

Christy Group Limited

**Directors' report and financial
statements**

Registered number 3338230

30 June 2001



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2001.

Principal activity

The principal activity of the company is that of a holding company.

Business review

The results for the year are as shown on page 4.

Proposed dividend

The directors do not propose a final dividend.

Directors and directors' interests

The directors who held office during the year were as follows:

ME Pinto
MS Lawson
AP Glennon (appointed 10 January 2001)
LJ Hydleman (appointed 10 January 2001)
GC Panons (appointed 10 January 2001)

The directors who held office at the end of the financial year had the following beneficial interests in the ordinary shares of the company according to the register of directors' interests:

	Class of share	Interest at end of year	Interest at start of year
ME Pinto	Ordinary 5p	2,407,603	579,687
MS Lawson	Ordinary 5p	1,268,320	142,000

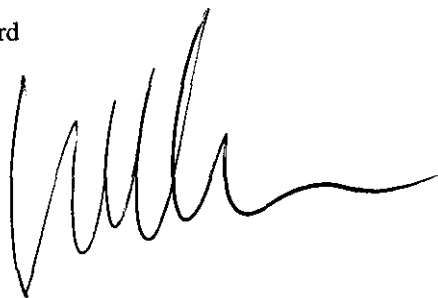
The interest of MS Lawson includes 120,000 shares held in settlement for his family.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

LJ Hydleman
Director



Wood Street
Barnsley
South Yorkshire
S70 1NB

9 April 2002

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 and of the profit or loss 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and of the group and to prevent and detect fraud and other irregularities.



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Report of the auditors to the members of Christy Group Limited

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

Basis of audit opinion

We conducted our audit in accordance with 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 30 June 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to be 'H. W. W. W.', written over the KPMG logo.

KPMG
Chartered Accountants
Registered Auditors

9 April 2002

Profit and loss account
for the year ended 30 June 2001

	<i>Note</i>	Continuing operations	
		Year ended 30 June 2001	18 months ended 30 June 2000
		£	£
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		(37,798)	-
		<hr/>	<hr/>
Operating profit		(37,798)	-
Interest payable and similar charges	2	(131,491)	(330,181)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(169,289)	(330,181)
Tax on loss on ordinary activities	3	-	-
		<hr/>	<hr/>
Loss for the financial period	9	(169,289)	(330,181)
		<hr/>	<hr/>

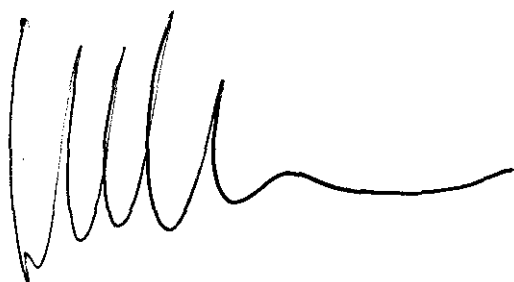
There were no recognised gains or losses in the year other than the loss for the year as shown above.

Balance sheet
at 30 June 2001

	Note	2001	2000
		£	£
Fixed assets			
Investments	4	1,958,717	1,958,717
Current assets			
Debtors - due after more than one year	5	5,617,947	4,220,071
Creditors: amounts falling due within one year	6	(1,795,745)	(189,415)
Net current assets		<u>3,822,202</u>	<u>4,030,656</u>
Total assets less current liabilities		<u>5,780,919</u>	<u>5,989,373</u>
Creditors: amounts falling due after more than one year	7	(750,000)	(1,608,120)
Net assets		<u>5,030,919</u>	<u>4,381,253</u>
Capital and reserves			
Called up share capital	8	1,104,372	285,417
Share premium account	9	4,426,017	4,426,017
Profit and loss account	9	(499,470)	(330,181)
Equity shareholders' funds		<u>5,030,919</u>	<u>4,381,253</u>

These financial statements were approved by the board of directors on 9 April 2002 and were signed on its behalf by:

LJ Hydleman
Director



Reconciliation of movements in shareholders' funds
for the year ended 30 June 2001

	Year ended 30 June 2001 £	18 months ended 30 June 2000 £
Loss for the financial period	(169,289)	(330,181)
Issue of ordinary share capital	818,955	1,350,000
Net addition to shareholders' funds	649,666	1,019,819
Opening shareholders' funds	4,381,253	3,361,434
Closing shareholders' funds	5,030,919	4,381,253

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt by virtue of S248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Cash flow

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a small company as defined under sections 246 to 249 of the Companies Act 1985.

Taxation

The company has adopted Financial Reporting Standard 19 'Deferred Tax'. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2 Interest payable and similar charges

	Year ended 30 June 2001 £	18 months ended 30 June 2000 £
On bank loans and overdrafts	59,991	90,181
On investor loans	71,500	240,000
	<hr/> 131,491 <hr/>	<hr/> 330,181 <hr/>

3 Taxation

	Year ended 30 June 2001 £	18 months ended 30 June 2000 £
UK corporation tax at 20% (2000 : 20%)	-	-
	<hr/>	<hr/>

There are no amounts provided or unprovided for deferred taxation at either the beginning or end of the year.

Notes (continued)

4 Fixed asset investments

	Shares in group undertakings £
Cost	
At beginning and end of the year	1,958,717
Provision	
At beginning and end of the year	-
Net book value	
At 30 June 2001	1,958,717
At 30 June 2000	1,958,717

The companies in which the company's interest at the year end is more than 20% are as follows:

<i>Subsidiary undertakings</i>	Country of incorporation	Principal activity	Class and percentage of shares
West Riding Accessories Limited	England	Manufacture of hats and associated accessories	Ordinary 100%
CW Headdress Limited	England	Manufacture and distribution of headwear products	Ordinary 100%
Christy and Co Limited	England	Manufacture and distribution of headwear products	Ordinary 100%
Christy Asia Limited	Hong Kong	Procurement of accessories	Ordinary 100%

5 Debtors: amounts falling due after one year

	2001	2000
Amounts owed by group undertakings	5,617,947	4,220,071

Notes (continued)

6 Creditors: amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	1,491,995	189,415
Accruals	303,750	-
	<hr/> 1,795,745	<hr/> 189,415
	<hr/> <hr/>	<hr/> <hr/>

7 Creditors: amounts falling due after more than one year

	2001 £	2000 £
Bank loans	-	286,642
Amounts owed to group undertakings	-	331,478
Investor loans	750,000	990,000
	<hr/> 750,000	<hr/> 1,608,120
	<hr/> <hr/>	<hr/> <hr/>

The group bank borrowings are secured by a first legal charge over the entire freehold land and buildings of the group headed by Christy Group Limited, and by a floating charge over the assets of the group. In addition the bank holds Keyman life insurance policies on the lives of J Hydleman (£1,000,000), A Glennon (£250,000) and G Panons (£250,000). Borrowings accrue interest at base rate plus 2.5% per annum.

The amounts owed to investors form part of the long term funding of the company. These amounts carry interest at 7.5% or 9% per annum and do not have a specific repayment date. These loans are subordinated in favour of the bank.

Notes (continued)

8 Called up share capital

	2001 Number	2000 Number
Authorised		
Equity: Ordinary shares of 5p each	30,125,000	4,225,000
Equity: Preferred ordinary shares of 5p each	2,975,000	2,975,000
	<hr/> 33,100,000 <hr/>	<hr/> 7,200,000 <hr/>
	£	£
Allotted, called up and fully paid		
Equity: Ordinary shares of 5p each	957,505	138,550
Equity: Preferred ordinary shares of 5p each	146,867	146,867
	<hr/> 1,104,372 <hr/>	<hr/> 285,417 <hr/>

On 5 February 2001 the company increased its authorised share capital by £1,295,000 by the creation of 25,900,000 ordinary shares of 5p each.

On 12 April 2001 the company issued 16,379,098 new ordinary shares of 5p each at par for a total consideration of £818,995. These funds were raised to support the ongoing development of the group.

9 Reserves

	Share premium account £	Profit and loss account £
At beginning of year	4,426,017	(330,181)
Loss for financial year	-	(169,289)
	<hr/>	<hr/>
At end of year	4,426,017	(499,470)
	<hr/>	<hr/>

10 Related party disclosures

	Debtor 30 June 2001 £
Balances with subsidiary companies:	
Christy & Co Limited	3,580,734
West Riding Hat Company Limited	1,999,175
CW Headdress Limited	38,038
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