

Company Registration No. 1387607 (England and Wales)

PURECRAFT LIMITED

DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2004

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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
Accountants	Numerica LLP 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 2004

The directors present their report and financial statements for the year ended 30 September 2004.

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 2003:

F Lipman
N A Foley
L Lipman

Directors' interests

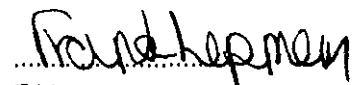
The directors' beneficial interests in the shares of the parent undertaking as defined by the Companies Act 1985 were as follows:

	Ordinary shares of £ 1 each	
	30 September 2004	1 October 2003
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.

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



PURECRAFT LIMITED

ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE UNAUDITED FINANCIAL STATEMENTS OF PURECRAFT LIMITED

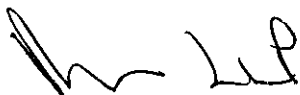
In accordance with the engagement letter dated 2 November 2004, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of Purecraft Limited for the year ended 30 September 2004, set out on pages 3 to 8 from the accounting records and information and explanations you have given to us.

This report is made to the company's board of directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the company's board of directors that we have done so, and state those matters that we have agreed to state to them in this 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 board of directors, as a body, for our work or for this report.

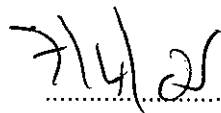
We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet for the year ended 30 September 2004 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.



Numerica LLP



66 Wigmore Street
London
W1U 2HQ

PURECRAFT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2004

	Notes	2004 £	2003 £
Turnover		1,781,286	1,977,703
Cost of sales		(648,973)	(762,806)
Gross profit		1,132,313	1,214,897
Administrative expenses		(1,063,606)	(1,213,444)
Operating profit	2	68,707	1,453
Profit on surrender of lease		24,978	-
Profit on ordinary activities before interest		93,685	1,453
Other interest receivable and similar income	3	2,561	151
Interest payable and similar charges		(3,300)	(4,818)
Profit/(loss) on ordinary activities before taxation		92,946	(3,214)
Tax on profit/(loss) on ordinary activities	4	(16,486)	-
Profit/(loss) on ordinary activities after taxation		76,460	(3,214)
Dividends		(40,000)	(10,000)
Retained profit/(loss) for the year	10	36,460	(13,214)

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PURECRAFT LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Tangible assets	5		15,122		31,368
Current assets					
Stocks		287,723		331,972	
Debtors	6	177,941		237,906	
Cash at bank and in hand		115,730		14,097	
		581,394		583,975	
Creditors: amounts falling due within one year	7	(354,975)		(410,262)	
Net current assets			226,419		173,713
Total assets less current liabilities			241,541		205,081
Capital and reserves					
Called up share capital	9		10,000		10,000
Profit and loss account	10		231,541		195,081
Shareholders' funds			241,541		205,081

In preparing these financial statements:

- The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- The directors acknowledge their responsibilities for:
 - ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

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 7/10/05

Frank Lipman

F Lipman
Director

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2004

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

	2004 £	2003 £
Operating profit is stated after charging:		
Depreciation of tangible assets	20,577	25,377
Auditors' remuneration	-	21,140
Directors' emoluments	136,670	97,259

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2003 - 1).

3 Investment income

	2004 £	2003 £
Bank interest	2,561	151

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2004

4	Taxation	2004 £	2003 £
	Domestic current year tax		
	U.K. corporation tax	16,486	-
	Current tax charge	16,486	-

The company has estimated losses of £ nil (2003: £ 8,041) available for carry forward against future trading profits.

5	Tangible fixed assets	Land and buildings £	Plant and machinery etc £	Total £
	Cost			
	At 1 October 2003	13,656	226,653	240,309
	Additions	-	4,331	4,331
	At 30 September 2004	13,656	230,984	244,640
	Depreciation			
	At 1 October 2003	4,924	204,017	208,941
	Charge for the year	2,228	18,349	20,577
	At 30 September 2004	7,152	222,366	229,518
	Net book value			
	At 30 September 2004	6,504	8,618	15,122
	At 30 September 2003	8,732	22,636	31,368

6	Debtors	2004 £	2003 £
	Trade debtors	489	5,765
	Amounts owed by group undertakings	39,196	79,196
	Other debtors	138,256	152,945
		177,941	237,906

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2004

7	Creditors: amounts falling due within one year	2004 £	2003 £
	Bank loans and overdrafts	18,683	83,568
	Trade creditors	58,669	79,294
	Amounts owed to group undertakings	199,327	203,350
	Taxation and social security	47,820	28,637
	Other creditors	30,476	15,413
		<u>354,975</u>	<u>410,262</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.

Included within other creditors is £40,000 relating to dividends payable

8 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 £32,130 (2003- £2,130).

Defined contribution

	2004 £	2003 £
Contributions payable by the company for the year	<u>32,130</u>	<u>2,130</u>

9 Share capital

	2004 £	2003 £
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>

PURECRAFT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2004

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 October 2003	195,081
Retained profit for the year	36,460
Balance at 30 September 2004	231,541

11 Financial commitments

At 30 September 2004 the company was committed to making the following payments under non-cancellable operating leases in the year 30 September 2005:

	2004 £	2003 £
Operating leases which expire:		
In over five years	200,000	190,000

12 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.

13 Related party transactions

During the year, there was an interest free loan with one of the directors, Mr F Lipman. At the year end £4,521 was owed to him (2003: £632). The maximum during the year outstanding from him was £nil (2003 : £15,000).

Sales of £15,719 (2003: £18,445) were entered into with Hotel Clothing Company Limited and expenses of £38,433 (2003: £45,488) were paid by Purecraft Limited on their behalf.

Sales of £112,949 (2003: £100,721) have been entered into with Lipman and Sons (Wholesale) Limited and expenses of £105,422 (2003: £99,555) were paid by Purecraft Limited on their behalf. Expenses of £nil (2003: £3,119) were paid by Lipman and Sons (Wholesale) Limited on behalf of Purecraft Limited.

At the year end, other debtors include a balance of £39,196 (2003: £79,196) due from The Lipman Group Limited.

Other creditors include a balance of £31,918 (2003: £31,918) due to Piccadilly Man Shop (Fleet St) Limited, £44,542 (2003: £65,194) due to Hotel Clothing Company Limited and £122,867 (2003: £106,238) 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.