

Company Registration No. 1683824 (England and Wales)



A & D HOPE (SCS) LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 AUGUST 2004



GERALD EDELMAN
CHARTERED ACCOUNTANTS

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A & D HOPE (SCS) LIMITED

DIRECTORS AND ADVISERS

Directors	J.A. Hope S.C. Hope N.P. Benson
Secretary	J.A. Hope
Company number	1683824
Registered office	25 Harley Street London W1G 9BR
Registered auditors	Gerald Edelman 25 Harley Street London W1G 9BR
Business address	Evelyn House, 3 Elstree Way Borehamwood Hertfordshire WD6 1RN

A & D HOPE (SCS) LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3
Consolidated profit and loss account	4
Balance sheets	5
Consolidated cash flow statement	6
Notes to the consolidated cash flow statement	7
Notes to the financial statements	8 - 19

A & D HOPE (SCS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2004

The directors present their report and financial statements for the year ended 31 August 2004.

Principal activities and review of the business

The principal activity of the group continued to be that of manufacture and sale of garments.

The results for the year and the financial position at the year end were considered satisfactory by the directors and expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

An interim dividend of £365,000 was declared in respect of the year although holders of 60.1% of the company's issued share capital waived their entitlement to receipt of their dividend.

Directors

The following directors have held office since 1 September 2003:

J.A. Hope

S.C. Hope

N.P. Benson

(Appointed 18 October 2004)

Directors' interests

The directors' interests in the shares of the company and other group companies were as stated below:

	Ordinary shares of £ 1 each	
	31 August 2004	1 September 2003
J.A. Hope	50	50
S.C. Hope	50	50

Charitable donations	2004	2003
	£	£

During the year the group made the following payments:

Charitable donations	5,330	10,845
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Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Gerald Edelman be reappointed as auditors of the company will be put to the Annual General Meeting.

A & D HOPE (SCS) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2004

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 group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

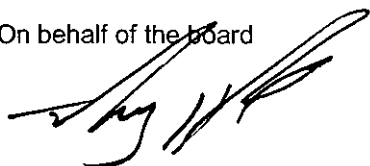
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Trustee shareholding

Michael Harris, a partner of Gerald Edelman, the auditors of the company, is one of the three trustees of a trust which owns 501 Ordinary shares of the company.

On behalf of the board



J.A. Hope

Director

21 June 2005

A & D HOPE (SCS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF A & D HOPE (SCS) LIMITED

We have audited the financial statements of A & D Hope (SCS) Limited on pages 4 to 19 for the year ended 31 August 2004. These financial statements have been prepared 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 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 and the group'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 and the group's affairs as at 31 August 2004 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Gerald Edelman

Chartered Accountants
Registered Auditor

21 June 2005

25 Harley Street
London
W1G 9BR

A & D HOPE (SCS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2004

	Notes	2004 £	2003 £
Turnover	2	18,650,998	21,409,419
Cost of sales		(14,041,373)	(16,621,109)
Gross profit		4,609,625	4,788,310
Distribution costs		(1,376,849)	(1,263,866)
Administrative expenses		(1,875,089)	(2,742,428)
Operating profit	3	1,357,687	782,016
Other interest receivable and similar income		55,926	191,006
Interest payable and similar charges	4	(100,884)	(240,072)
Profit on ordinary activities before taxation	3	1,312,729	732,950
Tax on profit on ordinary activities	5	(450,525)	(225,674)
Profit on ordinary activities after taxation		862,204	507,276
Dividends	7	(365,000)	-
Retained profit for the year	16	497,204	507,276

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

Note of historical cost profits and losses

	2004 £	2003 £
Reported profit on ordinary activities before taxation	1,312,729	732,950
Realisation of property revaluation gains of previous years	-	26,664
Historical cost profit on ordinary activities before taxation	1,312,729	759,614
Historical cost profit for the year retained after taxation, extraordinary items and dividends	497,204	533,940

A & D HOPE (SCS) LIMITED

BALANCE SHEETS AS AT 31 AUGUST 2004

	Notes	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Fixed assets					
Tangible assets	8	338,716	262,076	335,269	262,076
Investments	9	-	-	1,000	-
		<u>338,716</u>	<u>262,076</u>	<u>336,269</u>	<u>262,076</u>
Current assets					
Stocks	10	978,189	2,615,325	936,277	2,615,325
Debtors	11	3,724,625	4,076,708	3,808,598	4,076,708
Cash at bank and in hand		133,650	210,538	122,102	210,538
		<u>4,836,464</u>	<u>7,033,196</u>	<u>4,866,977</u>	<u>7,033,196</u>
Creditors: amounts falling due within one year	12	(3,604,502)	(6,203,974)	(3,600,977)	(6,203,974)
Net current assets		<u>1,231,962</u>	<u>829,222</u>	<u>1,266,000</u>	<u>829,222</u>
Total assets less current liabilities		<u>1,570,678</u>	<u>1,091,298</u>	<u>1,602,269</u>	<u>1,091,298</u>
Creditors: amounts falling due after more than one year	13	(14,827)	(32,651)	(14,827)	(32,651)
		<u>1,555,851</u>	<u>1,058,647</u>	<u>1,587,442</u>	<u>1,058,647</u>
Capital and reserves					
Called up share capital	15	1,000	1,000	1,000	1,000
Profit and loss account	16	1,554,851	1,057,647	1,586,442	1,057,647
Shareholders' funds - equity interests	17	<u>1,555,851</u>	<u>1,058,647</u>	<u>1,587,442</u>	<u>1,058,647</u>

The financial statements were approved by the board on 21 June 2005


S.C. Hope
Director

A & D HOPE (SCS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2004

	2004		2003	
	£	£	£	£
Net cash inflow/(outflow) from operating activities		548,638		(546,997)
Returns on investments and servicing of finance				
Interest received	55,926		191,006	
Interest paid	(100,884)		(240,072)	
	<u> </u>		<u> </u>	
Net cash outflow for returns on investments and servicing of finance		(44,958)		(49,066)
Taxation		(60,322)		(30,439)
Capital expenditure				
Payments to acquire tangible assets	(169,841)		(191,293)	
Receipts from sales of tangible assets	-		155,910	
	<u> </u>		<u> </u>	
Net cash outflow for capital expenditure		(169,841)		(35,383)
Equity dividends paid		(365,000)		-
		<u> </u>		<u> </u>
Net cash outflow before management of liquid resources and financing		(91,483)		(661,885)
Financing				
Capital element of hire purchase contracts	(47,397)		(27,925)	
	<u> </u>		<u> </u>	
Net cash outflow from financing		(47,397)		(27,925)
		<u> </u>		<u> </u>
Decrease in cash in the year		(138,880)		(689,810)
		<u> </u>		<u> </u>

A & D HOPE (SCS) LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2004

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2004		2003	
		£		£	
	Operating profit	1,357,687		782,016	
	Depreciation of tangible assets	108,201		82,373	
	Loss on disposal of tangible assets	-		21,227	
	Decrease/(increase) in stocks	1,637,136		(470,511)	
	Decrease in debtors	352,083		127,390	
	Decrease in creditors within one year	(2,906,469)		(1,089,492)	
	Net cash inflow/(outflow) from operating activities	548,638		(546,997)	
2	Analysis of net (debt)/funds	1 September 2003	Cash flow	Other non-cash changes	31 August 2004
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	210,538	(76,888)	-	133,650
	Bank overdrafts	(98,787)	(61,992)	-	(160,779)
		111,751	(138,880)	-	(27,129)
	Debt:				
	Finance leases	(67,787)	47,397	(15,000)	(35,390)
	Net funds/(debt)	43,964	(91,483)	(15,000)	(62,519)
3	Reconciliation of net cash flow to movement in net debt	2004		2003	
		£		£	
	Decrease in cash in the year	(138,880)		(689,810)	
	Cash outflow from decrease in debt	47,397		27,925	
	Change in net debt resulting from cash flows	(91,483)		(661,885)	
	New finance lease	(15,000)		(37,338)	
	Movement in net (debt)/funds in the year	(106,483)		(699,223)	
	Opening net funds	43,964		743,187	
	Closing net (debt)/funds	(62,519)		43,964	

A & D HOPE (SCS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertaking made up to 31 August 2004. The results of subsidiary acquired are included in the profit and loss account from the date control passed. Intra-group sales and profits are eliminated fully on consolidation.

The company acquired its subsidiary undertaking during the year, hence the comparatives represent the figures of the parent company.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.5 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:

Plant and machinery	15% straight line basis
Fixtures, fittings & equipment	25% reducing balance basis
Motor vehicles	15% straight line basis

1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. In the case of manufactured products, cost includes all direct expenditure and production overheads based on a normal level of activity.

1.9 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

A & D HOPE (SCS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2004

1 Accounting policies

(continued)

1.10 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. The deferred tax balance has not been discounted.

1.11 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.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2004 £	2003 £
Geographical segment		
United Kingdom	13,169,170	15,104,902
Europe	5,838,903	6,667,527
Rest of World	346,865	324,523
Discounts allowed	(703,940)	(687,533)
	<u>18,650,998</u>	<u>21,409,419</u>

3 Operating profit

	2004 £	2003 £
Operating profit is stated after charging:		
Depreciation of tangible assets	108,201	82,373
Loss on disposal of tangible assets	-	21,227
Operating lease rentals	86,404	80,000
Auditors' remuneration	45,185	29,892
and after crediting:		
Profit on foreign exchange transactions	<u>(632,124)</u>	<u>(349,895)</u>

A & D HOPE (SCS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2004

4	Interest payable	2004	2003
		£	£
	On bank loans and overdrafts	92,472	156,150
	On other loans wholly repayable within 5 years	-	74,518
	Lease finance charges	5,363	3,335
	On overdue tax	3,049	6,069
		<u>100,884</u>	<u>240,072</u>
5	Taxation	2004	2003
		£	£
	Domestic current year tax		
	U.K. corporation tax	315,179	344,942
	Adjustment for prior years	4,721	11,357
		<u>319,900</u>	<u>356,299</u>
	Current tax charge		
	Deferred tax		
	Deferred tax charge/(credit) current year	130,625	(130,625)
		<u>450,525</u>	<u>225,674</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	1,312,729	732,950
		<u>1,312,729</u>	<u>732,950</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003: 30.00%)	393,819	219,885
		<u>393,819</u>	<u>219,885</u>
	Effects of:		
	Non deductible expenses	46,910	15,608
	Depreciation add back	32,461	24,712
	Capital allowances	(28,201)	(45,888)
	Adjustments to previous periods	4,721	11,357
	Special pensions contributions	(130,625)	130,625
	Other tax adjustments	815	-
		<u>(73,919)</u>	<u>136,414</u>
	Current tax charge	<u>319,900</u>	<u>356,299</u>

A & D HOPE (SCS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2004

6 Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2004 £	2003 £
Holding company's profit for the financial year	893,795	507,276

7 Dividends

	2004 £	2003 £
Ordinary interim paid	365,000	-

A & D HOPE (SCS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2004

8 Tangible fixed assets Group

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 September 2003	100,988	465,153	201,044	767,185
Additions	-	62,386	122,455	184,841
At 31 August 2004	100,988	527,539	323,499	952,026
Depreciation				
At 1 September 2003	95,461	305,769	103,879	505,109
Charge for the year	2,447	65,254	40,500	108,201
At 31 August 2004	97,908	371,023	144,379	613,310
Net book value				
At 31 August 2004	3,080	156,516	179,120	338,716
At 31 August 2003	5,527	159,384	97,165	262,076

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 31 August 2004	64,669
At 31 August 2003	53,461
Depreciation charge for the year	
31 August 2004	13,542
31 August 2003	9,830

A & D HOPE (SCS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2004

8 Tangible fixed assets (continued) Company

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 September 2003	100,988	465,153	201,044	767,185
Additions	-	58,403	122,455	180,858
At 31 August 2004	100,988	523,556	323,499	948,043
Depreciation				
At 1 September 2003	95,461	305,769	103,879	505,109
Charge for the year	2,447	64,718	40,500	107,665
At 31 August 2004	97,908	370,487	144,379	612,774
Net book value				
At 31 August 2004	3,080	153,069	179,120	335,269
At 31 August 2003	5,527	159,384	97,165	262,076

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 31 August 2004	64,669
At 31 August 2003	53,461
Depreciation charge for the year	
31 August 2004	13,542
31 August 2003	9,830

A & D HOPE (SCS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2004

9 Fixed asset investments Company

	Shares in group undertakings £
Cost	
At 1 September 2003	-
Additions	1,000
	<hr/>
At 31 August 2004	1,000
	<hr/>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
A & D Hope (Retail) Limited	England and Wales	Ordinary shares	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
A & D Hope (Retail) Limited	Retailers of garments

10 Stocks

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Finished goods and goods for resale	978,189	2,615,325	936,277	2,615,325
	<hr/>	<hr/>	<hr/>	<hr/>

A & D HOPE (SCS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2004

11 Debtors

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Trade debtors	3,102,004	3,593,297	3,102,004	3,593,297
Amounts owed by group undertakings	-	-	148,011	-
Other debtors	524,297	370,706	460,259	370,706
Prepayments and accrued income	98,324	112,705	98,324	112,705
Deferred tax asset	-	130,625	-	130,625
	<u>3,724,625</u>	<u>4,207,333</u>	<u>3,808,598</u>	<u>4,207,333</u>

12 Creditors : amounts falling due within one year

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Bank loans and overdrafts	160,779	98,787	160,779	98,787
Net obligations under finance lease and hire purchase contracts	20,563	35,136	20,563	35,136
Trade creditors	1,753,123	2,500,451	1,751,070	2,500,451
Corporation tax	664,807	405,229	664,807	405,229
Taxes and social security costs	191,512	397,028	191,040	397,028
Other creditors	488,256	2,374,680	488,256	2,374,680
Accruals and deferred income	325,462	392,663	324,462	392,663
	<u>3,604,502</u>	<u>6,203,974</u>	<u>3,600,977</u>	<u>6,203,974</u>

Other creditors include an amount of £257,700 (2003 : £2,345,049) which is secured by a debenture over the company's book debts.

A & D HOPE (SCS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2004

13 Creditors : amounts falling due after more than one year

	Group 2004 £	Group 2003 £	Company 2004 £	Company 2003 £
Net obligations under finance leases and hire purchase agreements	<u>14,827</u>	<u>32,651</u>	<u>14,827</u>	<u>32,651</u>
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	22,573	39,309	22,573	39,309
Repayable between one and five years	<u>16,279</u>	<u>36,524</u>	<u>16,279</u>	<u>36,524</u>
	38,852	75,833	38,852	75,833
Finance charges and interest allocated to future accounting periods	<u>(3,462)</u>	<u>(8,046)</u>	<u>(3,462)</u>	<u>(8,046)</u>
	35,390	67,787	35,390	67,787
Included in liabilities falling due within one year	<u>(20,563)</u>	<u>(35,136)</u>	<u>(20,563)</u>	<u>(35,136)</u>
	<u>14,827</u>	<u>32,651</u>	<u>14,827</u>	<u>32,651</u>

14 Pension costs

Defined contribution

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.

	2004 £	2003 £
Contributions payable by the company for the year	<u>32,048</u>	<u>1,084,770</u>

15 Share capital

	2004 £	2003 £
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

A & D HOPE (SCS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2004

16 Statement of movements on profit and loss account

Group

	Profit and loss account £
Balance at 1 September 2003	1,057,647
Retained profit for the year	497,204
	<hr/>
Balance at 31 August 2004	1,554,851
	<hr/>

Company

	Profit and loss account £
Balance at 1 September 2003	1,057,647
Retained profit for the year	528,795
	<hr/>
Balance at 31 August 2004	1,586,442
	<hr/>

17 Reconciliation of movements in shareholders' funds

Group	2004 £	2003 £
Profit for the financial year	862,204	507,276
Dividends	(365,000)	-
	<hr/>	<hr/>
Net addition to shareholders' funds	497,204	507,276
Opening shareholders' funds	1,058,647	551,371
	<hr/>	<hr/>
Closing shareholders' funds	1,555,851	1,058,647
	<hr/>	<hr/>

Company	2004 £	2003 £
Profit for the financial year	893,795	507,276
Dividends	(365,000)	-
	<hr/>	<hr/>
Net addition to shareholders' funds	528,795	507,276
Opening shareholders' funds	1,058,647	551,371
	<hr/>	<hr/>
Closing shareholders' funds	1,587,442	1,058,647
	<hr/>	<hr/>

A & D HOPE (SCS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2004

18 Directors' emoluments	2004 £	2003 £
Emoluments for qualifying services	<u>304,000</u>	<u>335,500</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2003- 2).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	<u>152,000</u>	<u>182,750</u>
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19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2004 Number	2003 Number
Production	9	7
Selling and distribution	39	39
Administration	10	10
	<u>58</u>	<u>56</u>

Employment costs

	£	£
Wages and salaries	1,779,266	1,794,935
Other pension costs	<u>32,048</u>	<u>1,084,770</u>
	<u>1,811,314</u>	<u>2,879,705</u>

A & D HOPE (SCS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2004

20 Related party transactions

Party	Relationship	Transaction	2004		2003	
			Value £	Balance due (to)/ from at year end £	Value £	Balance due (to)/ from at year end £
Evergreen Clothing Limited	M Hope, a former director of A & D Hope (SCS) Limited and a shareholder and former director of Evergreen Clothing Limited	Loan account movements	328,594	406,232	245,029	77,638
Evergreen Clothing Limited	M Hope, a former director of A & D Hope (SCS) Limited and a shareholder and former director of Evergreen Clothing Limited	Management fees receivable	75,000	-	75,000	-
Freemoney Limited	S Hope and J Hope are directors and shareholders of A & D Hope (SCS) Limited and Freemoney Limited.	Loan account movements	117,877	-	48,050	117,877
Mr and Mrs Hope	Shareholders and parents of the directors, S Hope and J Hope	Loan account movements	2,175	(24,520)	65,673	(22,345)
S Hope	Director	Loan account movements	122,753	(122,753)	1,362	-
J Hope	Director	Loan account movements	69,265	(76,057)	2,863	(6,792)
N Benson	Director	Loan account movements	-	3,500	-	3,500
A & D Hope (SCS) Limited Executive Pension Scheme	The directors are trustees and beneficiaries of the pension scheme	Loan account movements	-	8,358	1,501,368	8,358
A & D Hope (SCS) Limited Executive Pension Scheme	The directors are trustees and beneficiaries of the pension scheme	Interest payable	-	-	74,518	-

A provision of £110,599 has been made against the balance due to the company by Freemoney Limited.

There are no specific terms as to interest or repayment in respect of the balances referred to above.

Throughout the year the group was controlled by the Hope family.