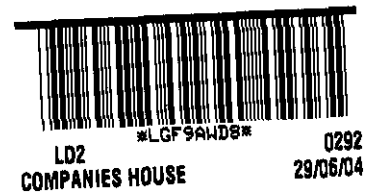


Company Registration No. 1683824 (England and Wales)



A & D HOPE (SCS) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2003



GERALD EDELMAN
CHARTERED ACCOUNTANTS

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A & D HOPE (SCS) LIMITED

COMPANY INFORMATION

Directors	J.A. Hope S.C. Hope
Secretary	J.A. Hope
Company number	1683824
Registered office	25 Harley Street London W1G 9BR
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

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A & D HOPE (SCS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2003

The directors present their report and financial statements for the year ended 31 August 2003.

Principal activities and review of the business

The principal activity of the company 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 who expect continued growth in the foreseeable future.

Results and dividends

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

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 September 2002:

M.A. Hope	(Resigned 1 November 2002)
Mrs E. Hope	(Resigned 1 November 2002)
J.A. Hope	
S.C. Hope	

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 August 2003	1 September 2002
J.A. Hope	50	50
S.C. Hope	50	50

Charitable donations	2003	2002
	£	£

During the year the company made the following payments:

Charitable donations	10,845	12,009
----------------------	--------	--------

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

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 2003

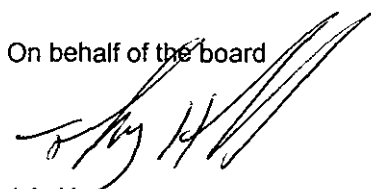
Directors' responsibilities

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;
- 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 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.

On behalf of the board



J.A. Hope

Director

16 June 2004

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 18 for the year ended 31 August 2003. 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 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 31 August 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Gerald Edelman

16 June 2004

Chartered Accountants
Registered Auditor

25 Harley Street
London
W1G 9BR

A & D HOPE (SCS) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2003

	Notes	2003 £	2002 £
Turnover	2	21,409,419	18,045,531
Cost of sales		(16,621,109)	(14,681,927)
Gross profit		4,788,310	3,363,604
Distribution costs		(1,263,866)	(1,336,376)
Administrative expenses		(2,766,700)	(1,711,589)
Operating profit	3	757,744	315,639
Other interest receivable and similar income		191,006	192,614
Interest payable and similar charges	4	(215,800)	(316,502)
Profit on ordinary activities before taxation		732,950	191,751
Tax on profit on ordinary activities	5	(225,674)	(56,200)
Profit on ordinary activities after taxation	14	507,276	135,551

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

A & D HOPE (SCS) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 AUGUST 2003

	2003 £	2002 £
Profit for the financial year	507,276	135,551
Unrealised deficit on revaluation of properties	-	(31,386)
Total recognised gains and losses relating to the year	<u>507,276</u>	<u>104,165</u>

Note of historical cost profits and losses

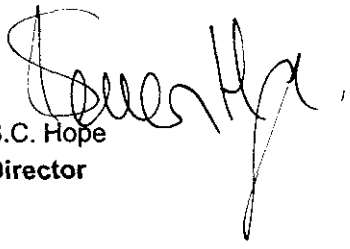
	2003 £	2002 £
Reported profit on ordinary activities before taxation	732,950	191,751
Realisation of property revaluation gains of previous years	<u>26,664</u>	-
Historical cost profit on ordinary activities before taxation	<u>759,614</u>	<u>191,751</u>
Historical cost profit for the year retained after taxation, extraordinary items and dividends	<u>533,940</u>	<u>135,551</u>

A & D HOPE (SCS) LIMITED

BALANCE SHEET AS AT 31 AUGUST 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	6		262,076		292,955
Current assets					
Stocks	7	2,615,325		2,144,814	
Debtors	8	4,207,333		4,204,098	
Cash at bank and in hand		210,538		1,032,811	
		<u>7,033,196</u>		<u>7,381,723</u>	
Creditors: amounts falling due within one year	9	<u>(6,203,974)</u>		<u>(7,087,619)</u>	
Net current assets			829,222		294,104
Total assets less current liabilities			1,091,298		587,059
Creditors: amounts falling due after more than one year	10		(32,651)		(35,688)
			<u>1,058,647</u>		<u>551,371</u>
Capital and reserves					
Called up share capital	13		1,000		1,000
Revaluation reserve	14		-		26,664
Profit and loss account	14		1,057,647		523,707
Shareholders' funds - equity interests	15		<u>1,058,647</u>		<u>551,371</u>

The financial statements were approved by the Board on 16 June 2004


S.C. Hope
Director

A & D HOPE (SCS) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2003

	£	2003 £	£	2002 £
Net cash (outflow)/inflow from operating activities		(571,269)		257,649
Returns on investments and servicing of finance				
Interest received	191,006		192,614	
Interest paid	(215,800)		(316,502)	
Net cash outflow for returns on investments and servicing of finance		(24,794)		(123,888)
Taxation		(30,439)		2,555
Capital expenditure				
Payments to acquire tangible assets	(191,293)		(19,430)	
Receipts from sales of tangible assets	155,910		3,451	
Net cash outflow for capital expenditure		(35,383)		(15,979)
Net cash (outflow)/inflow before management of liquid resources and financing		(661,885)		120,337
Financing				
Capital element of hire purchase contracts	(27,925)		(28,095)	
Net cash outflow from financing		(27,925)		(28,095)
(Decrease)/increase in cash in the year		(689,810)		92,242

A & D HOPE (SCS) LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2003

1	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities	2003		2002	
		£		£	
	Operating profit	757,744		315,639	
	Depreciation of tangible assets	82,373		88,121	
	Loss on disposal of tangible assets	21,227		994	
	Increase in stocks	(470,511)		(640,885)	
	Decrease/(increase) in debtors	127,390		(453,494)	
	(Decrease)/Increase in creditors within one year	(1,089,492)		947,274	
	Net cash (outflow)/inflow from operating activities	(571,269)		257,649	
2	Analysis of net funds	1 September 2002	Cash flow	Other non-cash changes	31 August 2003
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	1,032,811	(822,273)	-	210,538
	Bank overdrafts	(231,250)	132,463	-	(98,787)
		<u>801,561</u>	<u>(689,810)</u>	<u>-</u>	<u>111,751</u>
	Debt:				
	Finance leases	(58,374)	27,925	(37,338)	(67,787)
	Net funds	<u>743,187</u>	<u>(661,885)</u>	<u>(37,338)</u>	<u>43,964</u>
3	Reconciliation of net cash flow to movement in net funds	2003		2002	
		£		£	
	(Decrease)/increase in cash in the year	(689,810)		92,242	
	Cash outflow from decrease in debt and lease financing	27,925		28,095	
	Change in net debt resulting from cash flows	(661,885)		120,337	
	New finance lease	(37,338)		(64,540)	
	Movement in net funds in the year	(699,223)		55,797	
	Opening net funds	743,187		687,390	
	Closing net funds	<u>43,964</u>		<u>743,187</u>	

A & D HOPE (SCS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2003

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 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 other than freehold land 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:

Freehold land and buildings	2% straight line basis
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 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.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 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. The 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.

1.9 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.

A & D HOPE (SCS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

2 Turnover

Geographical market

	Turnover	
	2003	2002
	£	£
United Kingdom	15,104,902	12,232,882
Europe	6,667,527	6,329,617
Rest of World	324,523	106,084
Discounts allowed	(687,533)	(623,052)
	<u>21,409,419</u>	<u>18,045,531</u>

3 Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	82,373	88,121
Loss on disposal of tangible assets	21,227	994
Operating lease rentals	80,000	80,000
Auditors' remuneration	29,892	31,000
and after crediting:		
Profit on foreign exchange transactions	(349,895)	(367,433)

4 Interest payable

	2003	2002
	£	£
On bank loans and overdrafts	131,878	183,027
On other loans wholly repayable within 5 years	74,518	128,968
Hire purchase interest	3,335	3,328
On overdue tax	6,069	1,179
	<u>215,800</u>	<u>316,502</u>

A & D HOPE (SCS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

5	Taxation	2003 £	2002 £
	Domestic current year tax		
	U.K. corporation tax	344,942	47,837
	Adjustment for prior years	11,357	8,363
		<u>356,299</u>	<u>56,200</u>
	Current tax charge		
	Deferred tax		
	Deferred tax charge/credit current year	(130,625)	-
		<u>225,674</u>	<u>56,200</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>732,950</u>	<u>191,751</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2002: 30.00%)	<u>219,885</u>	<u>57,525</u>
	Effects of:		
	Non deductible expenses	146,233	5,388
	Depreciation add back	24,712	26,436
	Capital allowances	(45,888)	(17,222)
	Adjustments to previous periods	11,357	8,363
	Other tax adjustments	-	(24,290)
		<u>136,414</u>	<u>(1,325)</u>
	Current tax charge	<u>356,299</u>	<u>56,200</u>

A & D HOPE (SCS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

6 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 September 2002	102,484	99,983	322,589	381,175	906,231
Additions	-	1,005	142,564	85,062	228,631
Disposals	(102,484)	-	-	(265,193)	(367,677)
At 31 August 2003	-	100,988	465,153	201,044	767,185
Depreciation					
At 1 September 2002	24,983	92,143	251,407	244,743	613,276
On disposals	(24,983)	-	-	(165,557)	(190,540)
Charge for the year	-	3,318	54,362	24,693	82,373
At 31 August 2003	-	95,461	305,769	103,879	505,109
Net book value					
At 31 August 2003	-	5,527	159,384	97,165	262,076
At 31 August 2002	77,501	7,840	71,182	136,432	292,955

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

	Motor vehicles £
Net book values	
At 31 August 2003	53,461
At 31 August 2002	62,259
Depreciation charge for the year	
31 August 2003	9,830
31 August 2002	13,281

A & D HOPE (SCS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

7 Stocks	2003 £	2002 £
Finished goods and goods for resale	<u>2,615,325</u>	<u>2,144,814</u>
8 Debtors	2003 £	2002 £
Trade debtors	3,593,297	3,924,621
Other debtors	370,706	194,100
Prepayments and accrued income	112,705	85,377
Deferred tax asset (see note 11)	130,625	-
	<u>4,207,333</u>	<u>4,204,098</u>
9 Creditors: amounts falling due within one year	2003 £	2002 £
Bank loans and overdrafts	98,787	231,250
Net obligations under hire purchase contracts	35,136	22,686
Trade creditors	2,500,451	2,264,535
Corporation tax	405,229	79,369
Other taxes and social security costs	397,028	588,394
Other creditors	2,374,680	3,602,080
Accruals and deferred income	392,663	299,305
	<u>6,203,974</u>	<u>7,087,619</u>

Other creditors include an amount of £2,345,049 (2001 : £1,848,371) which is secured by a debenture over the company's book debts.

A & D HOPE (SCS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

10 Creditors: amounts falling due after more than one year	2003 £	2002 £
Net obligations under hire purchase contracts	32,651	35,688
Net obligations under hire purchase contracts		
Repayable within one year	39,309	25,438
Repayable between one and five years	36,524	40,101
	75,833	65,539
Finance charges and interest allocated to future accounting periods	(8,046)	(7,165)
	67,787	58,374
Included in liabilities falling due within one year	(35,136)	(22,686)
	32,651	35,688

11 Provisions for liabilities and charges

The deferred tax asset (included in the debtors, note 8) is made up as follows:

	2003 £	2002 £
Profit and loss account	(130,625)	
	2003 £	2002 £
Other timing differences	(130,625)	-

12 Pension costs

Defined contribution

	2003 £	2002 £
Contributions payable by the company for the year	1,084,770	20,265

A & D HOPE (SCS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

13 Share capital	2003	2002
	£	£
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
14 Statement of movements on reserves		
	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 September 2002	26,664	523,707
Retained profit for the year	-	507,276
Transfer from revaluation reserve to profit and loss account	(26,664)	26,664
	<u> </u>	<u> </u>
Balance at 31 August 2003	-	1,057,647
	<u> </u>	<u> </u>
15 Reconciliation of movements in shareholders' funds	2003	2002
	£	£
Profit for the financial year	507,276	135,551
Other recognised gains and losses	-	(31,386)
	<u> </u>	<u> </u>
Net addition to shareholders' funds	507,276	104,165
Opening shareholders' funds	551,371	447,206
	<u> </u>	<u> </u>
Closing shareholders' funds	1,058,647	551,371
	<u> </u>	<u> </u>
16 Directors' emoluments	2003	2002
	£	£
Emoluments for qualifying services	335,500	380,688
	<u> </u>	<u> </u>
The number of directors for whom retirement benefits are accruing under money purchase pension schemes at year-end amounted to 2 (2002- 4).		
Emoluments disclosed above include the following amounts paid to the highest paid director:		
Emoluments for qualifying services	181,750	120,344
	<u> </u>	<u> </u>

A & D HOPE (SCS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

17 Employees

Number of employees

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

	2003 Number	2002 Number
Production	7	6
Selling and distribution	28	29
Administration	10	8
	<u>45</u>	<u>43</u>

Employment costs

	£	£
Wages and salaries	1,794,935	1,892,023
Other pension costs	1,084,770	20,265
	<u>2,879,705</u>	<u>1,912,288</u>

A & D HOPE (SCS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

18 Related party transactions

Party	Relationship	Transaction	2003		2002	
			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	245,029	77,638	33,194	(167,391)
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	-	150,000	-
Freemoney Limited	S Hope and J Hope are directors and shareholders of A & D Hope (SCS) Limited and Freemoney Limited.	Loan account movements	48,050	117,877	53,552	69,827
M Hope	Former director	Loan account movements	65,673	(22,345)	4,814	(88,018)
S Hope	Director	Loan account movements	1,362	-	70,157	(1,362)
J Hope	Director	Loan account movements	2,863	(6,792)	72,710	(3,929)
A & D Hope (SCS) Limited Executive Pension Scheme	The directors are trustees and beneficiaries of the pension scheme	Loan account movements	1,501,368	8,358	-	(1,493,010)
A & D Hope (SCS) Limited Executive Pension Scheme	The directors are trustees and beneficiaries of the pension scheme	Interest payable	128,968	-	128,968	-
S Hope	Director	Sale of motor vehicles	17,000	-	-	-
J Hope	Director	Sale of motor vehicle	25,000	-	-	-
M Hope	Former director	Sale of motor vehicle	21,000	-	-	-

A & D HOPE (SCS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2003

18 Related party transactions

**(continued
)**

The loan account with A & D Hope (SCS) Limited Executive Pension Scheme is subject to interest at commercial rates and the outstanding balance is repayable within one year.

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

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