



WEAR:AER (1999) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2001

WEAR:AER (1999) LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2001

Company registration number: 3777807

Registered office: Nene Park
Station Road
Irthlingborough
Northants
NN9 5QG

Directors: Mr S W Griggs (Chairman)
Mr F M Duffy
Mr J H Duff

Secretary: Mr W N G Johnson

Bankers: HSBC

Solicitors: Smith Chamberlain

Auditors: Grant Thornton
Registered auditors
Chartered accountants

WEAR:AER (1999) LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2001

INDEX	PAGE
Report of the directors	1 - 2
Report of the auditors	3
Principal accounting policies	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 10

WEAR:AER (1999) LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 March 2001

The directors present their report together with financial statements for the year ended 31 March 2001.

Principal activity

The company principally operates as an intermediate investment holding company.

Business review

There was a loss for the year after taxation amounting to £78,779 (2000: £62,519). The directors do not recommend payment of a dividend.

During the period the company acquired 100% of the issued share capital of Wear:Aer International Trading Limited, as disclosed in note 5 to the financial statements.

The tax disclosed in note 4 to the financial statements as attributable to the foreign subsidiary, which is a single member LLC in the USA, for the sum of £78,779 (2000: £nil) represents United States of America tax due in respect of the profits of Wear:Aer USA LLC for the year. This is in compliance with United States of America legislation whereby tax is payable by the holding company.

Directors

The present membership of the Board is set out below. All directors served throughout the year.

Mr H M Johnstone resigned from the Board on 31 March 2001.

The interests of the directors, who are all directors of the parent undertaking, are disclosed in that company's financial statements.

Mr S W Griggs (Chairman)
Mr F M Duffy
Mr J H Duff
Mr H M Johnstone

No director had, during or at the end of the year, a material interest in any contract which was significant in relation to the company's business.

Directors' responsibilities for the financial statements

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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WEAR:AER (1999) LIMITED

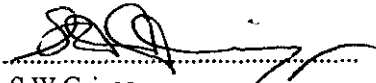
REPORT OF THE DIRECTORS

For the year ended 31 March 2001

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



S W Griggs
Chairman

3 December 2001

Registered Office:

Nene Park
Station Road
Irthlingborough
Northants
NN9 5QG

REPORT OF THE AUDITORS TO THE MEMBERS OF

WEAR:AER (1999) LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of the directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements 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.

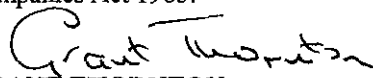
Basis of opinion

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 the company's affairs at 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Northampton

3 December 2001

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The financial statements have been prepared on a going concern basis. This may not be appropriate as the company is reliant on the continued financial support of other group companies and the bank.

At 31 March 2001 the company owed the bank £62,432. R Griggs Group Limited are willing to continue their support and the directors are confident that future liabilities will be met.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

The company is exempt from preparing consolidated financial statements on the grounds that it is an intermediate holding company under section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking.

INVESTMENTS

Investments are included at cost, less amounts written off.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account.

WEAR:AER (1999) LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2001

	Note	2001 £	2000 £
Other operating income and charges	2	-	62,519
Loss on ordinary activities before taxation	1	-	(62,519)
Tax on loss on ordinary activities	4	78,779	-
Loss for the financial year	10	<u>(78,779)</u>	<u>(62,519)</u>

There were no recognised gains or losses other than the loss for the financial year.

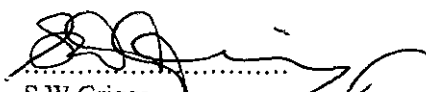
The accompanying accounting policies and notes form an integral part of these financial statements.

WEAR:AER (1999) LIMITED**BALANCE SHEET AT 31 MARCH 2001**

	Note	£	2001 £	£	2000 £
Fixed assets					
Investments	5		1		1
Current assets					
Debtors	6	11		-	
Bank and cash		-		99	
		11		99	
Creditors: amounts falling due within one year	7	<u>141,211</u>		<u>62,520</u>	
Net current liabilities			(141,200)		(62,421)
			<u>(141,199)</u>		<u>(62,420)</u>
Capital and reserves					
Called up share capital	8		99		99
Profit and loss account	9		(141,298)		(62,519)
Shareholders' funds	10		<u>(141,199)</u>		<u>(62,420)</u>

The financial statements were approved by the Board of Directors on

3 December 2001.


S W Griggs
Chairman

The accompanying accounting policies and notes form an integral part of these financial statements.

WEAR:AER (1999) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2001

1 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is attributable to the activities of an investment company.

2 OTHER OPERATING INCOME AND CHARGES

	2001 £	2000 £
Other operating charges	-	62,519

3 DIRECTORS AND EMPLOYEES

There was no remuneration in respect of directors during the year. All staff costs were borne by the ultimate parent undertaking, R Griggs Group Limited.

4 TAXATION

The tax charge represents:

	2001 £	2000 £
Tax attributable to foreign subsidiary	78,779	-

The tax disclosed as attributable to the foreign subsidiary, which is a single member LLC in the USA, represents United States of America tax paid in respect of the profits of Wear:Aer USA LLC for the year. This is in compliance with United States of America legislation whereby tax is payable by the holding company.

No deferred taxation is provided on earnings retained overseas since any remittance would not result in a tax liability, taking into consideration any related double tax relief.

5 FIXED ASSET INVESTMENTS

	Shares in group undertaking £
Cost At 1 April 2000 and 31 March 2001	62,520
Amounts written off At 1 April 2000 and 31 March 2001	62,519
Net book amount at 31 March 2001 and 31 March 2000	1

WEAR:AER (1999) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2001

5 FIXED ASSET INVESTMENTS (CONTINUED)

At 31 March 2001 the company held more than 20% of the allotted share capital of the following undertaking:

	Country of incorporation	Class of share capital held	Proportion held	Nature of business
Wear:Aer USA LLC	United States of America	Ordinary	100%	Footwear distribution
Wear:Aer International Trading Limited	Hong Kong	HK\$1 ordinary	100%	Footwear distribution

Capital and reserves of the subsidiary undertaking:

	Share capital £	Reserves £	Result for the year £
Wear:Aer USA LLC	62,520	78,064	739,186
Wear:Aer International Trading Limited	-	(563,110)	(563,110)

The company is an intermediate holding company under Section 228 of the Companies Act 1985 and its results and those of its subsidiary, are incorporated in the consolidated financial statements of R Griggs Group Limited.

6 DEBTORS

	2001 £	2000 £
Amounts due from group undertakings	11	-

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Bank overdraft	62,432	-
Amounts owed to parent undertaking	-	62,520
Corporation tax	78,779	-
	141,211	62,520

The bank overdraft is secured by an unlimited cross guarantee given by R Griggs Group Limited.

WEAR:AER (1999) LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2001

8 SHARE CAPITAL

	2001 £	2000 £
Authorised 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid 99 ordinary shares of £1 each	<u>99</u>	<u>99</u>

9 RESERVES

	Profit and loss account £
At 1 April 2000	(62,519)
Transfer from reserves	(78,779)
At 31 March 2001	<u>(141,298)</u>

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Loss for the financial year	(78,779)	(62,519)
Issue of shares	<u>-</u>	<u>99</u>
Net decrease in shareholders' funds	(78,779)	(62,420)
Shareholders' funds at 1 April 2000	(62,420)	-
Shareholders' funds at 31 March 2001	<u>(141,199)</u>	<u>(62,420)</u>

11 ACQUISITIONS

On 17 May 2000, the company acquired 100% of the issued capital in Wear:Aer International Trading Limited.

12 CAPITAL COMMITMENTS

The company had no capital commitments at 31 March 2001 or 31 March 2000.

13 CONTINGENT LIABILITIES

The company, together with other group undertakings, is party to unlimited multilateral guarantees given in respect of the bank overdrafts of the participating companies. As at 31 March 2001 the total of the overdrafts guaranteed by the company under this agreement amounted to £21,689,288 (2000: £29,543,373).

14 TRANSACTIONS WITH RELATED PARTIES

Transactions with group undertakings

As a wholly owned subsidiary of R Griggs Group Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by R Griggs Group Limited.

15 CONTROLLING RELATED PARTY

The ultimate parent undertaking and controlling related party of this company is R Griggs Group Limited.

The largest group of undertakings for which group accounts have been drawn up is that headed by R Griggs Group Limited.