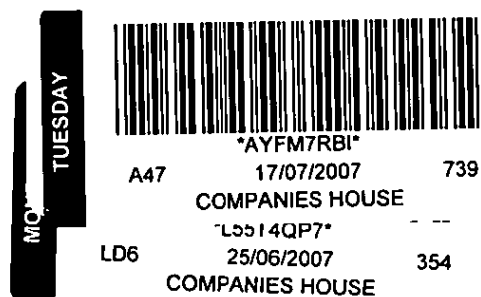


A & D HOPE (SCS) LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2006



GERALD EDELMAN

CHARTERED ACCOUNTANTS

25 HARLEY STREET LONDON W1G 9BR

T +44 (0)20 7299 1400 F +44 (0)20 7299 1401

E gemail@geraldedelman.com

www.geraldedelman.com

A & D HOPE (SCS) LIMITED

CONTENTS

	Page
Directors' report	1 - 3
Auditors' report	4
Abbreviated profit and loss account	5
Abbreviated balance sheet	6
Cash flow statement	7
Notes to the cash flow statement	8
Notes to the abbreviated accounts	9 - 18

A & D HOPE (SCS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2006

The directors present their report and financial statements for the year ended 31 August 2006

Principal activities and review of the business

The principal activity of the company is the sale of garments

The company generated an operating profit for the year ended 31 August 2006 of £484,229 (2005 - loss £808,912) However, after interest payable and similar charges, the company's profit on ordinary activities before taxation amounted to £223,839 (2005 - loss £865,902)

These results, on turnover at roughly the previous year's level, reflect a significant improvement in the company's gross profitability from trading This has been achieved in an extremely difficult business environment, where competition, retail margins and stagnant high street activity in recent years have provided the business with significant challenges The company's improvement in gross profit and margins has been achieved after particularly difficult trading in 2005, when profit margins were squeezed by higher costs of sourcing and merchandise manufacturing, and also by customers seeking to improve their own retailing margins

In the year under review the company's trading performance has benefited from an improvement in sourcing and merchandise costings and the directors have sought to reappraise the company's profile of customers in order to achieve improved margins on turnover Also during the year the company benefited from an improvement in exchange rates, particularly the Sterling rate against the Dollar, the currency in which a substantial part of the company's trade purchases are presently sourced

The company continues to work towards an enhancement of profit margins, both by reviewing its customer base and by implementing more rigorous cost controls, particularly in manufacture and product sourcing

As at the year end date, shareholders' funds amounted to £503,592 (2005 £354,338), details of which are summarised in the balance sheet on page 7

The principal assets owned by the company and employed in the business are its tangible fixed assets and its working capital assets, comprising mainly stocks, trade receivables and cash balances, net of short-term borrowings and trade payables

Fuller details supporting the company's balance sheet are set out in the notes to the financial statements

The company's principal financial and other instruments comprise trade debtors, trade creditors and secured and unsecured short-term borrowings, including factoring facilities The company is not ordinarily engaged in any material derivative transactions, but it does manage its foreign exchange exposure across a number of products on a conservative basis, transferring any potential currency risk into Sterling at the earliest possible opportunity

The company's approach to managing the principal risks arising from its financial and other instruments is as follows

Results and dividends

The results for the year are set out on page 5

The directors do not propose the payment of a dividend in respect of the year (2005 - £630,000)

A & D HOPE (SCS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2006

Directors

The following directors have held office since 1 September 2005

J A Hope
S C Hope
N P Benson

Directors' interests

The directors' interests in the shares of the company were as stated below

	Ordinary shares of £1 each	
	31 August 2006	1 September 2005
J A Hope	50	50
S C Hope	50	50
N P Benson	-	-

Charitable donations	2006	2005
	£	£

During the year the company made the following payments

Charitable donations	8,375	24,350
----------------------	-------	--------

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 2006

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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

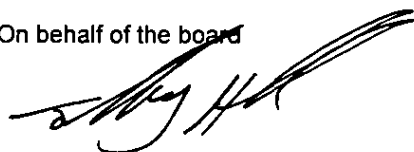
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

Statement of disclosure to auditor

So far as the directors are aware there is no relevant audit information of which the company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



J A Hope

Director

20 June 2007

A & D HOPE (SCS) LIMITED

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

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 5 to 18, together with the financial statements of A & D Hope (SCS) Limited for the year ended 31 August 2006 prepared under section 226 of the Companies Act 1985

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state to them in an auditor's report on abbreviated accounts 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, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of audit opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.



Gerald Edelman

20 June 2007

Chartered Accountants
Registered Auditor

25 Harley Street
London
W1G 9BR

A & D HOPE (SCS) LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2006

	Notes	2006 £	2005 £
Gross profit		3,334,132	2,455,167
Distribution costs		(1,258,448)	(1,433,767)
Administrative expenses		(1,591,455)	(1,830,312)
Operating profit/(loss)	2	484,229	(808,912)
Other interest receivable and similar income		210,553	70,351
Interest payable and similar charges	4	(470,943)	(127,341)
Profit/(loss) on ordinary activities before taxation		223,839	(865,902)
Tax on profit/(loss) on ordinary activities	5	(75,585)	263,798
Profit/(loss) for the year	14	148,254	(602,104)

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

A & D HOPE (SCS) LIMITED

ABBREVIATED BALANCE SHEET

AS AT 31 AUGUST 2006

	Notes	2006 £	£	2005 £	£
Fixed assets					
Tangible assets	7	204,004		268,846	
Investments	8	1,000		1,000	
		<u>205,004</u>		<u>269,846</u>	
Current assets					
Stocks	9	945,099		642,099	
Debtors	10	3,026,664		3,326,630	
Cash at bank and in hand		353,775		417,492	
		<u>4,325,538</u>		<u>4,386,221</u>	
Creditors amounts falling due within one year	11	<u>(4,026,950)</u>		<u>(4,300,729)</u>	
Net current assets		<u>298,588</u>		<u>85,492</u>	
Total assets less current liabilities		<u>503,592</u>		<u>355,338</u>	
Capital and reserves					
Called up share capital	13	1,000		1,000	
Profit and loss account	14	502,592		354,338	
Shareholders' funds	15	<u>503,592</u>		<u>355,338</u>	

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies

Approved by the Board and authorised for issue on 20 June 2007


J A Hope
Director

A & D HOPE (SCS) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2006

	£	2006 £	£	2005 £
Net cash inflow from operating activities		346,699		1,399,475
Returns on investments and servicing of finance				
Interest received	210,553		70,351	
Interest paid	(470,943)		(127,341)	
Net cash outflow for returns on investments and servicing of finance		(260,390)		(56,990)
Taxation		(57,760)		(342,914)
Capital expenditure				
Payments to acquire tangible assets	(25,407)		(58,574)	
Receipts from sales of tangible assets	11,530		30,999	
Net cash outflow for capital expenditure		(13,877)		(27,575)
Equity dividends paid		-		(630,000)
Net cash inflow before management of liquid resources and financing		14,672		341,996
Financing				
Capital element of hire purchase contracts	(14,589)		(20,776)	
Net cash outflow from financing		(14,589)		(20,776)
Increase in cash in the year		83		321,220

A & D HOPE (SCS) LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2006

1	Reconciliation of operating profit/(loss) to net cash inflow from operating activities	2006	2005
		£	£
	Operating profit/(loss)	484,229	(808,912)
	Depreciation of tangible assets	68,373	79,356
	Loss on disposal of tangible assets	10,346	14,617
	(Increase)/decrease in stocks	(303,000)	294,178
	Decrease in debtors	299,966	481,968
	(Decrease)/Increase in creditors within one year	(213,215)	1,338,268
	Net cash inflow from operating activities	346,699	1,399,475

2	Analysis of net funds	1 September 2005	Cash flow	Other non-cash changes	31 August 2006
		£	£	£	£
	Net cash				
	Cash at bank and in hand	417,492	(63,717)	-	353,775
	Bank overdrafts	(134,949)	63,800	-	(71,149)
		<u>282,543</u>	<u>83</u>	<u>-</u>	<u>282,626</u>
	Bank deposits	-	-	-	-
	Debt	-	-	-	-
	Finance leases	(14,589)	14,589	-	-
	Net funds	267,954	14,672	-	282,626

3	Reconciliation of net cash flow to movement in net funds	2006	2005
		£	£
	Increase in cash in the year	83	321,220
	Cash outflow from decrease in debt and lease financing	14,589	20,801
	Movement in net funds in the year	14,672	342,021
	Opening net funds/(debt)	267,954	(74,067)
	Closing net funds	282,626	267,954

A & D HOPE (SCS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2006

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

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

1.4 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

1.5 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.

1.6 Investments

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

1.7 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.

1.8 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.9 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

A & D HOPE (SCS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2006

1 Accounting policies

(continued)

1.10 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.

1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2	Operating profit/(loss)	2006 £	2005 £
	Operating profit/(loss) is stated after charging		
	Depreciation of tangible assets	68,373	79,356
	Loss on disposal of tangible assets	10,346	14,617
	Operating lease rentals	80,000	80,000
	Auditors' remuneration	31,266	30,000
	and after crediting		
	Profit on foreign exchange transactions	(124,769)	(38,244)
		<u> </u>	<u> </u>
3	Investment income	2006 £	2005 £
	Bank interest	210,553	70,351
		<u> </u>	<u> </u>
4	Interest payable	2006 £	2005 £
	On bank loans and overdrafts	460,846	110,609
	Hire purchase interest	1,239	3,969
	On overdue tax	2,508	12,763
	Other interest	6,350	-
		<u> </u>	<u> </u>
		470,943	127,341
		<u> </u>	<u> </u>

A & D HOPE (SCS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2006

5	Taxation	2006	2005
		£	£
	Domestic current year tax		
	U K corporation tax	67,180	-
	Adjustment for prior years	8,405	(263,798)
	Current tax charge	<u>75,585</u>	<u>(263,798)</u>
	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	<u>223,839</u>	<u>(865,902)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005 - 0.00%)	<u>67,152</u>	<u>-</u>
	Effects of		
	Non deductible expenses	15,825	-
	Depreciation add back	20,512	-
	Capital allowances	(19,474)	-
	Group relief	(8,700)	-
	Adjustments to previous periods	8,405	(263,798)
	Other tax adjustments	(8,135)	-
		<u>8,433</u>	<u>(263,798)</u>
	Current tax charge	<u>75,585</u>	<u>(263,798)</u>
6	Dividends	2006	2005
		£	£
	Ordinary interim paid	<u>-</u>	<u>630,000</u>

A & D HOPE (SCS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2006

7 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 September 2005	101,688	548,790	302,115	952,593
Additions	1,502	16,805	7,100	25,407
Disposals	-	-	(45,233)	(45,233)
At 31 August 2006	103,190	565,595	263,982	932,767
Depreciation				
At 1 September 2005	99,918	415,063	168,766	683,747
On disposals	-	-	(23,357)	(23,357)
Charge for the year	1,995	37,633	28,745	68,373
At 31 August 2006	101,913	452,696	174,154	728,763
Net book value				
At 31 August 2006	1,277	112,899	89,828	204,004
At 31 August 2005	1,770	133,727	133,349	268,846

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

	Motor vehicles £
Net book values	
At 31 August 2006	27,326
At 31 August 2005	37,022
Depreciation charge for the year	
At 31 August 2006	9,696
At 31 August 2005	9,696

A & D HOPE (SCS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2006

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 September 2005 & at 31 August 2006	1,000
Net book value	
At 31 August 2006	1,000
At 31 August 2005	1,000

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	Class	Shares held %
Subsidiary undertakings			
A & D Hope (Retail) Limited	England & Wales	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2006 £	Profit for the year 2006 £
A & D Hope (Retail) Limited	Principal activity Retailer of garments	(121,648)	(29,407)

9 Stocks

	2006 £	2005 £
Finished goods and goods for resale	945,099	642,099

A & D HOPE (SCS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2006

10 Debtors	2006 £	2005 £
Trade debtors	2,277,894	2,606,820
Amounts owed by parent and fellow subsidiary undertakings	131,737	115,674
Other debtors	516,952	443,687
Prepayments and accrued income	100,081	160,449
	<u>3,026,664</u>	<u>3,326,630</u>

11 Creditors: amounts falling due within one year	2006 £	2005 £
Bank loans and overdrafts	71,149	134,949
Net obligations under hire purchase contracts	-	14,589
Trade creditors	2,257,290	1,707,950
Corporation tax	75,920	58,095
Other taxes and social security costs	97,924	46,060
Other creditors	1,121,578	1,893,556
Accruals and deferred income	403,089	445,530
	<u>4,026,950</u>	<u>4,300,729</u>

Other creditors include an amount of £1,114,354 (2005 - £1,758,024) which is secured by a debenture over the company's book debts

Net obligations under hire purchase contracts

Repayable within one year	7,471	15,967
Finance charges and interest allocated to future accounting periods	(522)	(1,378)
	<u>6,949</u>	<u>14,589</u>

A & D HOPE (SCS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2006

12 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.

	2006 £	2005 £
Contributions payable by the company for the year	17,701	35,062

13 Share capital

	2006 £	2005 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 September 2005	354,338
Profit for the year	148,254
Balance at 31 August 2006	502,592

A & D HOPE (SCS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2006

15 Reconciliation of movements in shareholders' funds	2006 £	2005 £
Profit/(Loss) for the financial year	148,254	(602,104)
Dividends	-	(630,000)
Net addition to/(depletion in) shareholders' funds	148,254	(1,232,104)
Opening shareholders' funds	355,338	1,587,442
Closing shareholders' funds	503,592	355,338

16 Financial commitments

At 31 August 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 August 2007

	Land and buildings 2006 £	2005 £
Operating leases which expire in over five years	80,000	80,000

17 Directors' emoluments	2006 £	2005 £
Emoluments for qualifying services	204,000	219,459

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2005 - 2)

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

Emoluments for qualifying services	98,000	100,000
------------------------------------	--------	---------

A & D HOPE (SCS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2006

18 Employees

Number of employees

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

	2006 Number	2005 Number
Production	11	8
Selling and distribution	28	30
Administration	10	9
	<u>49</u>	<u>47</u>

Employment costs

	2006 £	2005 £
Wages and salaries	1,609,539	1,798,637
Other pension costs	17,701	35,062
	<u>1,627,240</u>	<u>1,833,699</u>

A & D HOPE (SCS) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2006

19 Related party transactions

Party	Relationship	Transaction	2006		2005	
			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	107,376	88,426	210,430	195,802
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	25,000	-	25,000	-
Freemoney Limited	S Hope and J Hope are directors and shareholders of A & D Hope (SCS) Limited and Freemoney Limited	Loan account movements	12,400	12,400	-	-
A & D Hope (Retail) Limited	Subsidiary undertaking	Supply of goods and loan account movements	16,063	131,737	32,337	115,674
Mr and Mrs Hope	Shareholders	Loan account movements	8,000	3,955	2,475	(4,045)
M Hope Settlement	Shareholder	Loan account movements	118,791	118,791	-	-
S C Hope	Director	Loan account movements	91,688	54,813	85,878	(36,875)
J A Hope	Director	Loan account movements	108,230	37,394	5,221	(70,836)
N P Benson	Director	Loan account movements	-	-	3,500	-
A & D Hope (SCS) Limited Executive Pension Scheme	The directors are trustees and beneficiaries of the pension scheme	Loan account movements	500	8,858	-	8,358

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

The outstanding year end balances of Mr and Mrs Hope, S C Hope, J A Hope and the M Hope Settlement were all repaid subsequent to the balance sheet date

Throughout the year the company was controlled by the Hope family