

Company Registration No. 1387607 (England and Wales)

PURECRAFT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2003



PURECRAFT LIMITED

COMPANY INFORMATION

Directors

F Lipman
N A Foley
L Lipman

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 2003

The directors present their report and financial statements for the year ended 30 September 2003.

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 2002:

F Lipman
N A Foley
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 2003	1 October 2002
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 (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

Directors' responsibilities

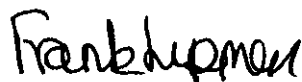
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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

24 March 2004

PURECRAFT LIMITED

INDEPENDENT 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 2003. 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 the 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 audit opinion

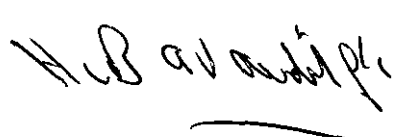
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 2003 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

24 March 2004

66 Wigmore Street
London
W1U 2HQ

PURECRAFT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2003

	Notes	2003 £	2002 £
Turnover		1,977,703	1,781,391
Cost of sales		(762,806)	(706,648)
Gross profit		<u>1,214,897</u>	<u>1,074,743</u>
Administrative expenses		(1,213,444)	(1,084,766)
Operating profit/(loss)	2	<u>1,453</u>	<u>(10,023)</u>
Other interest receivable and similar income		151	511
Interest payable and similar charges		(4,818)	(6,796)
Loss on ordinary activities before taxation		<u>(3,214)</u>	<u>(16,308)</u>
Tax on loss on ordinary activities	3	-	-
Loss on ordinary activities after taxation		<u>(3,214)</u>	<u>(16,308)</u>
Dividends		(10,000)	-
Retained loss for the year	9	<u><u>(13,214)</u></u>	<u><u>(16,308)</u></u>

PURECRAFT LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	4		31,368		48,528
Current assets					
Stocks		331,972		333,449	
Debtors	5	237,906		694,436	
Cash at bank and in hand		14,097		14,193	
		<u>583,975</u>		<u>1,042,078</u>	
Creditors: amounts falling due within one year	6	<u>(410,262)</u>		<u>(872,311)</u>	
Net current assets			173,713		169,767
Total assets less current liabilities			<u>205,081</u>		<u>218,295</u>
Capital and reserves					
Called up share capital	8		10,000		10,000
Profit and loss account	9		195,081		208,295
Shareholders' funds			<u>205,081</u>		<u>218,295</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 24 March 2004

Frank Lipman

F Lipman
Director

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

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.

2 Operating profit/(loss)

	2003 £	2002 £
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	25,377	20,084
Auditors' remuneration	21,140	11,465
Directors' emoluments	97,259	83,754

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2002- 1).

3 Taxation

The company has estimated losses of £ 8,041 (2002: £ 3,005) available for carry forward against future trading profits.

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

4 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 October 2002	13,656	218,436	232,092
Additions	-	8,217	8,217
At 30 September 2003	13,656	226,653	240,309
Depreciation			
At 1 October 2002	2,696	180,868	183,564
Charge for the year	2,228	23,149	25,377
At 30 September 2003	4,924	204,017	208,941
Net book value			
At 30 September 2003	8,732	22,636	31,368
At 30 September 2002	10,960	37,568	48,528

5 Debtors

	2003 £	2002 £
Trade debtors	5,765	707
Amounts owed by group undertakings and undertakings in which the company has a participating interest	79,196	571,306
Other debtors	152,945	122,423
	237,906	694,436

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

6	Creditors: amounts falling due within one year	2003 £	2002 £
	Bank loans and overdrafts	83,568	734,902
	Trade creditors	79,294	90,292
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	203,350	-
	Taxation and social security	28,637	25,643
	Other creditors	15,413	21,474
		<u>410,262</u>	<u>872,311</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 (2002- £2,130).

8	Share capital	2003 £	2002 £
	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 2002	208,295
Retained loss for the year	<u>(13,214)</u>
Balance at 30 September 2003	<u>195,081</u>

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

10 Financial commitments

At 30 September 2003 the company had annual commitments under non-cancellable operating leases as follows:

	2003	2002
	£	£
Expiry date:		
In over five years	190,000	250,125

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 from him was £15,000 (2002 : £54,929 cr). At the year end £632 (2002 : £10,264) was owed to him. The loan is interest free.

Sales of £18,445 and purchases of £nil have been entered with Hotel Clothing Limited. Sales of £100,721 and purchases of £nil have been entered with Lipman and Sons (Wholesale) Limited. At the year end, other debtors include a balance of £79,196 (2002 : £64,196) due from The Lipman Group Limited. Other creditors include a balance of £31,918 (2002 : £35,768 dr) due to Piccadilly Man Shop (Fleet St) Limited, £65,194 (2002 : £236,227 dr) due to Hotel Clothing Limited and £106,238 (2002 : £235,115 dr) due to Lipman & Sons (Wholesale) Limited. The ultimate controlling party of all the related companies is Mr F Lipman by virtue of his shareholding in the parent company of these companies.