

Registered Number 4090218

BMB Group Limited
Annual report and financial statements
for the year ended 26 March 2005



BMB Group Limited

Annual report and financial statements for the year ended 26 March 2005

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BMB Group Limited

Directors' report for the year ended 26 March 2005

The directors present their report and the audited financial statements of the company and the group for the year ended 26 March 2005.

Principal activities

The group's principal activities are concession retailing and wholesaling of men's formalwear and casual wear operating from locations within the UK, Bermuda, USA, Eire, Germany, Italy, Channel Islands, Isle of Man and Belgium. The results of all of these operations are incorporated within these financial statements.

Review of business and future developments

BMB Clothing Limited (formerly BMB Menswear Limited)

Trading has been satisfactory during the year with turnover exceeding budget.

The company acquired the UK concession and wholesale business and the UK exclusive distribution and licence agreement for Haggar, the American Lifestyle brand, on 3 October 2004. The company also acquired the UK and Republic of Ireland licences for Arrow, the iconic American lifestyle brand and the UK rights to distribute North 44, a new up and coming Canadian brand. These have been added to the existing casual wear brand of Baracuta to form a Sportswear division and are being operated by BMB Clothing Limited.

Subsequent to the year end, BMB Clothing Limited acquired the mens formalwear wholesale business from Stuncroft Limited. This includes brands such as Gibson, Daniel Dresscott, The Label, Scott International and the Club Class Corporate wear business.

BMB Group Limited

On 28 April 2004 a special resolution was passed under which the existing 37,025 B ordinary shares of 1p each were reclassified as A ordinary shares of 1p each and all other shares with the exception of the unclassified shares were re-designated as B ordinary shares of 1p each. On the same date, new articles of association were adopted.

Both classes of shares rank pari passu in all respects except that the holders of A shares have the pre-emption right to purchase any other shares in the company that the holder thereof may wish to dispose of.

On 29 April 2004 the company entered into an agreement with LFCF Investment 1 (Europe) Limited to buy back and cancel 9,090 B ordinary shares of 1p each, with a nominal value of £91, for a consideration of £1 under section 162 of the Companies Act 1985. The shares represented 9.1% of the called up capital. The shares were delivered to the company on 29 April 2004.

On 24 August 2004 the company bought back and cancelled 909 B ordinary shares of 1p each, with a nominal value of £9.09 for a consideration of £200,000 from Swiss Garments Company under section 162 of the Companies Act 1985. The shares represented 1% of the called up capital. The shares were delivered to the company on 24 August 2004.

On 29 October 2004 the company bought back and cancelled 1,364 B ordinary shares of 1p each, with a nominal value of £13.64 for a consideration of £300,000 from Swiss Garments Company under section 162 of the Companies Act 1985. The shares represented 1.5% of the called up capital. The shares were delivered to the company on 29 October 2004.

BMB Group Limited

Directors' report for the year ended 26 March 2005 (continued)

Charitable donations

During the year the company made charitable donations to various local and national charities amounting to £9,800.

Results and dividends

The group's profit for the year before dividends is £904,000 (2004: £697,000). The directors recommend payment of a final dividend of £400,000, see note 11 (2004: £300,000).

Directors and their interests

The directors that held office during the year are given below:

Peter Lucas

Andrew M MacKenzie

Harold P Tillman

Mark MS Cotter

Paul Stonehouse

Brian R Long (appointed 28 April 2004)

Dr Alaa Arafa (appointed 29 April 2004)

Ari Guzzetti (appointed 29 April 2004)

The directors' interests in the share capital of the company were:

	26 March 2005	27 March 2004
Dr Alaa Arafa	27,273 B ordinary shares of 1p each *	-
Peter Lucas	40,794 A ordinary shares of 1p each	37,025 B ordinary shares of 1p each
Brian R Long	9,091 B ordinary shares of 1p each *	-
Andrew M MacKenzie	3,091 B ordinary shares of 1p each	4,000 C ordinary shares of 1p each
Harold P Tillman	8,388 B ordinary shares of 1p each	37,025* A ordinary shares of 1p each

* Includes shares held indirectly.

None of the other directors had any interest in the share capital of the company during the year.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

BMB Group Limited

Directors' report for the year ended 26 March 2005 (continued)

Employees (continued)

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the group as a whole. Communication with all employees continues through internal newsletters, briefing groups and electronic communications.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group and of the profit or loss and cash flows of the group for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently as explained on pages 9 to 11 under 'Accounting Policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 26 March 2005 and that applicable accounting standards have been followed.

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

Auditors

Elective resolutions have been passed dispensing with the need to hold an AGM and reappoint auditors annually.

By order of the Board



JD Mawby

Secretary

27 July 2005

BMB Group Limited

Independent auditors' report to the members of BMB Group Limited

We have audited the financial statements which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the statement of accounting policies and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

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 is not disclosed.

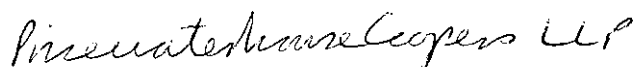
Basis of audit opinion

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 circumstances of the group and the company, 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 affairs of the company and the group at 26 March 2005 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Leeds

21 July 2005

BMB Group Limited

Consolidated profit and loss account for the year ended 26 March 2005

		2005				2004	
		Before exceptional items and goodwill (Note 8) £'000	Exceptional items and goodwill (Note 8) £'000	Total £'000	Before exceptional items and goodwill (Note 8) £'000	Exceptional items and goodwill (Note 8) £'000	Total £'000
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Turnover							
Continuing operations		89,217	-	89,217	80,169	-	80,169
Discontinued operations		-	-	-	7,384	-	7,384
	1, 2	89,217	-	89,217	87,553	-	87,553
Cost of sales		(62,624)	-	(62,624)	(59,728)	(2,116)	(61,844)
Gross profit/(loss)		26,593	-	26,593	27,825	(2,116)	25,709
Distribution costs		(19,561)	(466)	(20,027)	(17,568)	(40)	(17,608)
Administrative expenses		(5,635)	386	(5,249)	(7,457)	(893)	(8,350)
Other operating income		770	-	770	640	1,300	1,940
Continuing operations		2,167	(80)	2,087	1,365	151	1,516
Discontinued operations		-	-	-	2,075	(1,900)	175
Operating profit/(loss)	2, 3	2,167	(80)	2,087	3,440	(1,749)	1,691
Interest receivable and similar income		155	-	155	90	-	90
Interest payable and similar charges	7	(919)	-	(919)	(1,123)	-	(1,123)
Profit/on ordinary activities before taxation		1,403	(80)	1,323	2,407	(1,749)	658
Taxation	9			(419)			39
Profit on ordinary activities after taxation				904			697
Final proposed dividend	11			(400)			(300)
Retained profit for the financial year	23			504			397

There is no difference between the profit on ordinary activities before tax and the retained profit for the year stated above and their historical cost equivalents.

BMB Group Limited

Consolidated statement of total recognised gains and losses

	Notes	Year ended 26 March 2005 £'000	Year ended 27 March 2004 £'000
Profit for the financial year		504	397
Exchange adjustments offset in reserves	23	(11)	(137)
Total recognised gains for the year		493	260

BMB Group Limited

Balance sheets as at 26 March 2005

	Notes	Group 2005 £'000	Company 2005 £'000	Group 2004 £'000	Company 2004 £'000
Fixed assets					
Intangible assets - negative goodwill	12	-	-	(386)	-
Tangible assets	13	3,589	-	2,858	-
		3,589	-	2,472	-
Current assets					
Stock	15	17,963	-	16,436	-
Debtors: amounts falling due after more than one year	16	30	-	1,969	-
Debtors: amounts falling due within one year	16	9,648	1,561	7,869	4,722
Cash collateral	17	100	-	410	310
Cash at bank and in hand		563	24	470	2
		28,304	1,585	27,154	5,034
Creditors - amounts falling due within one year	18	(18,768)	(529)	(15,591)	(1,487)
Net current assets		9,536	1,056	11,563	3,547
Total assets less current liabilities		13,125	1,056	14,035	3,547
Creditors - amounts falling due after more than one year	19	(8,737)	-	(9,640)	(2,500)
Net assets		4,388	1,056	4,395	1,047
Capital and reserves					
Called up share capital	22	1	1	1	1
Profit and loss account	23	4,387	1,055	4,394	1,046
Equity shareholders' funds	24	4,388	1,056	4,395	1,047

The financial statements on pages 5 to 36 were approved by the board of directors on 27 July 2005 and were signed on its behalf by:

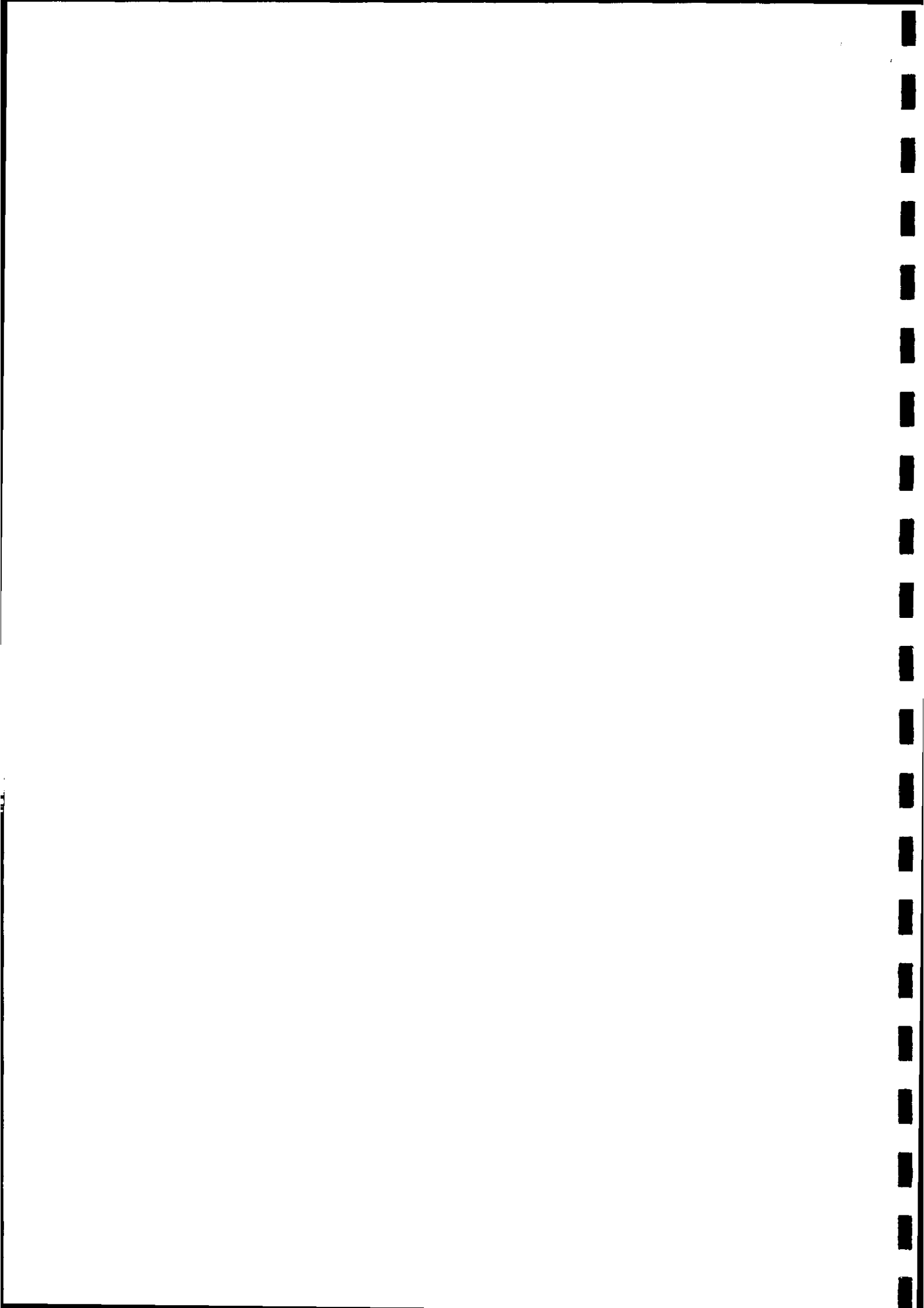


Peter Lucas
Director

BMB Group Limited

Consolidated cash flow statement for the year ended 26 March 2005

	Notes	2005 £'000	2004 £'000
Net cash inflow from operating activities	25	2,493	14,413
Returns on investment and servicing of finance			
Interest element of finance leases		(1)	(7)
Interest received		155	90
Interest paid		(674)	(742)
Debt issue costs paid		(244)	(313)
		(764)	(972)
Taxation		(34)	54
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,830)	(1,062)
Sale of tangible fixed assets		1	86
		(1,829)	(976)
Disposals			
Net cash disposed of with subsidiary undertaking		-	(2,481)
		-	(2,481)
Equity dividend paid to shareholders		(300)	-
Net cash (outflow)/inflow before use of liquid resources and financing		(434)	10,038
Management of liquid resources			
Decrease in deposits held by bank as collateral	17	310	1,170
Financing			
Purchase of own shares		(500)	-
Capital element of finance lease payments		(5)	(166)
Bank loans and receivables financing		3,608	(7,869)
Other loans		(2,810)	(390)
Net cash inflow/(outflow) from financing		293	(8,425)
Increase in cash	26, 27	169	2,783



BMB Group Limited

Accounting policies

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which the directors have adopted within that convention, are set out below.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and all its subsidiary undertakings made up to 26 March 2005. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

Fixed assets

The cost of tangible fixed assets is their original purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight line basis over their estimated economic lives. The estimated economic lives used for this purpose are:

Short leasehold properties	10 years or over the lease term
Plant and machinery	4 to 10 years
Fixtures and fittings	3 to 10 years

The carrying value of fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Any impairment in the value of fixed assets is dealt with in the profit and loss account in the period in which it arises.

Negative goodwill and intangible assets

Negative goodwill arising on acquisition of subsidiary undertakings and businesses is included in fixed assets and represents the difference between the fair value of the assets acquired and the fair value of the consideration given plus associated acquisition costs. Negative goodwill is released to the profit and loss account in the period in which the acquired non-monetary assets are recovered through depreciation or sale.

Investments in subsidiary undertakings

The cost of investments in subsidiary undertakings is recorded as cash paid and any further costs connected with the acquisition. Provision is made where necessary to reduce the carrying value of an investment to its estimated recoverable amount where in the opinion of the directors there has been an impairment.

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Accounting policies (continued)

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date or at the agreed contractual rate. Transactions in foreign currency are translated at the agreed contractual rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

For consolidation purposes the assets and liabilities of overseas subsidiaries are translated at the rates ruling at the balance sheet date. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Exchange differences arising on these translations are taken to reserves.

Leases

Leasing agreements and hire purchase contracts which transfer to the company substantially all the benefits and risks of ownership of an asset ("finance leases") are treated as if the asset had been purchased outright. Assets held under such agreements are included in fixed assets and the capital element of commitments is shown as obligations under finance leases. Payments under such agreements are treated as consisting of capital and interest elements. The interest element is charged to the profit and loss account over the primary lease period in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

All other leases are treated as operating leases, the costs of which are charged on a straight line basis over the lease term.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on an average cost basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and an appropriate proportion of production overheads based on the normal level of activity. Net realisable value is based on estimated selling price less further costs to be incurred to completion and disposal. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Pensions

The company operates a defined benefit pension scheme for the benefit of certain of its employees, the assets of which are held separately from those of the company in independently administered funds. The fund is valued every three years by a professionally qualified actuary, the rates of contribution being determined by the actuary. The cost of providing pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employees' services. The effect of variations from regular cost is spread over the expected average remaining service lives of the scheme members. Entry into the defined benefit pension scheme has currently been closed.

The company also operates a defined contribution pension scheme which employees are eligible to join after completing three months service. The costs relating to this scheme are charged to the profit and loss account as they fall due.

Contributions are also made to the personal pension plans of certain employees. The expenditure is charged to the profit and loss account as incurred.

BMB Group Limited

Accounting policies (continued)

Post-retirement benefits

The company provides no other post-retirement benefits to its employees.

Turnover

Turnover comprises the invoiced value of goods and services supplied to third parties, before concession fees and excluding value added tax and trade discounts and commissions and other amounts receivable in return for performance under contractual arrangements. Turnover is recognised once the title of the relevant goods has passed or services have been performed. Agency commissions and other amounts receivable under contractual arrangements are recognised on completion of services under the relevant agreements.

Taxation

The charge for taxation is based on the results for the period. In accordance with FRS 19, deferred taxation has been recognised as a liability or asset if transactions have occurred by the balance sheet date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

Receivables financing

The gross amount of trade debtors is shown in the balance sheet within assets with a corresponding liability in respect of proceeds received from the financing company shown within liabilities. Interest and charges have been accrued and included within the profit and loss account.

Borrowings

All borrowings are initially stated at the fair value of the consideration received after deduction of issue costs. Issue costs together with finance costs are charged to the profit and loss account on a straight line basis over the term of the borrowings.



BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005

1 Segmental reporting

The company's turnover and operating profit/(loss) relate entirely to its principal activity. The geographical analysis of turnover by destination is:

	2005 £'000	2004 £'000
United Kingdom	83,482	81,003
Rest of Europe	1,876	2,075
Far East	358	455
North America	2,902	3,143
Rest of the World	599	877
	89,217	87,553

2 Cost of sales, gross profit and net operating expenses

	2005			2004		
	Continuing operations £'000	Discontinued operations £'000	Total £'000	Continuing operations £'000	Discontinued operations £'000	Total £'000
Turnover	89,217	-	89,217	80,169	7,384	87,553
Cost of sales	(62,624)	-	(62,624)	(57,568)	(4,276)	(61,844)
Gross profit	26,593	-	26,593	22,601	3,108	25,709
Distribution costs	(20,027)	-	(20,027)	(16,466)	(1,142)	(17,608)
Administrative expenses	(5,249)	-	(5,249)	(6,174)	(2,176)	(8,350)
Other operating income	770	-	770	1,555	385	1,940
Operating profit	2,087	-	2,087	1,516	175	1,691

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

3 Operating profit/(loss)

	2005 £'000	2004 £'000
Operating profit/(loss) is stated after charging/(crediting):		
Depreciation of tangible fixed assets		
- owned assets	937	783
- leased assets	3	111
Amortisation of goodwill - discount on acquisition	(386)	(1,007)
Operating lease charges		
- plant and machinery	435	446
- other	1,131	1,141
Loss on disposal of fixed assets	150	218
Foreign exchange (gain)/loss	(26)	262
Auditors remuneration		
- audit services	45	42
- non-audit services	22	45

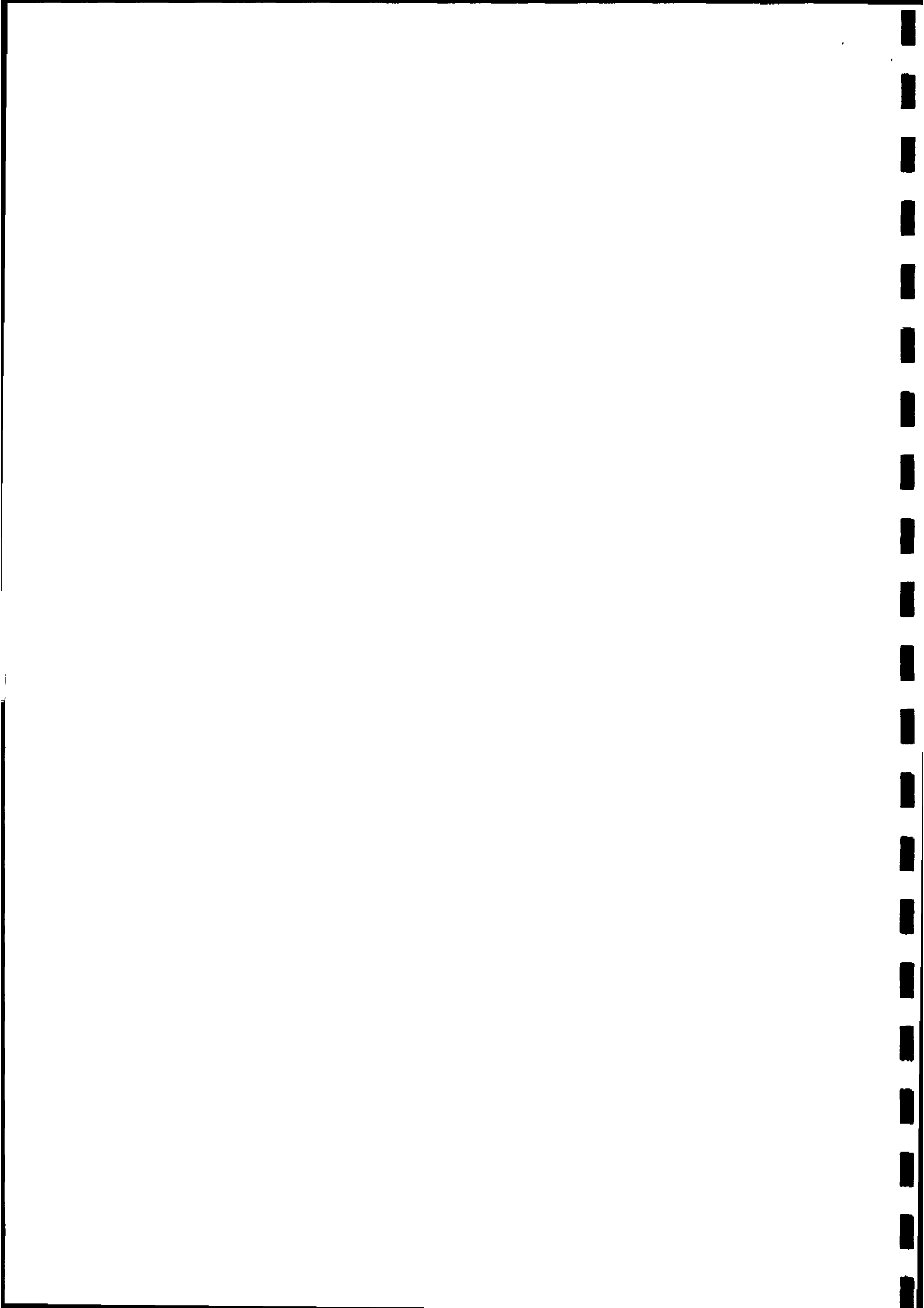
Auditors' remuneration charged in the profit and loss account of the holding company amounted to £10,000 (2004: £9,000).

4 Directors' emoluments

	2005 £'000	2004 £'000
Aggregate emoluments	718	1,153
Sums paid to third parties for directors' services	161	82
	879	1,235

Retirement benefits are accruing to 4 (2004: 4) directors under a defined benefit pension scheme.

Highest paid director	2005 £'000	2004 £'000
Aggregate emoluments	300	343
Defined benefit pension scheme:		
- Accrued pension at end of year	135	8



BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

5 Employee costs

	2005 £'000	2004 £'000
Wages and salaries	17,535	17,122
Social security costs	1,528	1,413
Other pensions costs (note 28)	650	663
Staff costs	19,713	19,198

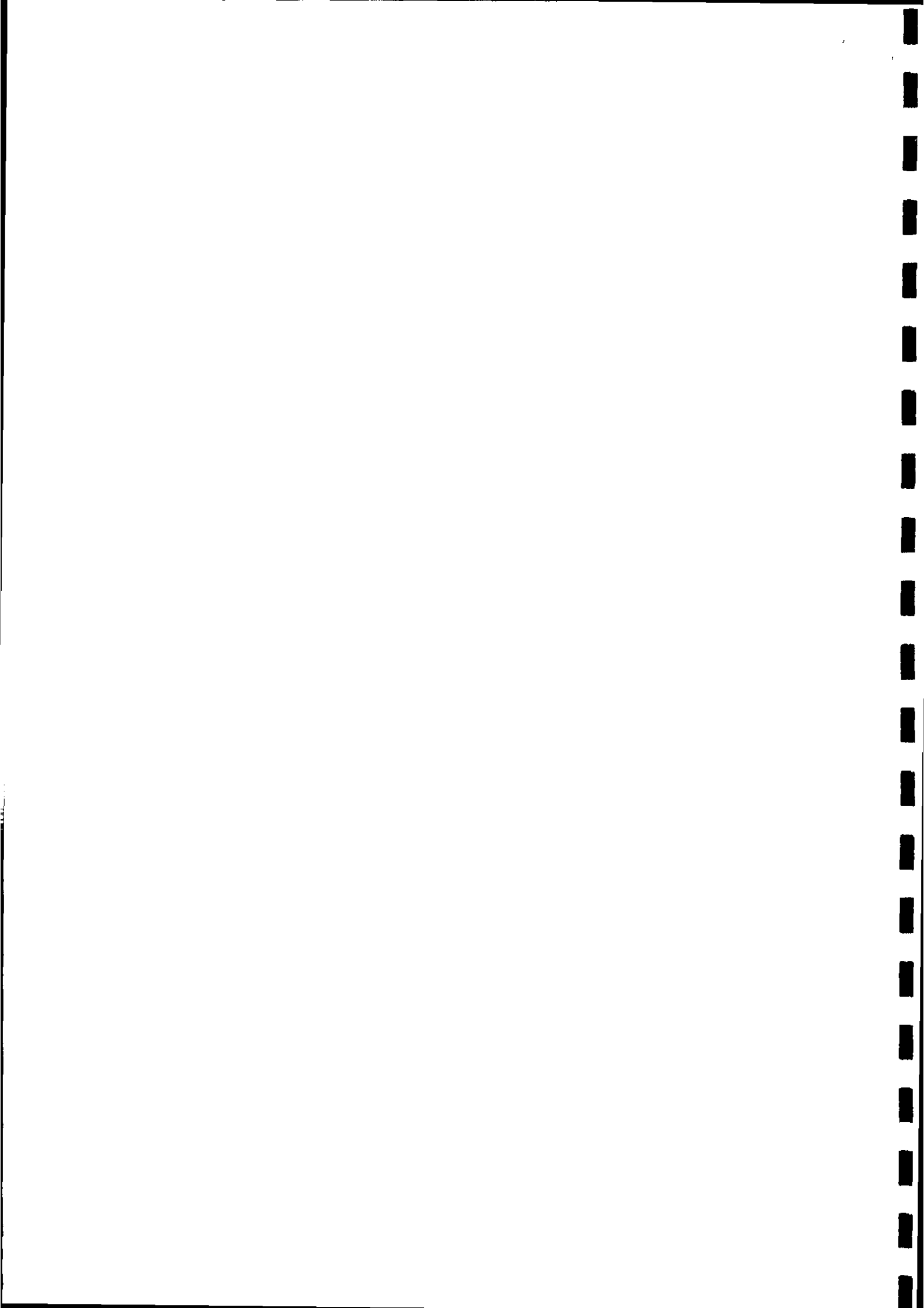
6 Employee information

The average monthly number of persons (including executive directors) employed by the group during the year was:

By activity	2005 £'000	2004 £'000
Production	54	78
Distribution	1,076	1,017
Administration	116	106
	1,246	1,201

7 Interest payable and similar charges

	2005 £'000	2004 £'000
Interest payable on bank loans, overdrafts and amounts owed in respect of receivables financing	545	694
Other interest payable	129	48
Interest payable on finance leases	1	7
Debt administration costs	244	313
Amortisation of debt issue costs	-	61
Total interest payable and similar charges	919	1,123



BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

8 Exceptional items and goodwill

	Cost of sales £'000	Distribution costs £'000	Administrative expenses £'000	Other operating income £'000	Total £'000
2005					
Bad debt incurred on the administration of Alders Department Stores Limited	-	(466)	-	-	(466)
Release of negative goodwill (note 9)	-	-	386	-	386
	-	(466)	386	-	(80)
2004					
Redundancy and other costs associated with reorganisation of the ongoing business	(616)	(40)	-	-	(656)
Compensation payment due to Li & Fung (Trading) Limited in connection with the renegotiation of sourcing arrangements	-	-	(1,500)	-	(1,500)
Compensation payment due to Li & Fung (Trading) Limited in connection with BMB	(1,500)	-	-	-	(1,500)
Compensation payable to Sainsbury's Supermarkets Limited in respect of a	-	-	(400)	-	(400)
Gibson and Wholesale Bespoke Made to Measure commission income	-	-	-	1,300	1,300
Release of negative goodwill (note 9)	-	-	1,007	-	1,007
	(2,116)	(40)	(893)	1,300	(1,749)

The 2004 redundancy and other costs associated with reorganisation of the ongoing business related to the refocusing of the operations at the Goole manufacturing facility. The decision was made by the board and publicly announced in May 2003 and the reorganisation was completed in September 2003.

The 2004 compensation payment due to Li & Fung (Trading) Limited in connection with the renegotiation of sourcing arrangements arose from the cancellation of the sourcing agreement.

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

8 Exceptional items and goodwill (continued)

The 2004 compensation payment due to Li & Fung (Trading) Limited is related to the use of suppliers by BMB Apparel Limited other than Li & Fung group companies and its failure to purchase product exclusively from Li & Fung (Trading) as required by the Agency Agreement between the two companies dated 1 March 2002.

The 2004 contribution due to Sainsbury's Supermarkets Limited under the terms of an Agency Agreement with BMB Group Limited dated 26 March 2003 arose as a result of an agreed compensation settlement between Sainsbury's Supermarkets Limited and Mr Jeff Banks and HQ Design Limited. Under the terms of the agency agreement BMB was required to make the disclosed contribution.

During the year to 27 March 2004 the company received exceptional commission income in respect of Gibson and Wholesale Bespoke Made to Measure businesses of £1,300,000 which were disposed to Stuncroft Limited.

9 Taxation

The taxation charge/(credit) based on the profit before tax comprises:

	2005 £'000	2004 £'000
Current tax:		
UK - corporation tax on profits of the period	402	44
- adjustment in respect of previous periods	(44)	-
Overseas - corporation tax on profits of the period	4	-
- adjustment in respect of previous periods	29	(17)
Total current tax	391	27
Deferred tax:		
Accelerated capital allowances and other timing differences	28	(66)
Taxation charge /(credit) for the year	419	(39)

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

9 Taxation (continued)

The tax assessed for the year is different from the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2005 £'000	2004 £'000
Profit on ordinary activities before taxation	1,323	658
Profit on ordinary activities multiplied by the standard rate in the UK 30% (2004: 30%)	397	197
Effects of:		
Expenses not deductible for tax purposes	153	106
Release of negative goodwill not taxable	(116)	(302)
Accelerated capital allowances and other timing differences (current year)	(28)	43
Adjustment to tax charge in respect of previous period	(15)	(17)
Current tax charge	391	27

As at 26 March 2005, the group had unutilised tax losses of approximately £851,000 (2004: £670,000) available for offset against future profits from the same trade.

Deferred taxation liabilities and assets have not been discounted.

10 Result for the financial year

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's profit for the year was £909,000 (2004: £4,235,000).

11 Dividends

The final proposed dividend of £400,000 represents £4.51 per share and is payable to all shareholders on register at 26 March 2005.

In the year ended 27 March 2004, the final proposed dividend of £300,000 was calculated in accordance with the shareholders' agreement. It was payable to the holders of 27,273 B ordinary shares of 1p each and 9,091 B ordinary shares of 1p each on the share register as at 29 April 2004. The remaining shareholders on register 29 April 2004 waived their rights to dividends for the year ended 27 March 2004.

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

12 Intangible assets – negative goodwill

The company has no intangible fixed assets. Details of those relating to the group are as follows:

	£'000
Balance at 27 March 2004	(386)
Released to profit and loss account in the period	386
Balance at 26 March 2005	-

On 8 December 2000, BMB Clothing Limited (formerly BMB Menswear Limited), a wholly owned subsidiary of the company, acquired the entire issued share capital of Alexandre London Inc and Alexandre of England 1988 Limited and also the Baird Menswear Brands business from William Baird PLC for total consideration of £19,089,000, including costs.

Negative goodwill arose on the acquisition representing the difference between the consideration paid and the fair value of the assets acquired. £3,342,000 of negative goodwill was allocated against the fair value of the fixed assets acquired and is being released to the profit and loss account over a four year period (representing the average remaining life of the assets when acquired). The balance of the negative goodwill was allocated against the fair value of stock acquired and released to the profit and loss account in 2002 (reflecting the period during which the stock was sold).

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

13 Tangible assets

The company has no tangible fixed assets. Details of those relating to the group are as follows:

	Short leasehold properties	Plant and machinery	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 27 March 2004	416	3,659	5,381	9,456
Reclassification	33	-	(33)	-
Exchange adjustments	-	(2)	(13)	(15)
Additions	51	321	1458	1,830
Disposals	-	(31)	(191)	(222)
At 26 March 2005	500	3,947	6,602	11,049
Accumulated depreciation				
At 27 March 2004	87	2,519	3,992	6,598
Reclassification	11	-	(11)	-
Exchange adjustments	-	(1)	(6)	(7)
Charge for the period	27	402	511	940
Disposals	-	(31)	(40)	(71)
At 26 March 2005	125	2,889	4,446	7,460
Net book amount				
At 26 March 2005	375	1,058	2,156	3,589
At 27 March 2004	329	1,140	1,389	2,858

The reclassification more appropriately reflects the nature of the assets.

The net book value of tangible fixed assets includes an amount of £Nil (2004: £42,000) in respect of assets held under finance leases.

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

14 Investments

Investments represent the cost of investments in subsidiary companies as follows:

Cost and net book value	Shares in group undertakings £
At 27 March 2004	2
Additions	1
At 26 March 2005	3

Additions represent the investment in BMB Trading Limited which was incorporated on 13 January 2005 and has not traded prior to 26 March 2005.

Details of the group's subsidiary undertakings are provided below:

Name of undertaking	Country of incorporation and operation	Principal activity	Proportion of issued shares held	
			Group %	Company %
Shares in group undertakings:				
BMB Clothing Limited (formerly BMB Menswear Limited)	England and Wales	Concession retailer and wholesaler	100%	100%
BMB Retail Limited	England and Wales	Dormant	100%	100%
BMB Trading Limited (incorporated 13 January 2005)	England and Wales	Dormant	100%	100%
Alexandre of England 1988 Limited	England and Wales	Dormant	100%	-
Alexandre London Inc	USA	Concession retailer	100%	-

15 Stock

	2005 £'000	2004 £'000
Raw materials and consumables	172	430
Work in progress	484	413
Finished goods and goods for resale	17,307	15,593
	17,963	16,436

In the opinion of the directors the replacement value of stock does not differ materially from the book value.

The company has no stocks.

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

16 Debtors

	Group 2005 £'000	Company 2005 £'000	Group 2004 £'000	Company 2004 £'000
Amounts falling due in more than one year:				
Other debtors	30	-	1,969	-
Amounts falling due within one year:				
Trade debtors	9,166	-	6,730	-
Amounts owed by group undertakings	-	551	-	-
Taxation	-	-	-	-
Other debtors	123	-	750	422
Prepayments and accrued income	261	-	263	-
Dividend receivable	-	1,010	-	4,300
Corporation tax	-	-	-	-
Deferred tax asset (note 21)	98	-	126	-
	9,648	1,561	7,869	4,722
Total debtors	9,678	1,561	9,838	4,722

The trade debtors are assigned to a financing company (note 20).

Included in other debtors, amounts falling due in more than one year, is an amount of £Nil (2004: £1,945,000) due from BMB Apparel Limited which was formalised under a loan agreement dated 29 April 2004 and secured by a debenture over all assets of BMB Apparel Limited. The loan agreement provides for interest to be paid at 3.25% over Lloyds TSB Bank plc's base rate and sets a repayment date of 30 June 2006. The loan was repaid in full in December 2004 and the debenture released.

The amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

17 Cash collateral

	Group 2005 £'000	Company 2005 £'000	Group 2004 £'000	Company 2004 £'000
Held by Bank Leumi (UK)plc against the provision of a £1.24m letter of credit in favour of Li & Fung (Trading) Limited	-	-	310	310
Held by Natwest Bank Plc as security against the provision of credit card facilities for use in the normal course of business	100	-	100	-
	100	-	410	310

18 Creditors – amounts falling due within one year

	Group 2005 £'000	Company 2005 £'000	Group 2004 £'000	Company 2004 £'000
Bank overdrafts and amounts owed in respect of receivables financing (note 20)	2,865	-	1,431	362
Trade creditors	11,997	-	10,341	-
Amounts owed to group undertakings	-	-	-	208
Finance leases (note 20)	-	-	5	-
Taxation and social security	1,464	56	1,523	36
Other creditors	624	-	761	15
Accruals and deferred income	1,017	73	876	256
Shareholder loans (note 20)	-	-	310	310
Proposed dividend	400	400	300	300
Corporation tax	401	-	44	-
	18,768	529	15,591	1,487

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment.

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

19 Creditors – amounts falling due after more than one year

	Group 2005 £'000	Company 2005 £'000	Group 2004 £'000	Company 2004 £'000
Bank loans (note 20)	8,487	-	6,389	-
Other creditors	250	-	751	-
Shareholders loans (note 20)	-	-	2,500	2,500
	8,737	-	9,640	2,500

20 Loans and other borrowings

	Group 2005 £'000	Company 2005 £'000	Group 2004 £'000	Company 2004 £'000
Bank overdrafts and amounts owed in respect of receivables financing	2,865	-	1,431	362
Bank loans	8,487	-	6,389	-
Shareholders loans	-	-	2,810	2,810
Finance leases	-	-	5	-
	11,352	-	10,635	3,172
Maturity of debt				
In one year or less, or on demand	2,865	-	1,746	672
In more than one year, but not more than two years	8,487	-	2,500	2,500
In more than two years, but not more than five years	-	-	6,389	-
In more than five years	-	-	-	-
	11,352	-	10,635	3,172

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

20 Loans and other borrowings (continued)

Bank overdrafts are repayable on demand and amounts owed in respect of receivable financing are repayable within 90 days of the invoice. The bank loans have been drawn down under the three year revolving credit facility dated 29 November 2000 between the group and GMAC Commercial Finance plc, supplemented by a deed of accession dated 23 May 2001. On 26 September 2003 the facility was renewed for a further three year period. At 26 March 2005 the balance on the receivable financing facility was a creditor of £1,510,000 (2004: debtor of £330,000).

Bank loans, overdrafts and amounts owed in respect of receivables financing are secured by a cross guarantee arrangement which created a first priority fixed and floating charge over the undertakings and assets of the company and all its subsidiaries. Interest is charged at rates from 1.25% over LIBOR for currency overdrafts and from 1.25% over Bank Leumi (UK) plc base rate for sterling overdrafts. Overdraft facilities are secured by a second priority fixed and floating charge over the undertakings and assets of the company and all its subsidiaries.

All shareholder loans have been repaid during the year. At 27 March 2004 the shareholder loans of £2,810,000 were due to the directors (Harold Tillman: £1,187,500, Peter Lucas: £1,497,500 and Andrew MacKenzie: £125,000). The loans were interest free until 31 December 2003 and thereafter accrued interest at base rate. At 27 March 2004 the loans were repayable in full by 31 December 2005. On 29 April 2004, Harold Tillman and Peter Lucas entered into deeds of amendment under which the term of their loans were extended to 31 December 2007 and from 1 January 2006 until repayment interest was chargeable at 2% over base rate. The terms of the loan from Andrew MacKenzie remained unchanged.

On 7 April 2004 £310,000 was repaid to Peter Lucas. On 23 December 2004 £1,945,000 of the remaining loans was repaid and the balance of £555,000 was repaid on 7 January 2005.

Finance leases

Future minimum payments under finance leases are as follows:

	2005	2004
	£'000	£'000
Within one year	-	5
In more than one year, but not more than five years	-	-
After five years	-	-
Total gross payments	-	5
Less finance charges included above	-	-
	-	5

The company has no liabilities under finance leases.

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

21 Provisions for liabilities and charges

Group	Deferred tax asset £'000
At 27 March 2004 – disclosed in debtors (note 16)	126
Debited to the profit and loss account	(28)
At 26 March 2005 – disclosed in debtors (note 16)	98

	Group 2005 £'000	Group 2004 £'000
Deferred taxation provided in the accounts comprises		
Accelerated capital allowances	(91)	(110)
Other short term timing differences	(7)	(16)
Deferred tax asset	(98)	(126)

At 26 March 2005, the group had an unprovided deferred tax asset of £259,000 (2004: £259,000) relating to trading losses (£255,000 (2004: £201,000) and other short term timing differences (£4,000 (2004: £58,000)). The full potential deferred tax asset has not been recognised due to the uncertainty of its ultimate recoverability.

The company had no deferred taxation liability at 26 March 2005 (2004: £nil).

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

22 Called up share capital

Group and company

	2005 Number	2004 Number	2005 £	2004 £
Authorised				
A ordinary shares of 1p each	40,794	37,025	408	370
B ordinary shares of 1p each	59,206	37,025	478	370
C ordinary shares of 1p each	-	4,000	-	40
D ordinary shares of 1p each	-	2,000	-	20
E ordinary shares of 1p each	-	19,950	-	200
Unclassified shares of 1p each	12,000	12,000	120	120
	112,000	112,000	1,006	1,120
Allotted, called up and fully paid				
A ordinary shares of 1p each	40,794	37,025	408	370
B ordinary shares of 1p each	47,843	37,025	478	370
C ordinary shares of 1p each	-	4,000	-	40
D ordinary shares of 1p each	-	2,000	-	20
E ordinary shares of 1p each	-	19,950	-	200
	88,637	100,000	886	1,000

On 28 April 2004 a special resolution was passed under which the existing 37,025 B ordinary shares of 1p each were reclassified as A ordinary shares of 1p each and all other shares (including existing A shares) with the exception of the unclassified shares were re-designated as B ordinary shares of 1p each. On the same date, new articles of association were adopted.

Both classes of shares rank pari passu in all respects except that the holders of A shares have the pre-emption right to purchase any other shares in the company that the holder thereof may wish to dispose of.

On 29 April 2004, 2000 B ordinary shares of 1p each were reclassified as A ordinary shares of 1p each.

Also on 29 April 2004 the company entered into an agreement with LFCF Investment 1 (Europe) Limited to buy back and cancel 9,090 B ordinary shares of 1p each, with a nominal value of £91, for a consideration of £1 under section 162 of the Companies Act 1985. The shares represented 9.1% of the called up capital. The shares were delivered to the company on 29 April 2004.

On 24 August 2004 the company bought back and cancelled 909 B ordinary shares of 1p each, with a nominal value of £9.09 for a consideration of £200,000 from Swiss Garments Company under section 162 of the Companies Act 1985. The shares represented 1% of the called up capital. The shares were delivered to the company on 24 August 2004.

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

22 Called up share capital (continued)

On 29 October 2004 the company bought back and cancelled 1,364 B ordinary shares of 1p each, with a nominal value of £13.64 for a consideration of £300,000 from Swiss Garments Company under section 162 of the Companies Act 1985. The shares represented 1.5% of the called up capital. The shares were delivered to the company on 29 October 2004.

On 29 December 2004 1,769 B ordinary shares of 1p each were reclassified as A ordinary shares of 1p each.

23 Reserves

Group

	Profit and loss account
	£'000
At 27 March 2004	4,394
Purchase of own shares (note 22)	(500)
Retained profit for the financial year	504
Exchange differences	(11)
At 26 March 2005	4,387

Company

	Profit and loss account
	£'000
At 27 March 2004	1,046
Purchase of own shares (note 22)	(500)
Retained profit for the financial year	509
At 26 March 2005	1,055

A transfer of £114 was made to a capital redemption reserve during the year to preserve the share capital of the shares purchased by the company during the year.

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

24 Reconciliation of movements in shareholders' funds

	Group 2005 £'000	Company 2005 £'000	Group 2004 £'000	Company 2004 £'000
Profit for the financial year	904	909	697	4,235
Dividends	(400)	(400)	(300)	(300)
Exchange differences	(11)	-	(137)	-
Purchase of own shares (note 22)	(500)	(500)	-	-
Net movement in shareholders' funds	(7)	9	260	3,935
Opening shareholders funds/(deficits)	4,395	1,047	4,135	(2,888)
Closing shareholders' funds	4,388	1,056	4,395	1,047

25 Reconciliation of operating profit to net cash inflow from operating activities

	2005 £'000	2004 £'000
Operating profit	2,087	1,691
Depreciation	940	894
Amortisation of negative goodwill	(386)	(1,007)
Loss on sale of fixed assets	150	218
Decrease in stocks	(1,527)	8,350
Decrease/(increase) in debtors	129	(6,124)
Increase in creditors	1,100	10,391
Net cash inflow from operating activities	2,493	14,413

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

26 Reconciliation of net cash flow to movement in net debt

	2005	2004
	£'000	£'000
Increase in cash	169	2,783
Cash (inflow)/outflow from movement in debt and lease financing	(793)	8,425
Cash inflow from increase in liquid resources	(310)	(1,170)
Change in net debt resulting from cash flows	(934)	10,038
Other non-cash changes	-	(61)
Movement in net debt in the year	(934)	9,977
Net debt at 27 March 2004	(9,755)	(19,732)
Net debt at 26 March 2005	(10,689)	(9,755)

27 Analysis of changes in net debt

	At 27 March 2004	Cash flow	At 26 March 2005
	£'000	£'000	£'000
Cash at bank and in hand	470	93	563
Overdrafts	(1,431)	76	(1,355)
	(961)	169	(792)
Debt due after one year	(8,889)	402	(8,487)
Debt due within one year	(310)	(1,200)	(1,510)
Finance leases	(5)	5	-
Cash collateral	410	(310)	100
	(8,794)	(1,103)	(9,897)
Total	(9,755)	(934)	(10,689)

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

28 Pension commitments

The group operates a defined benefit scheme with assets held in a separately administered fund. In addition, some employees are members of a defined contribution scheme.

Defined benefit scheme

The defined benefit scheme is called the BMB Group Pension Scheme. The pension cost in relation to the BMB Group Pension Scheme is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The latest actuarial valuation of the scheme was performed as at 31 March 2004. The main actuarial assumptions used for accounting purposes were that the rate of return on investments would be 7.5% per annum, the rate of salary increase would be 4.0% per annum and the assumed rate of price inflation was 2.75% per annum.

At the date of the latest actuarial valuation, the market value of the assets of the scheme was £11.726 million and the actuarial value of those assets was sufficient to cover 75% of the benefits that had accrued to members, after allowing for future increases in earnings. The company have agreed to make additional contributions of £230,000 per annum commencing from April 2005 to correct the deficit over a period of 15 years.

The total pension cost in respect of the BMB Group Pension Scheme for the year to 26 March 2005 was £576,000 (2004: £631,000).

As at 26 March 2005 there were no outstanding or prepaid pension contributions (2004: £Nil).

Defined contribution scheme

A Stakeholder pension scheme exists for all employees who are not covered by the defined benefit scheme above. Prior to the establishment of this scheme, employees were covered for pension benefits by the Group's continued participation in the money purchase section of the Baird Group Pension Scheme. The total contributions paid to the BMB Stakeholder scheme in the year ended 26 March 2005 were £74,000 (2004: £32,000).

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

28 Pension commitments (continued)

Additional disclosures required under FRS 17

A full actuarial valuation was undertaken of the defined benefit scheme on 31 March 2004 and updated to 26 March 2005 in accordance with FRS 17 by a qualified actuary. The major assumptions used by the actuary were:

	2005	2004	2003
Rate of increase in pensionable salaries	4.25% *	5.0%*	4.6% *
Pension increases	3.0%	3.0%	2.6%
Discount rate	5.4%	5.5%	5.4%
Inflation assumption	3.0%	3.0%	2.6%

* At 31 March 2003 this assumption is limited to 2.6% per annum for the first three years after 31 March 2003.

The assets in the Scheme and the expected rates of return were:

	Long term rate of return expected at 26 March 2005 %	Value at 26 March 2005 £'000	Long term rate of return expected at 27 March 2004 %	Value at 27 March 2004 £'000	Long term rate of return expected at 29 March 2003 %	Value at 29 March 2003 £'000
Assets						
Equities	7.5%	12,195	7.5%	10,629	7.5%	8,191
Other assets	5.4%	1,567	5.5%	1,123	5.4%	588
Total market value of assets		13,762		11,752		8,779
Present value of liabilities		(18,246)		(17,498)		(15,265)
Deficit in the scheme		(4,484)		(5,746)		(6,486)
Related deferred tax asset		1,345		1,724		1,946
Net pension liability		(3,139)		(4,022)		(4,540)

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

28 Pension commitments (continued)

If the above amounts had been recognised in the financial statements, the group's net assets and profit and loss reserve would be as follows:

	2005 £'000	2004 £'000
Net assets excluding pension liability	4,338	4,483
Pension liability	(3,139)	(4,022)
Net assets including pension liability	1,199	461

	2005 £'000	2004 £'000
Profit and loss account reserve excluding pension liability	4,337	4,482
Pension liability	(3,139)	(4,022)
Profit and loss reserve including pension liability	1,198	460

The following amounts would have been recognised in the profit and loss account and statement of total recognised gains and losses in the year ended 26 March 2005 under the requirements of FRS 17.

	2005 £'000	2004 £'000
Operating profit		
Current service cost	522	673
Past service cost	10	-
Total operating charge	532	673

	2005 £'000	2004 £'000
Other finance cost		
Expected return on pension scheme assets	881	671
Interest on pension scheme liabilities	(978)	(845)
Net charge	(97)	(174)

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

28 Pension commitments (continued)

	2005	2004	
	£'000	£'000	
Statement of total recognised gains and losses			
Actual return less expected return on pension scheme assets	529	1,622	
Experience gains and losses arising on scheme liabilities	187	1,601	
Changes in assumptions underlying the present value of the scheme liabilities	595	(2,235)	
Actuarial gain recognised in STRGL	1,311	988	
Movement in deficit during the year:			
	2005	2004	
	£'000	£'000	
Deficit in scheme at beginning of the year	(5,746)	(6,486)	
Movement in the year:			
Current service cost	(522)	(673)	
Contributions	580	599	
Past service cost	(10)	-	
Other finance cost	(97)	(174)	
Actuarial gain	1,311	988	
Deficit in scheme at end of the year	(4,484)	(5,746)	
History of experience gains and losses			
	2005	2004	2003
Difference between the expected and actual return on scheme assets			
Amount (£'000)	529	1,622	(4,246)
Percentage of scheme assets (%)	3.85	13.8	(48.37)
Experience gains and losses on scheme liabilities			
Amount (£'000)	187	1,601	(12)
Percentage of the present value of scheme liabilities (%)	1.02	9.15	(0.08)
Total amount recognised in the statement of total recognised gains			
Amount (£'000)	1,311	988	(4,472)
Percentage of the present value of scheme liabilities (%)	7.18	5.64	(26.29)

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

29 Related party transactions

FRS 8 provides an exemption whereby related party transactions which eliminate on consolidation do not require disclosure in group accounts. The group has taken advantage of this exemption. Other related party transactions are detailed below.

Harold Tillman being a director of the company is also a shareholder of IBIS 227 Limited, a company to which the group has paid £61,000 (2004: £82,000) for services provided by IBIS 227 Limited to Harold Tillman in connection with his duties as a director of BMB Group Limited.

On 13 March 2002 LFCF Investment 1 (Europe) Limited ('LFCF') acquired a 3.665% holding in BMB Group Limited. On the same date LFCF also entered into agreements with three of the directors, Harold Tillman, Peter Lucas and Andrew MacKenzie whereby each director granted an option to LFCF to acquire 5,810 'A' shares, 9,475 'B' shares and 1,000 'C' shares of their respective shares in BMB Group Limited. The consideration for the granting of these options were loans to the company amounting to £3.2 million in total. Under the terms of the option agreements these loans were assigned to the directors upon exercise of the options to acquire the shares on 8 January 2003. During the year ended 26 March 2005 amounts were repaid to Harold Tillman totalling £1,187,500 (2004: £350,000) and to Peter Lucas totalling £1,497,500 (2004: £40,000) and to Andrew MacKenzie totalling £125,000 (2004: Nil). The loans were interest free until 31 December 2003 and thereafter accrued interest at base rate. At 27 March 2004 the loans were repayable in full by 31 December 2005. On 29 April 2004, Harold Tillman and Peter Lucas entered into deeds of amendment under which the term of their loans were extended to 31 December 2007 and from 1 January 2006 until repayment interest was chargeable at 2% over base rate. The terms of the loan from Andrew MacKenzie remained unchanged. The loans were repaid in full during the year.

Giles Hefer was appointed as a director of the company on 11 March 2002 and resigned on 9 December 2003. He is also a director of Pinstripe Sourcing Limited and Li & Fung (Trading) Limited, which respectively act as garment sourcing agents on normal commercial terms for BMB Clothing Limited and BMB Apparel Limited. The commission charged to the accounts for the period is £Nil (2004: £1,186,000). There were no amounts outstanding at 26 March 2005 or 27 March 2004.

A compensation payment of £1,500,000 was negotiated with Li & Fung Trading Limited (a company in the same Group as LFCF) in connection with the renegotiation of sourcing arrangements for BMB Clothing Limited and the cancellation of a sourcing agreement together with the subsequent transfer of the sourcing team back to BMB Clothing Limited by whom they had previously been employed up to March 2002. This amount is payable in quarterly instalments of £125,000 per quarter commencing 31 December 2003 and bears interest at bank base rate. The amount outstanding at 26 March 2005 was £750,000 (2004: £1,250,000). Interest of £47,000 (2004: £13,000) has been charged in these accounts, £8,000 of which was outstanding at 26 March 2005 (2004: £1,000).

On 28 April 2004 Harold Tillman sold 27,273 B Ordinary shares of 1p each to Swiss Garments Company, a company registered in Egypt and a supplier of garments to BMB Clothing Limited. In the year to 26 March 2005 garments to the value of £6,670,000 (2004: between 23 January 2004 and 27 March 2004 £1,435,000) were supplied to BMB Clothing Limited and the amount outstanding at 26 March 2005 was £2,759,000 (2004: £1,882,000). The terms of trade remain on the same arms length commercial basis that existed before the share transfer. During the year non executive director's fees of £75,000 (2004: Nil) were payable to Swiss Garments

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

29 Related party transactions (continued)

Company for the services of Alaa Arafa and Ari Guzzetti. At 27 March 2005 £37,500 was outstanding (2004: Nil).

On 28 April 2004 LFCF sold 5,304 B ordinary shares to Stuncroft Limited, a supplier of garments to BMB Clothing Limited. In the year to 26 March 2005 garments to the value of £8,182,000 (2004: between 23 January 2004 and 27 March 2004 £1,959,540) were supplied to BMB Clothing Limited by Stuncroft Limited and its subsidiary Stuncroft Brands Limited. Amounts due to these two companies at 26 March 2005 were £3,479,000 (2004: £4,288,000). In addition BMB Clothing Limited source garments on behalf of Stuncroft Limited to service their Gibson brand. Goods supplied during the year to 26 March 2005 amounted to £1,143,000 (2004: between 23 January 2004 and 27 March 2004 £222,000) on which BMB Clothing Limited charged commission of £54,000 (2004: £8,000). Stuncroft Limited pay a rental to BMB Clothing Limited of £43,000 per annum for the use of office space at Goole. The amount due from the Stuncroft Limited at 26 March 2005 under these arrangements was £27,000 (2004: £993,000). All trading between BMB Group Limited and The Stuncroft Group is on an arms length commercial basis and on the same terms as existed before the share transfer. During the year non executive director's fees of £25,000 (2004: Nil) were payable to Stuncroft Limited for the services of Brian Long. At 27 March 2005 £12,500 was outstanding (2004: Nil). Subsequent to the year end, BMB Clothing Limited acquired the mens formalwear wholesale business from Stuncroft Limited (see note 31).

On 28 April 2004 LFCF sold 2,272 B ordinary shares of 1p each to Brian Long, a director and principle shareholder of Stuncroft Limited. On the same date LFCF also sold 1,515 shares to The Stuncroft (self administered) Pension Plan.

Harold Tillman and Andrew Mackenzie are shareholders and directors of Jaeger Group Limited, the fashion retailer. BMB Clothing Limited provides made to measure garments to Jaeger Group Limited on an arms length commercial basis. Turnover in respect of these items is immaterial to these accounts. In addition during the year BMB Group Limited recharged Jaeger Group Limited for the services of Andrew MacKenzie amounting to £144,000 (2004: Nil).

On 23 January 2004 BMB Apparel Limited was sold to GB Apparel Limited, the principle shareholders of which are Peter Lucas, Harold Tillman, Andrew MacKenzie, Mark Cotter and LFCF. Management and other services were provided to BMB Apparel Limited and the profit and loss account includes £864,000 in respect of these services (2004: between 23 January 2004 and 27 March 2004 £177,000). At 26 March 2005 £241,000 (2004: £63,000) was owed by BMB Clothing Limited to BMB Apparel Limited and £Nil (2004: £422,000) was owed by BMB Apparel Limited to BMB Group Limited.

At 27 March 2004 an amount of £1,945,000 was due from BMB Apparel Limited which was formalised under a loan agreement dated 29 April 2004 and secured by a debenture over all assets of BMB Apparel Limited. The loan agreement provides for interest to be paid at 3.25% over Lloyds TSB Bank plc's base rate and sets a repayment date of 30 June 2006. The loan was repaid in full in December 2004 and the debenture released. Interest received and included in these accounts is £122,000 (2004: £21,000 from 23 January 2004).

BMB Group Limited

Notes to the financial statements for the year ended 26 March 2005 (continued)

30 Contingent liabilities

At 26 March 2005 the Group had contingent liabilities of £36,000 (2004: £nil) in respect of guarantees given to cloth manufacturers against possible non payment for cloth by garment manufacturers.

The company is a participant in a group banking arrangement and has given cross-guarantees which created fixed and floating charges over all the assets of the company. As at 26 March 2005 the maximum liability for the group under this arrangement was £9,997,000 (2004: £6,389,000). Notes to the financial statements for the year ended 26 March 2005 (continued)

31 Post balance sheet events

Subsequent to the year end, BMB Clothing Limited acquired the mens formalwear wholesale business from Stuncroft Limited. This includes brands such as Gibson, Daniel Dresscott, The Label, Scott International and the Club Class Corporate wear business.

32 Capital commitments

There were no capital commitments at 26 March 2005 (2004: £Nil).

33 Financial commitments

At 26 March 2005 the group had annual commitments under non-cancellable operating leases expiring as follows:

	2005		2004	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Within one year	13	97	10	78
Within two to five years	136	230	26	332
After five years	981	12	977	-
	1,130	339	1,013	410

34 Controlling party

The directors consider that as Peter Lucas holds 46% of the share capital and has the voting rights for a further 9.46% held by Harold Tillman, he is effectively the company's ultimate controlling party.