

PURECRAFT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2001



PURECRAFT LIMITED

COMPANY INFORMATION

Directors	F Lipman L Lipman
Secretary	L Lipman
Company number	1387607
Registered office	48 Portland Place London W1B 1AJ
Auditors	A V Audit Limited 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 2001

The directors present their report and financial statements for the year ended 30 September 2001.

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 2000:

F Lipman

L Lipman

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 2001	1 October 2000
F Lipman	50,000	29,814
L Lipman	-	10,093

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

Auditors

AV Audit Limited acquired the audit practice of Jayson Newman and in accordance with section 26 of the Companies Act 1989 has been appointed as auditors in succession. In accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed 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

15 March 2002

PURECRAFT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PURECRAFT LIMITED

We have audited the financial statements of Purecraft Limited on pages 3 to 7 for the year ended 30 September 2001. These financial statements 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 herein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

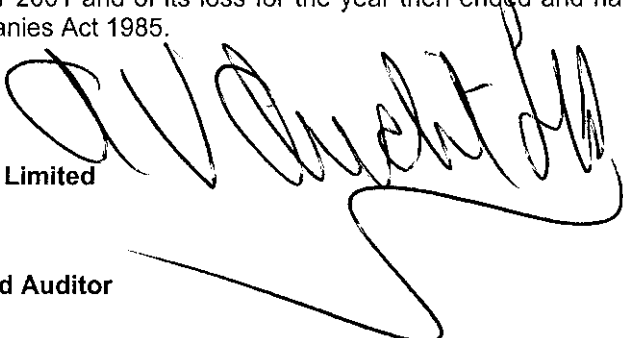
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


A V Audit Limited

Registered Auditor

15 March 2002

48 Portland Place
London
W1B 1AJ

PURECRAFT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2001

	Notes	2001 £	2000 £
Turnover		1,841,866	2,226,122
Cost of sales		(809,818)	(1,275,199)
Gross profit		1,032,048	950,923
Administrative expenses		(1,085,993)	(1,095,877)
Other operating income		54,063	107,233
Operating profit/(loss)	2	118	(37,721)
Other interest receivable and similar income		3,545	360
Interest payable and similar charges		(4,984)	(2,112)
Loss on ordinary activities before taxation		(1,321)	(39,473)
Tax on loss on ordinary activities	3	-	-
Loss on ordinary activities after taxation	9	(1,321)	(39,473)

PURECRAFT LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2001

	Notes	2001 £	£	2000 £	£
Fixed assets					
Tangible assets	4		62,767		47,719
Current assets					
Stocks		392,704		307,856	
Debtors	5	550,738		271,705	
Cash at bank and in hand		802		710	
		<u>944,244</u>		<u>580,271</u>	
Creditors: amounts falling due within one year	6	<u>(772,408)</u>		<u>(392,067)</u>	
Net current assets			<u>171,836</u>		<u>188,204</u>
Total assets less current liabilities			<u>234,603</u>		<u>235,923</u>
Capital and reserves					
Called up share capital	8		10,000		10,000
Profit and loss account	9		224,603		225,923
Shareholders' funds			<u>234,603</u>		<u>235,923</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 15 March 2002

Frank Lipman

F Lipman
Director

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2001

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:

Land and buildings Leasehold	Over the life of the lease
Fixtures, fittings & equipment	10% -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 Foreign currency translation

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

1.7 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 profit/(loss)

	2001	2000
	£	£
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	15,215	21,936
Auditors' remuneration	4,980	7,950
Directors' emoluments	99,230	105,996
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2000 - 1).

3 Taxation

No charge to corporation tax arises as the company has received group relief of £5,027 without charge.

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2001

4 Tangible fixed assets

	Land and buildings	Other tangible fixed assets	Total
	£	£	£
Cost			
At 1 October 2000	-	195,984	195,984
Additions	13,656	16,607	30,263
	<u>13,656</u>	<u>212,591</u>	<u>226,247</u>
At 30 September 2001	13,656	212,591	226,247
Depreciation			
At 1 October 2000	-	148,265	148,265
Charge for the year	1,071	14,144	15,215
	<u>1,071</u>	<u>162,409</u>	<u>163,480</u>
At 30 September 2001	1,071	162,409	163,480
Net book value			
At 30 September 2001	12,585	50,182	62,767
	<u>12,585</u>	<u>50,182</u>	<u>62,767</u>
At 30 September 2000	-	47,719	47,719
	<u>-</u>	<u>47,719</u>	<u>47,719</u>

5 Debtors

	2001 £	2000 £
Trade debtors	1,830	1,715
Amounts owed by group undertakings	404,999	129,745
Other debtors	143,909	140,245
	<u>550,738</u>	<u>271,705</u>

6 Creditors: amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	575,513	250,986
Trade creditors	102,518	100,541
Taxation and social security	28,529	26,290
Other creditors	65,848	14,250
	<u>772,408</u>	<u>392,067</u>

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 2001

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 £40,835 (2000 - £nil).

8 Share capital	2001 £	2000 £
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 2000	225,924
Retained loss for the year	(1,321)
Balance at 30 September 2001	224,603

10 Financial commitments

At 30 September 2001 the company had annual commitments under non-cancellable operating leases as follows:

	2001 £	2000 £
Expiry date:		
In over five years	233,000	208,000

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.

12 Related party transactions

During the year, there were transactions with the director Mr F Lipman. The maximum during the year outstanding to him was £98,055. At the year end £54,929 was still to be repaid to him. The loan is interest free.