

Company Registration No. 1387607 (England and Wales)

PURECRAFT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2002



PURECRAFT LIMITED

COMPANY INFORMATION

Directors	F Lipman N A Foley L Lipman	(Appointed 18 March 2002)
Secretary	N A Foley	
Company number	1387607	
Registered office	66 Wigmore Street London W1U 2HQ	
Auditors	HLB AV Audit plc 66 Wigmore Street London W1U 2HQ	
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 2002

The directors present their report and financial statements for the year ended 30 September 2002.

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 2001:

F Lipman

N A Foley

(Appointed 18 March 2002)

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 2002	1 October 2001
F Lipman	50,000	50,000
N A Foley	-	-
L Lipman	-	-

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 HLB AV Audit plc 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 2002

Directors' responsibilities

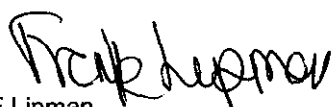
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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

25 March 2003

PURECRAFT LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF PURECRAFT LIMITED

We have audited the financial statements of Purecraft Limited on pages 4 to 9 for the year ended 30 September 2002. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 2 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 opinion

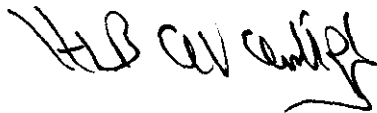
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates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

HLB AV Audit plc



Registered Auditor

25 March 2003

66 Wigmore Street
London
W1U 2HQ

PURECRAFT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2002

	Notes	2002 £	2001 £
Turnover		1,781,391	1,841,866
Cost of sales		(706,648)	(809,818)
Gross profit		1,074,743	1,032,048
Administrative expenses		(1,084,766)	(1,085,993)
Other operating income		-	54,063
Operating (loss)/profit	2	(10,023)	118
Other interest receivable and similar income		511	3,545
Interest payable and similar charges		(6,796)	(4,984)
Loss on ordinary activities before taxation		(16,308)	(1,321)
Tax on loss on ordinary activities	3	-	-
Loss on ordinary activities after taxation	9	(16,308)	(1,321)

PURECRAFT LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2002

	Notes	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	4		48,528		62,767
Current assets					
Stocks		333,449		392,704	
Debtors	5	694,436		550,738	
Cash at bank and in hand		14,193		802	
		<u>1,042,078</u>		<u>944,244</u>	
Creditors: amounts falling due within one year	6	<u>(872,311)</u>		<u>(772,408)</u>	
Net current assets			169,767		171,836
Total assets less current liabilities			<u>218,295</u>		<u>234,603</u>
Capital and reserves					
Called up share capital	8		10,000		10,000
Profit and loss account	9		208,295		224,603
Shareholders' funds			<u>218,295</u>		<u>234,603</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 June 2002).

The financial statements were approved by the Board on 25 March 2003



F Lipman
Director

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

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 June 2002).

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 June 2002).

2 Operating (loss)/profit

	2002 £	2001 £
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	20,084	15,215
Auditors' remuneration	5,250	4,980
Directors' emoluments	83,754	99,230

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2001 - 1).

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

3 Taxation

The company has estimated losses of £ 3,005 (2001 : £ nil) available for carry forward against future trading profits.

No charge to corporation tax arises as the company has received group relief of £nil (2001 : £5,027) without charge.

4 Tangible fixed assets

	Land and buildings	Other tangible fixed assets	Total
	£	£	£
Cost			
At 1 October 2001	13,656	212,591	226,247
Additions	-	5,845	5,845
At 30 September 2002	13,656	218,436	232,092
Depreciation			
At 1 October 2001	1,071	162,409	163,480
Charge for the year	1,625	18,459	20,084
At 30 September 2002	2,696	180,868	183,564
Net book value			
At 30 September 2002	10,960	37,568	48,528
At 30 September 2001	12,585	50,182	62,767

5 Debtors

	2002	2001
	£	£
Trade debtors	707	1,830
Amounts owed by group undertakings	571,306	404,999
Other debtors	122,423	143,909
	694,436	550,738

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

6	Creditors: amounts falling due within one year	2002 £	2001 £
	Bank loans and overdrafts	734,902	575,513
	Trade creditors	90,292	102,518
	Taxation and social security	25,643	28,529
	Other creditors	21,474	65,848
		<u>872,311</u>	<u>772,408</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 two of its fellow subsidiary companies.

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 £2,130 (2001 - £28,130).

8	Share capital	2002 £	2001 £
	Authorised		
	10,000 Ordinary shares of £ 1 each	<u>10,000</u>	<u>10,000</u>
	Allotted, called up and fully paid		
	10,000 Ordinary shares of £ 1 each	<u>10,000</u>	<u>10,000</u>

9 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 October 2001	224,603
Retained loss for the period	<u>(16,308)</u>
Balance at 30 September 2002	<u>208,295</u>

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

10 Financial commitments

At 30 September 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002	2001
	£	£
Expiry date:		
In over five years	250,125	233,000
	<u>250,125</u>	<u>233,000</u>

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 £54,929 (2001 : £98,055). At the year end £10,264 (2001 : £54,929) was still to be repaid to him. The loan is interest free.