

REDCATS (BRANDS) LIMITED
(formerly Empire Stores Limited)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30th DECEMBER 2000

Registered No. 110433



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REDCATS (BRANDS) LIMITED
(formerly Empire Stores Limited)

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 30th December 2000.

Principal Activity

The principal activity of the Company is catalogue mail order retailing. The company changed its name from Empire Stores Limited to REDCATS (BRANDS) Limited on 6th March 2000.

Review of Developments and Future Prospects

The directors consider the performance of the company to be satisfactory and they remain optimistic about its future prospects.

Results and Dividends

The results of the Company are set out on page 5. The retained loss for the year is £3,765,000 (year ended 1st January 2000 : retained profit of £3,765,000). The directors recommend a dividend for the year of £2,039,000 (year ended 1st January 2000 : £275,000) and the retained loss has been transferred to reserves (year ending 1st January 2000 retained profit of £3,765,000 transferred to reserves).

Creditors Payment Policy

The company pays its creditors in accordance with the payment terms agreed with its suppliers. As at 30th December 2000 creditor days were 28 days (1st January 2000 : 27 days).

Euro

The directors have considered the risks involved with the Euro issue and are of the opinion that group systems are adequately designed to cope with the impact of this additional currency. It is not anticipated that the Euro will have a material impact upon the company.

REDCATS (BRANDS) LIMITED
(formerly Empire Stores Limited)

DIRECTORS' REPORT

(Continued)

Directors

The directors who served during the year are shown below :

R. Bott	(resigned 30 th June 2000)
W. J. Campbell	(resigned 6 th October 2000)
M. Cheshire	
M. Green	
M. Greene-Jones	(appointed 6 th October 2000)
M. L. Hawker	(resigned 31 st March 2000)
H. Heavisides	
A. R. Hill	
J. McAulay	
A. J. Skelsey	(resigned 31 st March 2000)
P. J. Smith	

The directors and their families have at 30th December 2000 and had at 1st January 2000 no interests in the shares of the Company or of any group company.

Donations

During the year, the Company made contributions totalling £19,509 (year ended 1st January 2000 : £26,735), all of which were for charitable purposes.

Employee Involvement

The framework of Company wide and departmental consultative and bargaining arrangements which has been developed in previous years continues to operate. In a period of significant challenge, change, and opportunity for the Company, it provides an essential basis for the maintenance of good industrial relations and for developing a deeper understanding of the needs of the business, its employees and its customers.

Disabled Persons

The Company offers appropriate employment, training and promotion to disabled people where the disability does not materially affect work-performance. Should it become necessary, every effort would be made in accordance with this policy to continue the employment of anyone becoming disabled whilst in the service of the Company.

Auditors

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

REDCATS (BRANDS) LIMITED
(formerly Empire Stores Limited)

DIRECTORS' REPORT

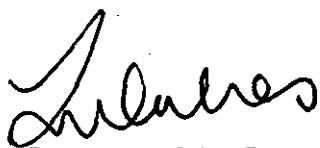
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Statement of Directors' Responsibilities

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 as at the end of the financial year 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;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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.



By order of the Board.
F. W. OAKES.
Secretary.

20th May 2001.

18 Canal Road,
Bradford.
BD99 4XB.

REPORT OF THE AUDITORS TO THE MEMBERS OF

REDCATS (BRANDS) LIMITED
(formerly Empire Stores Limited)

We have audited the financial statements on pages 5 to 19 which have been prepared under the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and Accounting Standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

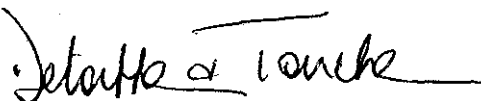
Basis of opinion

We conducted our audit in accordance with 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 affairs of the Company as at 30th December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants
and Registered Auditors

24 MAY 2001.

10-12 East Parade
Leeds
LS1 2AJ

REDCATS (BRANDS) LIMITED
(formerly Empire Stores Limited)

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30th DECEMBER 2000

	Notes	Year ended 30 th December 2000 £'000	Year ended 1 st January 2000 £'000
Turnover - Continuing Operations	1	250,455	261,071
Cost of Sales		(148,473)	(149,891)
Gross Profit		101,982	111,180
Net Operating Expenses	1	(102,127)	(103,520)
Operating (loss) / profit - Continuing Operations	1	(145)	7,660
Interest receivable and similar income	2	460	212
Interest payable and similar charges	3	(844)	(2,192)
(Loss) / profit on ordinary activities before taxation		(529)	5,680
Taxation on (loss) / profit on ordinary activities	5	(1,197)	(1,640)
(Loss) / profit on ordinary activities after taxation		(1,726)	4,040
Dividends	6	(2,039)	(275)
Retained (loss) / profit for the financial year transferred (from) / to reserves	14	(3,765)	3,765
		=====	=====

There are no recognised gains and losses other than as stated in the profit and loss account for the current year and previous year. Accordingly no statement of total recognised gains and losses is given.

The notes on pages 8 to 19 form part of these accounts.

REDCATS (BRANDS) LIMITED
(formerly Empire Stores Limited)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 30th DECEMBER 2000

	Year ended 30 th December 2000 £'000	Year ended 1st January 2000 £'000
(Loss) / profit for the financial year	(1,726)	4,040
Dividends	(2,039)	(275)
Net (reduction in) / additions to Shareholders' funds	(3,765)	3,765
Opening Shareholders' funds	3,765	-
Closing Shareholders' funds	-	3,765

REDCATS (BRANDS) LIMITED
(formerly Empire Stores Limited)

BALANCE SHEET

AS AT 30th DECEMBER 2000

	Note	30 th December 2000 £'000	1 st January 2000 £'000
Fixed assets			
Tangible Assets	7	12,714	14,241
Current Assets			
Stocks	8	24,028	26,847
Debtors	9	41,275	39,495
Cash at bank and in hand		2,949	3,196
		68,252	69,538
Creditors: amounts falling due within one year	10	(76,245)	(74,421)
Net current liabilities		(7,993)	(4,883)
Total assets less current liabilities		4,721	9,358
Creditors: amounts falling due after more than one year	11	(3,889)	(4,760)
Provisions for liabilities and charges	12	(832)	(833)
Net assets		-	3,765
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account	14	-	3,765
Total Equity Shareholders' Funds		-	3,765

Approved by the Board on 24th May 2001.

A. R. HILL



Director

The notes on pages 8 to 19 form part of these accounts.

REDCATS (BRANDS) LIMITED
(formerly Empire Stores Limited)

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30th DECEMBER 2000

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards under the historical cost convention.

The principal accounting policies of the Company have not changed during the year.

a. Tangible Fixed Assets

Depreciation is provided to write off the cost in equal instalments over the estimated useful economic lives of the assets.

The rates of depreciation are as follows :

Plant and equipment between 10% and 50% per annum.

b. Deferred taxation

Deferred taxation has been provided at current and expected future corporation tax rates on all timing differences between the accounting and taxation treatment of income and expense to the extent that it is considered that these could become payable in the foreseeable future. Unprovided deferred taxation is disclosed as a potential liability.

c. Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value represents estimated selling price less all costs incurred in selling and distribution. Cost is valued at actual purchase price.

d. Catalogue costs

The costs of catalogue production and printing are charged to the accounts as they are incurred, with the exception of certain marketing stock which is carried forward and matched against the relevant trading season.

e. Leases

Finance leases are capitalised and the resulting lease obligations are included in creditors. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term.

Operating lease rentals are charged against operating profits as they are incurred.

REDCATS (BRANDS) LIMITED
(formerly Empire Stores Limited)

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30th DECEMBER 2000

(Continued)

f. **Pension costs**

The cost of providing pension benefits is charged to the profit and loss account over the period benefiting from the employees' service.

The funding of the scheme is in accordance with the advice of professionally qualified actuaries.

g. **Foreign exchange**

Transactions denominated in foreign currencies are translated at the contracted rate or at the rate ruling at that date. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

REDCATS (BRANDS) LIMITED
(formerly Empire Stores Limited)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30th DECEMBER 2000

Year ended 30 th December	Year ended 1 st January
2000	2000
£'000	£'000

1. Turnover and (loss) / profit on ordinary activities before taxation

The turnover (all of which arises in the United Kingdom) and (loss) / profit on ordinary activities before taxation are attributable to catalogue mail order retailing.

Net operating expenses:

Distribution costs	34,132	33,846
Administration expenses	67,995	73,140
Other operating income	-	(3,466)
	-----	-----
	102,127	103,520
	=====	=====

Operating (loss) / profit is stated after charging / (crediting):

Depreciation - owned	1,921	1,878
- leased	790	369
Loss on sale of fixed assets	60	56
Auditors' remuneration - audit	75	73
- other services	112	22
Hire of plant and machinery	749	681
Operating lease charges - other	1,130	1,436
	=====	=====

REDCATS (BRANDS) LIMITED
(formerly Empire Stores Limited)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30th DECEMBER 2000

(Continued)

	Year ended 30 th December 2000 £'000	Year ended 1 st January 2000 £'000
2. Interest receivable and similar income		
Amounts due from group companies	296	145
Other interest receivable	-	67
	-----	-----
	296	212
	===	====
3. Interest payable and similar charges		
Amounts due to group companies	-	1,849
Finance lease interest	267	336
Other interest payable	356	7
	-----	-----
	623	2,192
	===	====
4. Staff Costs		
Staff costs during the year including directors :		
Salaries and wages	36,199	36,043
Social security	2,023	2,219
Pension costs and life assurance	2,083	1,588
	-----	-----
	40,305	39,850
	=====	=====

REDCATS (BRANDS) LIMITED
(formerly Empire Stores Limited)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30th DECEMBER 2000

(Continued)

	Year ended 30 th December 2000	Year ended 1 st January 2000
4. Staff Costs (continued)		
The average number of employees was:	Number	Number
Sales and distribution	2,260	2,236
Administration	467	555
	-----	-----
	2,727	2,791
	=====	=====
Of these employees, 1,037 (1 st January 2000 : 956) were part time		
	£'000	£'000
Directors' emoluments during the year		
Management remuneration	1,129	1,318
	=====	=====
Remuneration of the highest paid director excluding pension contributions	274	256
	===	===

Six directors are members of a defined benefit pension scheme (year ended 1st January 2000 : ten directors). The accrued pension benefit of the highest paid director at 30th December 2000 was £24,822 (year ended 1st January 2000 : £17,113).

The employer operates two pension schemes providing benefits based on final pensionable salary. The Redcats (UK) plc General Staff Retirement Benefit Scheme ("the Staff Scheme") and the Redcats (UK) Retirement Benefits Scheme for Executives ("the Executive Scheme"). The Schemes are funded with the assets being held by the Trustees separately from the assets of the employer. Pension costs are assessed by a qualified actuary and are charged to the Profit & Loss Account so as to spread those costs over the employees' working lives.

REDCATS (BRANDS) LIMITED
(formerly Empire Stores Limited)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30th DECEMBER 2000

(Continued)

4. Staff Costs (continued)

The pension cost disclosed is based on a actuarial assessment of the Schemes. The most recent valuation of the schemes were carried out as at 6th April 1999. Both schemes' assets and liabilities were valued using a market related basis. The main assumptions used to determine the pension costs were a rate of investment return of 6.5% per annum before retirement and 5.5% after retirement, salary growth of 3.5% per annum and pension increases (reflecting LPI requirements) of 2.5% per annum. At that date, the market value of the assets of the two Schemes was £31,216,000 and the value of those assets represented 90% of the value of the benefits that had accrued to members after allowing for expected future increases in pensionable salaries.

Over the financial year, the employer contributed on average at the rates of 20.6% of Pensionable Salaries for the Executive Scheme and 10.0% of Pensionable Earnings for the Staff Scheme.

The pension cost for the employer for the financial year ending 30th December 2000 was £2,083,000 (1999 : £1,588,000). There is a provision of pension costs of £832,000 (1999 : £832,000) in the employer's balance sheet as at 30th December 2000, arising from the accumulated difference between contributions paid to the Scheme and the corresponding pension costs.

	Year ended 30 th December 2000 £'000	Year ended 1 st January 2000 £'000
5. Taxation		
U.K. corporation tax at 30%	1,197	1,899
(Year ended 1 st January 2000 : 30.25%)		
Adjustment with respect to prior years		
- corporation tax	-	(259)
	-----	-----
	1,197	1,640
	====	====

The current year tax charge has been increased due to disallowable expenditure, prior year adjustments, and an increase in the unprovided deferred tax asset.

REDCATS (BRANDS) LIMITED
(formerly Empire Stores Limited)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30th DECEMBER 2000

(Continued)

6. Dividends

A dividend of £2,039,000 (£20,390 per share) has been proposed for the year (year ended 1st January 2000 : £275,000 (£2,750 per share)).

7. Tangible fixed assets

	Plant and Equipment £'000
Cost	
At 2 nd January 2000	27,745
Additions	1,247
Disposals	(137)

At 30 th December 2000	28,855

Accumulated depreciation	
At 2 nd January 2000	13,504
Provided during year	2,711
Released on disposal	(74)

At 30 th December 2000	16,141

Net book value at 30 th December 2000	12,714
	=====
Net book value at 1st January 2000	14,241
	=====

REDCATS (BRANDS) LIMITED
(formerly Empire Stores Limited)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30th DECEMBER 2000

(Continued)

7. Tangible fixed assets (continued)

Included in plant and equipment at 30th December 2000 are assets held under finance leases:

	£'000
Net book value (2 nd January 2000 : £6,390,000)	5,600
	=====
Depreciation provided during the year (year ended 1 st January 2000 : £369,000)	790
	===

8. Stocks

Stocks comprise of goods for resale. The directors consider that the replacement value of stock is not significantly different from the value shown in the balance sheet.

9. Debtors

	Year ended 30 th December 2000 £'000	Year ended 1 st January 2000 £'000
Amounts due from parent company	33,221	34,054
Amounts due from fellow subsidiaries	4,211	3,745
Prepayments and accrued income/other debtors	3,843	1,696
	-----	-----
	41,275	39,495
	=====	=====

REDCATS (BRANDS) LIMITED
(formerly Empire Stores Limited)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30th DECEMBER 2000

(Continued)

	Year ended 30 th December 2000 £'000	Year ended 1 st January 2000 £'000
10. Creditors: amounts falling due within one year		
Bank loans and overdrafts	3,964	6,689
Finance lease obligations	870	879
Trade creditors	8,968	8,455
Amounts due to fellow subsidiaries	6,206	3,011
Other taxation and social security	7,719	5,809
Corporation tax	2,729	2,764
Other creditors	34,543	36,678
Accruals and deferred income	9,207	9,861
Dividends proposed	2,039	275
	<u>76,245</u>	<u>74,421</u>
	=====	=====
11. Creditors: amounts falling due after more than one year		
Finance lease obligations :		
Payable between one and two years	870	870
Payable between two and five years	2,919	2,796
Payable in more than five years	100	1,094
	<u>3,889</u>	<u>4,760</u>
	=====	=====
12. Provisions for liabilities and charges		
Deferred Tax	-	1
Pension cost	832	832
	<u>832</u>	<u>833</u>
	=====	=====

REDCATS (BRANDS) LIMITED
(formerly Empire Stores Limited)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30th DECEMBER 2000

(Continued)

12. Provisions for liabilities and charges - continued

The amounts of deferred tax unprovided in the financial statements are :

	Year ended 30 th December 2000 £000	Year ended 1 st January 2000 £000
Capital allowances in excess of depreciation	(24)	452
Other timing differences	(693)	(303)
	<u>(717)</u>	<u>149</u>
	=====	===

13. Called up share capital

	Year ended 30 th December 2000 £	Year ended 1 st January 2000 £
100 authorised shares of £1 each	100	100
	===	===
100 ordinary shares of £1 each called up, allotted and fully paid	100	100
	===	===

REDCATS (BRANDS) LIMITED
(formerly Empire Stores Limited)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30th DECEMBER 2000

(Continued)

14.	Profit and loss account	£'000
	At 2 nd January 2000	3,765
	Retained loss for the year	(3,765)
	At 30 th December 2000	----- -
		=====

15. **Contingent liabilities**

The company is jointly and severally liable for the bank borrowings of other group companies, totalling £63,600,000 (1st January 2000 : £120,000,000).

16. **Capital commitments**

	Year ended 30 th December 2000 £'000	Year ended 1 st January 2000 £'000
Contracted for but not provided in the financial statements	374	514
	=====	=====

17. **Operating leases**

At 30th December 2000 the Company was committed to making the following payments during the next year in respect of operating leases:

	Land and Buildings £'000	Plant and Machinery £'000
Leases which expire :		
In one year or less	94	107
Between two and five years	195	386
In five years or more	565	-
	-----	-----
	854	493
	=====	=====

REDCATS (BRANDS) LIMITED
(formerly Empire Stores Limited)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30th DECEMBER 2000

(Continued)

18. Cash flow statement

The Company has taken advantage of the exemption contained in FRS 1 not to publish its own cash flow statement as it is a wholly owned subsidiary of Pinault Printemps-Redoute S.A. and its cash flows are dealt with in the consolidated cash flow statement of that company.

19. Related party transactions

The company has taken advantage of the exemption contained in FRS 8 not to publish details of related party transactions with other group companies as it is a wholly owned subsidiary of Pinault Printemps-Redoute S.A.

20. Ultimate parent company

The Company is a wholly owned subsidiary of REDCATS (UK) plc (formerly Empire Stores Group plc), which is registered in England and Wales.

The Company's ultimate parent company and ultimate controlling party is Pinault Printemps-Redoute S.A., which is incorporated in France.

Copies of the group accounts of Pinault-Printemps-Redoute S.A. are available from the Company Secretary, REDCATS (UK) plc, 18 Canal Road, Bradford, West Yorkshire, BD99 4XB.