limited but it has not disclosed intra group transactions with its parent company nor fellow subsidiaries as it has relied on certain exemptions conferred by the Financial Reporting Standard for Smaller Entities (effective March 2000).

2	Operating (loss)/profit	2000 £	1999 £
	Operating (loss)/profit is stated after charging:		
	Depreciation of tangible assets	21,936	30,240
	Auditors' remuneration	7,950	7,014
	Directors' emoluments	105,996	182,566
	Testimonial payment to estate of deceased director	-	30,000

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (1999- 1).

3	Taxation	2000 £	1999 £
	U.K. current year taxation		
	U.K. corporation tax at 20% (1999- 20%)	-	3,451
	Prior years		
	U.K. corporation tax	-	(796)
		-	2,655

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2000

4 Tangible fixed assets

	£
Cost	
At 1 October 1999	190,374
Additions	5,610
At 30 September 2000	195,984
Depreciation	
At 1 October 1999	126,329
Charge for the year	21,936
At 30 September 2000	148,265
Net book value	
At 30 September 2000	47,719
At 30 September 1999	64,045

5 Debtors	2000 £	1999 £
Trade debtors	1,715	4,107
Amounts owed by group undertakings	129,745	108,692
Other debtors	140,245	111,357
	271,705	224,156

6 Creditors: amounts falling due within one year	2000 £	1999 £
Bank loans and overdrafts	342,222	93,498
Trade creditors	100,541	77,227
Taxation and social security	26,290	120,791
Other creditors	14,250	49,643
	483,303	341,159

HSBC Bank plc has a fixed and floating charge over the assets of the company. There is an unlimited multilateral company guarantee given to the bank in respect of bank borrowings of the company and its two fellow subsidiary companies.

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2000

7 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 £nil (1999- £10,380).

8 Share capital	2000 £	1999 £
Authorised		
10,000 Ordinary shares of £1 each	10,000	10,000
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000

9 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 October 1999	265,396
Retained loss for the year	(39,473)
Balance at 30 September 2000	225,923

10 Financial commitments

At 30 September 2000 the company had annual commitments under non-cancellable operating leases as follows:

	2000 £	1999 £
Expiry date:		
In over five years	208,000	202,500

11 Control

For the whole of the year, the company was under the control of The Lipman Group Limited, a company registered in England and Wales. The ultimate controlling party is Mr F Lipman by virtue of his shareholding in the parent company.