

Registered Number 4090218

BMB Group Limited  
Annual report and financial statements  
for the 10 month period ended  
31 January 2009



# **BMB Group Limited**

## **Annual report and financial statements for the 10 month period ended 31 January 2009**

### **Contents**

Directors' report for the 10 month period ended 31 January 2009	1
Independent auditors' report to the members of BMB Group Limited	5
Consolidated profit and loss account for the 10 month period ended 31 January 2009	7
Statement of total recognised gains and losses	8
Balance sheets as at 31 January 2009	9
Consolidated cash flow statement for the 10 month period ended 31 January 2009	10
Accounting policies	11
Notes to the financial statements for the 10 month period ended 31 January 2009	15

# **BMB Group Limited**

## **Directors' report for the 10 month period ended 31 January 2009**

The directors present their report and the audited financial statements of the company and the group for the 10 month period ended 31 January 2009

### **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, USA, Eire, Germany, Italy, Channel Islands, Isle of Man, Belgium and Bermuda. The results of all of these operations are incorporated within these financial statements

### **Business review**

The group's loss for the period was £408,000 (year ended 29 March 2008 a profit of £659,000) with turnover of £71,344,000 (year ended 29 March 2008 £85,284,000)

BMB Clothing Limited's loss for the period before dividends was £357,000 (year ended 29 March 2008 a profit of £777,000) with sales of £69,044,000 (year ended 29 March 2008 £82,910,000). During the year the directors paid a final dividend of £nil (year ended 29 March 2008 £1,000,000)

The UK retail market deteriorated significantly in the second half of the period. More aggressive discounting activity was required to support sales levels, particularly during the winter sale period, causing a significant drop in profitability compared to the previous year. Gross margin for the period was 31.2% (year ended 29 March 2008 32.1%). UK retail sales declined by 5.8% compared to the previous year on a like for like basis.

The directors expect trading conditions to continue to be challenging over the coming year and action was taken towards the end of the period to restructure the company's cost base in order to assist in maintaining profitability moving forward.

On 31 January 2009, BMB Group Limited was acquired fully by Baird Group Limited, a company incorporated in England and Wales, as part of a re-organisation of the ultimate parent company, Al Arafah for Investment and Consultancies SAE.

### **Principal risks and uncertainties**

The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the group are considered to relate to the general economy in which it trades, the success of the host stores within which it trades, continuity of supply of product at required margins, retention of trained employees and continual increases in employment and host store costs. The group works closely with its suppliers and customers to minimise these risks and has a policy of minimising the reliance on any one customer. The group also has a policy of maintaining a wide variety of brands, all positioned differently in the market, to suit a wide variety of customers' requirements, allowing a diversity of customers without conflicts and aimed at reducing risk.

# **BMB Group Limited**

## **Directors' report for the 10 month period ended 31 January 2009 (continued)**

### **Principal risks and uncertainties (continued)**

The group has implemented Human Resource strategies to support the development of people including team briefings and the performance review process across all locations. This has led to tangible benefits both in terms of reduced employee turnover, improved employee retention, increased positive feedback from employees, via an Employee Audit, and the achievement of the Investors in People award across the retail division and the Goole and Hartlepool sites.

Our people management strategies are designed to ensure that everyone has appropriate and fair access to the support they need and there is equality of opportunity for people to learn and develop in order to improve their performance.

BMB Clothing Limited in its retail division has implemented an internal training scheme, called Passport to Success, which has been recognised by the National Training Awards. This training has led to a significant decrease in labour turnover in the Retail division since its inception in 1999 by over 25%. Passport to Success has also been rolled out to the warehouse operations in Hartlepool and Goole.

### **Financial risk management and policies**

The group's operations expose it to a variety of financial risks that include the effects of changes in exchange rates, credit risk and liquidity risk. The group manages these risks and seeks to limit the adverse effects on the financial performance of the company. Exchange risks are controlled by monitoring levels of currency requirements and, where risks are considered material, rates are protected using foreign exchange forward contracts. Credit risks are controlled through a credit assessment procedure on all new customers and the close monitoring of payments by existing customers. Liquidity risks are controlled by a policy of balancing payment terms with stock holding and debtor terms where applicable and regular forecasting is undertaken to establish the future adequacy of its finance facilities. In addition the group is exposed to interest rate risks. The group continues to monitor the future effects of rate changes and to date these risks have not been considered material and no specific actions have been taken.

The group has a risk management assessment program which seeks to identify and address major commercial and financial risks.

### **Charitable donations**

During the period the group made charitable donations to various local and national charities amounting to £2,075 (year ended 29 March 2008 £1,275).

### **Results and dividends**

The group's loss for the period before dividends is £408,000 (year ended 29 March 2008 a profit of £659,000). The directors do not recommend payment of a final dividend.

# **BMB Group Limited**

## **Directors' report for the 10 month period ended 31 January 2009 (continued)**

### **Directors**

The directors that held office during the period are given below

Peter Lucas

Mark MS Cotter

Dr Alaa Arafa (resigned 11 June 2009)

Ari Guzzetti (resigned 11 June 2009)

Catherine S Thompson (appointed 4 April 2008 and resigned 11 June 2009)

Saher El Far (appointed 25 June 2008 and resigned 11 June 2009)

Hala Hashem (appointed 25 June 2008 and resigned 11 June 2009)

Richard N Paul (appointed 16 April 2009)

Baird Group Limited (appointed 11 June 2009)

### **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.

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 in respect of the annual report and the financial statements**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and

# **BMB Group Limited**

## **Directors' report for the 10 month period ended 31 January 2009 (continued)**

### **Statement of directors' responsibilities in respect of the annual report and the financial statements (continued)**

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

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 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

#### **Auditors and disclosure of information to auditors**

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

#### **Auditors**

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

By order of the Board



R N Paul

**Director**

1 April 2010

# **BMB Group Limited**

## **Independent auditors' report to the members of BMB Group Limited**

We have audited the group and parent company financial statements ("the financial statements") of BMB Group Limited for the 10 month period ended 31 January 2009 which comprise the consolidated profit and loss account, the group and company balance sheets, the consolidated cash flow statement, the statement of total recognised gains and losses, the accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

## **BMB Group Limited**

### **Independent auditors' report to the members of BMB Group Limited (continued)**

#### **Opinion**

In our opinion

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 January 2009 and of the group's loss and cash flows for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
Leeds  
1 April 2010



# BMB Group Limited

## Consolidated profit and loss account for the 10 month period ended 31 January 2009

10 month period ended 31 January 2009					
		Before exceptional items £'000	Exceptional items (note 7) £'000	Total £'000	Year ended 29 March 2008 £'000
	Notes				
<b>Turnover</b>					
Continuing operations	1	71,344	-	71,344	85,284
Cost of sales		(48,531)	-	(48,531)	(57,389)
Gross profit		22,813	-	22,813	27,895
Distribution costs		(17,225)	(142)	(17,367)	(21,224)
Administrative expenses		(7,478)	(351)	(7,829)	(7,303)
Other operating income		2,764	-	2,764	2,772
<b>Operating profit</b>	2	874	(493)	381	2,140
Interest receivable and similar income		36	-	36	51
Interest payable and similar charges	6	(884)	-	(884)	(1,299)
Other finance income	20	24	-	24	175
Unwinding of discount on deferred consideration	16	-	-	-	(18)
<b>(Loss)/profit on ordinary activities before taxation</b>		50	(493)	(443)	1,049
Taxation credit/(charge)	8			35	(390)
<b>(Sustained loss)/retained profit for the financial period</b>	22			(408)	659

All items dealt with in arriving at operating profit above relate to continuing operations

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

# BMB Group Limited

## Statement of total recognised gains and losses


	Notes	10 month period ended 31 January 2009 £'000	Year ended 29 March 2008 £'000
(Loss)/profit for the financial period		(408)	659
Exchange adjustments offset in reserves	22	(36)	2
Actuarial (loss)/gain recognised in the pension scheme	20	(3,680)	882
Movement on deferred tax relating to pension liability	19	1,030	(283)
<b>Total recognised (losses)/gains for the 10 month</b>		<b>(3,094)</b>	<b>1,260</b>

# BMB Group Limited

## Balance sheets as at 31 January 2009

	Notes	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
<b>Fixed assets</b>					
Intangible assets	11	2,248	-	2,362	-
Tangible assets	12	3,302	-	3,700	-
Investments	13	-	44	-	44
		5,550	44	6,062	44
<b>Current assets</b>					
Stock	14	17,667	-	18,848	-
Debtors - amounts falling due within one year	15	10,137	793	11,461	775
Investments	13	-	-	125	-
Cash at bank and in hand		273	-	182	3
		28,077	793	30,616	778
<b>Creditors - amounts falling due within one year</b>	16	(21,638)	(252)	(33,202)	(101)
<b>Net current assets/(liabilities)</b>		6,439	541	(2,586)	677
<b>Total assets less current liabilities</b>		11,989	585	3,476	721
<b>Creditors - amounts falling due after more than one year</b>	17	(9,207)	-	(231)	-
<b>Provision for liabilities and charges</b>	19	(326)	-	-	-
<b>Net assets excluding pension deficit</b>		2,456	585	3,245	721
<b>Pension deficit</b>	20	(2,956)	-	(651)	-
<b>Net (liabilities)/assets including pension deficit</b>		(500)	585	2,594	721
<b>Capital and reserves</b>					
Called up share capital	21	1	1	1	1
Profit and loss account	22	(501)	585	2,593	720
<b>Total shareholders' (deficit)/funds</b>	23	(500)	585	2,594	721

The financial statements on pages 7 to 41 were approved by the board of directors on 1 April 2010 and were signed on its behalf by

  
Peter Lucas  
Director

# BMB Group Limited

## Consolidated cash flow statement for the 10 month period ended 31 January 2009

	Notes	10 month period ended 31 January 2009 £'000	Year ended 29 March 2008 £'000
<b>Net cash inflow from operating activities</b>	24	4,987	3,277
<b>Returns on investment and servicing of finance</b>			
Interest element of finance leases		(25)	(45)
Interest received		36	51
Interest paid		(778)	(1,151)
Debt issue costs paid		(81)	(103)
Net cash outflow from returns on investments and servicing of finance		(848)	(1,248)
<b>Taxation</b>		(102)	(571)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(570)	(854)
Sale of tangible fixed assets		32	3
Net cash outflow for capital expenditure and financial investment		(538)	(851)
<b>Acquisitions and disposals</b>			
Net cash inflow for acquisitions		-	-
<b>Net cash inflow before financing</b>		3,499	607
<b>Financing</b>			
Purchase of own shares		-	(300)
Capital element of finance lease payments		(170)	(263)
Bank loans and receivables financing		(3,269)	331
Other loans		500	(500)
Net cash outflow from financing		(2,939)	(732)
<b>Increase/(decrease) in cash</b>	25, 26	560	(125)

# BMB Group Limited

## Accounting policies

### Basis of accounting

The financial statements have been prepared on a going concern basis, assuming the company will be able to meet its obligations as they fall due

Since the year-end, the company has been advised by GMAC, which provides asset-backed financing and invoice discounting, of its intention to withdraw from the UK market. Accordingly, the directors have sought an alternative source of funding. Negotiations are ongoing with an alternative lender, based on indicative terms acceptable to the directors. The alternative lender has completed pre-lending due diligence to its satisfaction, and is expecting to issue a credit-approved proposal in due course. The directors anticipate the formal completion of the financing arrangements described will occur in the near future, and do not consider there to be a significant risk of the refinancing impacting the ability of the company to continue as a going concern.

The directors have prepared cash flow forecasts which indicate that the company will continue as a going concern. In preparing those forecasts the directors have taken into account the proposed new finance facilities and the company's reliance on its ultimate parent. The directors have obtained a letter from the directors of Arafa, confirming that continuing financial support will be provided to the company for the foreseeable future, and in any case to a date not earlier than twelve months following the date of approval of these financial statements. The directors have also received confirmation of the renewal of overdraft and ancillary facilities the company has with Barclays Bank PLC through to 31 October 2010. They do not consider there to be a significant risk that these facilities will not continue after 31 October 2010.

Accordingly, the directors of the company are of the view the going concern assumption is appropriate for the preparation of the financial statements of the company. The financial statements do not include the adjustments that would be required if the company was unable to continue as a going concern.

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 31 January 2009. 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. All acquisitions are accounted for using acquisition accounting.

### 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

# **BMB Group Limited**

## **Accounting policies (continued)**

### **Fixed assets (continued)**

The carrying values 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

### **Goodwill**

Goodwill arising on acquisition of subsidiary undertakings and businesses represents the difference between the fair value of the assets acquired and the fair value of the consideration given plus associated acquisition costs. Goodwill is capitalised and amortised through the profit and loss account over its useful economic life which is normally up to 20 years

Goodwill is reviewed for impairment at the end of the first full year after acquisition and in other years if events or changes in circumstances indicate the carrying value may not be recoverable. Any impairment assessed is charged to the profit and loss account

### **Provisions**

Provisions are recognised when the company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying current economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted where necessary to represent the best current estimate

### **Intangible assets**

Purchased intangible assets are capitalised at original purchase cost, together with any incidental expenses of acquisition. These assets are amortised through the profit and loss account over the shorter of 10 years and the useful economic life

### **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 impairment

### **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

# **BMB Group Limited**

## **Accounting policies (continued)**

### **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 group and the company operate 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. Following the full adoption of FRS 17, the regular service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service are charged to operating profit in the year.

A credit representing the expected return on the assets of the scheme during the year is included within other finance costs. This is based on the market value of the assets of the scheme at the start of the financial year. A charge within other finance charges represents the expected increase in liabilities of the scheme during the year. This arises from the liabilities of the scheme being one year closer to payment.

The difference between the market value of assets and the present value of accrued pension liabilities is shown as an asset or liability in the balance sheet net of deferred tax. Differences between actual and expected returns on assets are recognised in the statement of total recognised gains and losses in the year, together with differences arising from changes in assumptions and experience gains and losses.

The group 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.

### **Post-retirement benefits**

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

# **BMB Group Limited**

## **Accounting policies (continued)**

### **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. Certain wholesale sales are made under retention of title until payment is received.

### **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.

### **Deferred consideration**

Deferred consideration is discounted to present value and the unwinding of the discount is charged to interest through the profit and loss account.



# BMB Group Limited

## Notes to the financial statements for the 10 month period ended 31 January 2009

### 1 Segmental reporting

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

	10 month period ended 31 January 2009 £'000	Year ended 29 March 2008 £'000
United Kingdom	65,731	78,735
Rest of Europe	2,876	3,853
Far East	385	373
North America	2,129	2,038
Rest of the World	223	285
	<b>71,344</b>	<b>85,284</b>

### 2 Operating profit

	10 month period ended 31 January 2009 £'000	Year ended 29 March 2008 £'000
<b>Operating profit is stated after charging/(crediting)</b>		
Depreciation of tangible fixed assets		
- owned assets	834	886
- leased assets	161	319
Amortisation of goodwill	106	131
Amortisation of other intangible assets	8	10
Operating lease charges		
- plant and machinery	322	398
- other	1,280	1,417
Loss on disposal of fixed assets	25	33
Foreign exchange loss/(gain)	113	(46)
<b>Services provided by the company's auditor</b>		
- fees payable for the audit	5	9
- fees payable for other services: auditing of accounts of subsidiaries	65	66
- fees payable for other services: taxation	20	23

# BMB Group Limited

## Notes to the financial statements for the 10 month period ended 31 January 2009 (continued)

### 3 Directors' emoluments

	10 month period ended 31 January 2009 £'000	Year ended 29 March 2008 £'000
Aggregate emoluments	878	754
Sums paid to third parties for directors' services	75	125
	953	879

Retirement benefits are accruing to 1 (year ended 29 March 2008 1) director under a defined benefit pension scheme

Highest paid director	10 month period ended 31 January 2009 £'000	Year ended 29 March 2008 £'000
Aggregate emoluments	472	436

### 4 Employee costs

	10 month period ended 31 January 2009		Year ended 29 March 2008	
	Group £'000	Company £'000	Group £'000	Company £'000
Wages and salaries	15,568	972	18,103	743
Social security costs	1,343	120	1,571	92
Other pensions costs (note 20)	816	72	788	58
Staff costs	17,727	1,164	20,462	893

# BMB Group Limited

## Notes to the financial statements for the 10 month period ended 31 January 2009 (continued)

### 5 Employee information

The average monthly number of persons employed by the group and company during the 10 month period was

By activity	10 month period ended 31 January 2009		Year ended 29 March 2008	
	Group Number	Company Number	Group Number	Company Number
Production	34	-	35	-
Distribution	914	-	931	-
Administration	165	5	153	5
	1,113	5	1,119	5

### 6 Interest payable and similar charges

	10 month period ended 31 January 2009 £'000	Year ended 29 March 2008 £'000
Interest payable on bank loans, overdrafts and amounts owed in respect of receivables financing	737	1,117
Other interest payable	41	34
Interest payable on finance leases	25	45
Debt administration costs	81	103
	884	1,299

## BMB Group Limited

### Notes to the financial statements for the 10 month period ended 31 January 2009 (continued)

#### 7 Exceptional items

2009	Distribution costs £'000	Administrative expenses £'000	Total £'000
Write down of current asset investment	-	(100)	(100)
Redundancy and other costs in respect of a reorganisation of the business	(142)	(251)	(393)
	(142)	(351)	(493)

There were no exceptional items in the year ended 29 March 2008

During the year, the business was reorganised into two reporting divisions covering the wholesale and retail operations of the company. As a result, a number of positions were made redundant within the central business support functions. The costs associated with this reorganisation were £381,000.

At the beginning of the period, the company held 2,500,000 1 pence ordinary shares in Hardy Amies plc ("HA"), a company registered on AIM. In addition, the company held an option with the parent company of HA to sell the shares during September 2008 for 5 pence per share. The shares and option were recorded at a value of £125,000 as at 31 March 2008. During the current period, HA and its parent company were placed into administration. An agreement was reached with the administrator of the business for a settlement of £25,000 in respect of the option agreement, which has subsequently been received post period end. The difference of £100,000 has been written off.

# BMB Group Limited

## Notes to the financial statements for the 10 month period ended 31 January 2009 (continued)

### 8 Taxation

The taxation charge based on the profit before tax comprises

	10 month period ended 31 January 2009 £'000	Year ended 29 March 2008 £'000
<b>Current tax:</b>		
UK corporation tax on profits of the period	-	198
Adjustment in respect of previous periods	65	7
<b>Total current tax charge</b>	<b>65</b>	<b>205</b>
<b>Deferred tax:</b>		
Accelerated capital allowances and other timing differences	(235)	32
Pension cost relief in excess of pension charge	135	153
<b>Total deferred tax (note 19)</b>	<b>(100)</b>	<b>185</b>
<b>Tax on (loss)/profit on ordinary activities</b>	<b>(35)</b>	<b>390</b>

The tax assessed for the 10 month period is higher (year ended 29 March 2008 lower) than the standard rate of corporation tax in the UK (28%) (2008 30%). The differences are explained below

	10 month period ended 31 January 2009 £'000	Year ended 29 March 2008 £'000
<b>(Loss)/profit on ordinary activities before taxation</b>	<b>(443)</b>	<b>1,049</b>
(Loss)/profit on ordinary activities multiplied by the standard rate in the UK of 28% (29 March 2008 30%)	(124)	315
<b>Effects of</b>		
Expenses not deductible for tax purposes	(65)	68
Pension cost relief in excess of pension charge (note 19)	(135)	(153)
Overseas losses utilised	-	(6)
Accelerated capital allowances and other timing differences	388	(26)
Utilisation of losses brought forward	(64)	-
Adjustment to tax charge in respect of previous period	65	7
<b>Current tax charge for the period</b>	<b>65</b>	<b>205</b>

# **BMB Group Limited**

## **Notes to the financial statements for the 10 month period ended 31 January 2009 (continued)**

### **8 Taxation (continued)**

As at 31 January 2009, the company had unutilised tax losses of approximately £360,000 (29 March 2008 £851,000) available for offset against future profits from the same trade

On 1 April 2008 the standard rate of corporation tax in the UK was changed to 28%. For the 10 months ended 31 January 2009 the average corporation tax rate was therefore 28%. Deferred tax has been provided at 28%

Deferred taxation liabilities and assets have not been discounted

### **9 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 disclosed in these financial statements. The parent company's loss for the 10 month period was £136,000 (year ended 29 March 2008 loss of £38,000)

### **10 Dividends**

No dividends were paid in the 10 month period ending 31 January 2009 (year ended 29 March 2008 £nil)

# BMB Group Limited

## Notes to the financial statements for the 10 month period ended 31 January 2009 (continued)

### 11 Intangible assets

The company has no intangible fixed assets. Details relating to the group are

	Brand trade marks £'000	Goodwill £'000	Total £'000
<b>Cost</b>			
At 30 March 2008 and 31 January 2009	112	2,628	2,740
<b>Amortisation</b>			
At 30 March 2008	34	344	378
Charge for the year	8	106	114
At 31 January 2009	42	450	492
<b>Net book amount</b>			
At 31 January 2009	70	2,178	2,248
At 29 March 2008	78	2,284	2,362

# BMB Group Limited

## Notes to the financial statements for the 10 month period ended 31 January 2009 (continued)

### 12 Tangible assets

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

	Short leasehold properties £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>				
At 30 March 2008	865	4,165	7,623	12,653
Exchange adjustments	-	-	165	165
Additions	44	175	391	610
Disposals	-	(41)	(44)	(85)
<b>At 31 January 2009</b>	<b>909</b>	<b>4,299</b>	<b>8,135</b>	<b>13,343</b>
<b>Accumulated depreciation</b>				
At 30 March 2008	267	3,532	5,154	8,953
Exchange adjustments	-	-	121	121
Charge for the period	53	232	710	995
Disposals	-	(9)	(19)	(28)
<b>At 31 January 2009</b>	<b>320</b>	<b>3,755</b>	<b>5,966</b>	<b>10,041</b>
<b>Net book amount</b>				
<b>At 31 January 2009</b>	<b>589</b>	<b>544</b>	<b>2,169</b>	<b>3,302</b>
At 29 March 2008	598	633	2,469	3,700

The net book value of tangible fixed assets includes an amount of £385,000 (29 March 2008: £440,000) in respect of assets held under finance leases.



# BMB Group Limited

## Notes to the financial statements for the 10 month period ended 31 January 2009 (continued)

### 13 Investments

#### Current asset investments

##### Group

	£
At 30 March 2008	125,000
At 31 January 2009	-

At the beginning of the period, the company held 2,500,000 1 pence ordinary shares in Hardy Amies plc ("HA"), a company registered on AIM. In addition, the company held an option with the parent company of HA to sell the shares during September 2008 for 5 pence per share. The shares and option were recorded at a value of £125,000 as at 31 March 2008. During the current period, HA and its parent company were placed into administration. An agreement was reached with the administrator of the business for a settlement of £25,000 in respect of the option agreement, which has subsequently been received post period end. The difference of £100,000 has been written off (note 7).

#### Fixed asset investments

##### Company

Investments represent the cost of investments in subsidiary companies as follows

	Shares in group undertakings £
Cost and net book value	
At 30 March 2008	43,654
At 31 January 2009	43,654

# BMB Group Limited

## Notes to the financial statements for the 10 month period ended 31 January 2009 (continued)

### 13 Investments (continued)

Name of undertaking	Country of incorporation and operation	Principal activity	Proportion of issued shares held	
Shares in group undertakings			Group %	Company %
BMB Clothing Limited	England and Wales	Concession retailer and wholesaler	100%	100%
BMB Retail Limited	England and Wales	Dormant	100%	100%
Melka Trading Limited	England and Wales	Wholesaler	10%	10%
Alexandre of England 1988 Limited	England and Wales	Dormant	100%	-
Alexandre London Inc	USA	Concession retailer	100%	-
Addison & Steele Tailoring Limited	England and Wales	Visiting tailor	100%	100%

# BMB Group Limited

## Notes to the financial statements for the 10 month period ended 31 January 2009 (continued)

### 14 Stock

	31 January 2009 £'000	29 March 2008 £'000
Raw materials and consumables	320	211
Work in progress	-	221
Finished goods and goods for resale	17,347	18,416
	<b>17,667</b>	<b>18,848</b>

In the opinion of the directors the replacement value of stock does not differ materially from the book value  
The company has no stocks

### 15 Debtors

	Group 31 January 2009 £'000	Company 31 January 2009 £'000	Group 29 March 2008 £'000	Company 29 March 2008 £'000
<b>Amounts falling due within one year:</b>				
Trade debtors	8,368	-	9,738	-
Amounts owed by group undertakings	-	637	-	719
Other debtors	784	118	566	40
Prepayments and accrued income	661	-	1,064	16
Deferred tax asset (note 19)	324	-	93	-
	<b>10,137</b>	<b>755</b>	<b>11,461</b>	<b>775</b>

The trade debtors are assigned to a financing company (note 18)

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 10 month period ended 31 January 2009 (continued)

#### 16 Creditors – amounts falling due within one year

	Group 31 January 2009 £'000	Company 31 January 2009 £'000	Group 29 March 2008 £'000	Company 29 March 2008 £'000
Bank overdrafts and amounts owed in respect of receivables financing (note 18)	3,972	140	16,776	-
Trade creditors	14,343	-	13,751	-
Finance leases (note 18)	163	-	203	-
Taxation and social security	1,304	68	1,279	48
Other creditors	96	9	133	8
Shareholder loans (note 18)	500	-	-	-
Accruals and deferred income	1,248	34	682	45
Corporation tax	12	-	62	-
Deferred consideration	-	-	316	-
	21,638	251	33,202	101

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

Deferred consideration related to the acquisition of the Stuncroft Brands business on 24 June 2005 and was payable in instalments over the period to 24 June 2008. In accordance with FRS 7 deferred consideration was discounted from the anticipated settlement date at a rate of 6%. The profit and loss account includes a charge of £nil (year ended 29 March 2008 £18,000) relating to the unwinding of the discount for the current year.

# BMB Group Limited

## Notes to the financial statements for the 10 month period ended 31 January 2009 (continued)

### 17 Creditors – amounts falling due after more than one year

	Group 31 January 2009 £'000	Company 31 January 2009 £'000	Group 29 March 2008 £'000	Company 29 March 2008 £'000
Bank loans (note 18)	9,066	-	-	-
Finance leases (note 18)	141	-	231	-
	9,207	-	231	-

### 18 Loans and other borrowings

	Group 31 January 2009 £'000	Company 31 January 2009 £'000	Group 29 March 2008 £'000	Company 29 March 2008 £'000
Bank overdrafts and amounts owed in respect of receivables financing	3,972	140	7,710	-
Bank loans	9,066	-	9,066	-
Shareholder loan	500	-	-	-
Finance leases	304	-	434	-
	13,842	140	17,210	-
<b>Maturity of debt</b>				
In one year or less, or on demand	4,635	140	16,979	-
In more than one year, but not more than	127	-	134	-
In more than two years, but not more	9,080	-	97	-
In more than five years	-	-	-	-
	13,842	140	17,210	-

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 revolving credit facility dated 29 November 2000 between the company and GMAC Commercial Finance plc. At 31 January 2009 the balance on the receivable financing facility was a creditor of £3,210,000 (29 March 2008 £6,504,000).

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 1.85% over LIBOR for currency overdrafts and from 1.85% over LIBOR for sterling overdrafts. Interest on bank loans was charged at 2.5%-2.75% over base rate. Overdraft facilities are secured by a second priority fixed and floating charge over the undertakings and assets of the company and all its subsidiaries, and by a guarantee issued by Commercial International Bank of Egypt on behalf of the ultimate parent company, Al Arafah for Investing and Consultancies SAE (Egypt).

On 31 July 2008, Peter Lucas, a director and shareholder of BMB Group Limited, made a loan to the company of £1,000,000. The loan attracted interest at LIBOR plus 2%, payable on a monthly basis. As at 31 January 2009 the remaining loan balance was £500,000.

# BMB Group Limited

## Notes to the financial statements for the 10 month period ended 31 January 2009 (continued)

### 18 Loans and other borrowings (continued)

#### Finance leases

Future minimum payments under finance leases are as follows

	31 January 2009 £'000	29 March 2008 £'000
Within one year	197	231
In more than one year, but not more than five years	132	251
Total gross payments	329	482
Less finance charges included above	(25)	(48)
	304	434

The company has no liabilities under finance leases

The company makes certain purchases from suppliers in US dollars. The associated transaction risk is managed by entering into forward currency contracts and options for the purchase of currency. As at 31 January 2009, the company had outstanding currency exchange forward contracts to purchase a total of US \$11.5m (29 March 2008: US \$9.7m) and to sell a total of Euro €0.2m (2007: €0.8m). At 31 January 2009 the company had open forward currency contracts used to hedge future exposures to foreign currency risk. At 31 January 2009, the value of these contracts amounted to an asset of £1,066,000 (29 March 2008: liability of £89,000).

### 19 Provisions for liabilities and charges

#### a) Provisions for liabilities and charges

Group	Restructuring provision £'000
At 29 March 2008	-
Charged to the profit and loss account (note 7)	381
Utilised during the year	(55)
At 31 January 2009	326

# BMB Group Limited

## Notes to the financial statements for the 10 month period ended 31 January 2009 (continued)

### 19 Provisions for liabilities and charges (continued)

#### b) Deferred tax asset

Group	Deferred tax asset £'000
At 29 March 2008	93
Charged to the profit and loss account	231
Utilised during the year	-
<b>At 31 January 2009</b>	<b>324</b>

The deferred tax asset is disclosed within debtors (note 15)

	Group 31 January 2009 £'000	Group 29 March 2008 £'000
<b>Deferred taxation provided in the accounts comprises</b>		
Accelerated capital allowances	(308)	(73)
Other short term timing differences	(16)	(20)
<b>Deferred tax asset</b>	<b>(324)</b>	<b>(93)</b>

At 31 January 2009, the group had an unprovided deferred tax asset of £371,000 (29 March 2008 £325,000) which relates to trading losses of £360,000 (29 March 2008 £323,000) and other short term timing differences of £11,000 (29 March 2008 £2,000). 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 31 January 2009 (29 March 2008 £nil). Deferred tax movements in respect of the pension scheme are as follows

	Group 31 January 2009 £'000	Group 29 March 2008 £'000
<b>Deferred tax asset relating to the pension deficit</b>		
Opening deferred tax asset	254	690
Charged to profit and loss account (note 8)	(135)	(153)
Credited/(charged) to statement of total recognised gains and losses	1,030	(283)
<b>Closing deferred tax asset (note 20)</b>	<b>1,149</b>	<b>254</b>

The deferred tax asset of £1,149,000 (29 March 2008 £254,000) has been deducted in arriving at the net pension deficit on the balance sheet

# BMB Group Limited

## Notes to the financial statements for the 10 month period ended 31 January 2009 (continued)

### 20 Pension liability

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 2007. The main actuarial assumptions used were that the rate of return on investments would be 6% per annum, the rate of salary increase would be 4.0% per annum and the assumed rate of price inflation was 3.25% per annum.

At the date of the valuation, the market value of the assets of the scheme was £16.28 million and was sufficient to cover 85% of the benefits that had accrued to members, after allowing for future increases in earnings. The group has made additional contributions of £292,701 in the 10 month period to 31 January 2009 and has agreed to continue to make additional contributions of £403,200 per annum to correct the deficit by 31 March 2017.

The results of the valuation were updated to 31 January 2009 in accordance with FRS 17 by a qualified actuary. The major assumptions used by the actuary were:

	2009	2008	31 March 2007
Rate of increase in pensionable salaries	4.0%	4.85%	4.45%
Pension increases	3.5%	3.6%	3.2%
Discount rate	6.7%	6.9%	5.4%
Inflation assumption	3.5%	3.6%	3.2%

The mortality assumptions used were as follows:

	2009	2008	31 March 2007
	Years	Years	Years
Longevity at age 65 for current pensioners			
- Men	22.0	22.0	19.0
- Women	24.9	24.8	21.9
Longevity at age 65 for future pensioners			
- Men	23.1	23.1	19.8
- Women	25.9	25.9	22.8



# BMB Group Limited

## Notes to the financial statements for the 10 months ended 31 January 2009 (continued)

### 20 Pension liability (continued)

The assets in the scheme and the expected rates of return were

	Long term rate of return expected at 31 January 2009 %	Value at 31 January 2009 £'000	Long term rate of return expected at 29 March 2008 %	Value at 29 March 2008 £'000	Long term rate of return expected at 31 March 2007 %	Value at 31 March 2007 £'000
Equities	7.5%	11,183	7.5%	13,208	7.5%	13,658
Other assets	5.5%	2,817	6.9%	2,852	5.4%	2,542
Total market value of assets		14,000		16,060		16,200
Present value of scheme liabilities		(18,105)		(16,965)		(18,499)
Deficit in scheme		(4,105)		(905)		(2,299)
Related deferred tax asset		1,149		254		690
Net pension deficit		(2,956)		(651)		(1,609)

An amendment to FRS17 now requires plan assets to be quoted and valued at bid price rather than mid price. However, the plan's fund managers all provide valuations on a single pricing basis, and as such there has been no change in the value of quoted assets from adopting bid pricing.

#### Reconciliation of the present value of the scheme liabilities

	2009 £'000	2008 £'000
At the start of the period/year	16,965	18,499
Current service cost	262	368
Contributions by plan participants	89	117
Interest cost	977	1,000
Benefits paid	(660)	(437)
Actuarial loss	472	(2,582)
At the end of the period/year	18,105	16,965

# BMB Group Limited

## Notes to the financial statements for the 10 months ended 31 January 2009 (continued)

### 20 Pension liability (continued)

#### Sensitivity analysis of scheme liabilities:

	Change in assumptions	Impact on scheme liabilities
Discount rate	- 0.1%	+2.3%
Rate of inflation	+ 0.1%	+1.8%
Rate of increase in salaries	+ 1.0%	+1.3%
Rate of increase in pensions in payment	+ 0.1%	+1.3%
Mortality	+ 1 year	+2.3%

#### Reconciliation of the fair value of scheme assets

	2009 £'000	2008 £'000
At the start of the period/year	16,060	16,200
Expected return on assets	1,001	1,175
Contributions by plan participants	89	117
Contributions by the employer	717	703
Benefits paid	(660)	(437)
Actuarial loss	(3,207)	(1,698)
At the end of the period/year	14,000	16,060

Scheme assets do not include any of BMB Clothing Limited's own financial instruments, or any property occupied by BMB Clothing Limited

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

# BMB Group Limited

## Notes to the financial statements for the 10 months ended 31 January 2009 (continued)

### 20 Pension liability (continued)

#### Analysis of amount charged to operating profit in respect of the defined benefit scheme:

	2009	2008
	£'000	£'000
<b>Operating profit</b>		
Current service cost	262	368
<b>Total operating charge</b>	<b>262</b>	<b>368</b>

#### Analysis of amount credited to other finance income:

	2009	2008
	£'000	£'000
<b>Other finance income</b>		
Expected return on pension scheme assets	1,001	1,175
Interest on pension scheme liabilities	(977)	(1,000)
<b>Net return</b>	<b>24</b>	<b>175</b>

#### Analysis of amount recognised in statement of total recognised gains and losses

	2009	2008
	£'000	£'000
<b>Statement of total recognised gains and losses</b>		
Actual return less expected return on pension scheme assets	(3,207)	(1,699)
Experience losses arising on scheme liabilities	(200)	(434)
Changes in assumptions underlying the present value of the scheme liabilities	(273)	3,015
<b>Actuarial (loss)/gain recognised in the statement of total recognised gains and</b>	<b>(3,680)</b>	<b>882</b>

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £334,000

# BMB Group Limited

## Notes to the financial statements for the 10 months ended 31 January 2009 (continued)

### 20 Pension liability (continued)

Amounts for current and previous four years

	2009	2008	2007	2006	2005
<b>Experience adjustments on plan assets</b>					
Amount (£'000)	(3,207)	(1,699)	(390)	2,589	529
<b>Experience adjustments on plan liabilities</b>					
Amount (£'000)	(200)	(434)	(8)	(459)	187
<b>Total amount recognised in the statement of total recognised gains and losses</b>					
Amount (£'000)	(3,680)	882	569	583	1,311

#### 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 31 January 2009 were £81,000 (29 March 2008: £91,000).

# BMB Group Limited

## Notes to the financial statements for the 10 month period ended 31 January 2009 (continued)

### 21 Called up share capital

Group and company	31 January 2009 Number	29 March 2008 Number	31 January 2009 £	29 March 2008 £
Authorised				
A ordinary shares of 1p each	45,120	45,120	451	451
B ordinary shares of 1p each	54,880	54,880	549	549
Unclassified shares of 1p each	12,000	12,000	120	120
	112,000	112,000	1,120	1,120
Allotted, called up and fully paid				
A ordinary shares of 1p each	33,187	33,187	332	332
B ordinary shares of 1p each	49,743	49,743	497	497
	82,930	82,930	829	829

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. Shares disposed of by a holder of A shares are subsequently converted to B shares.

# BMB Group Limited

## Notes to the financial statements for the 10 month period ended 31 January 2009 (continued)

### 22 Reserves

#### Group

	Profit and loss account £'000
At 30 March 2008	2,593
Actuarial loss on pension scheme (note 20)	(3,680)
Movement on deferred tax relating to pension liability (note 19)	1,030
Exchange adjustments	(36)
Loss for the financial period/year	(408)
At 31 January 2009	(501)

#### Company

	Profit and loss account £'000
At 30 March 2008	720
Loss for the financial period/year	(136)
At 31 January 2009	584

# BMB Group Limited

## Notes to the financial statements for the 10 month period ended 31 January 2009 (continued)

### 23 Reconciliation of movements in shareholders' funds

	Group 31 January 2009 £'000	Company 31 January 2009 £'000	Group 29 March 2008 £'000	Company 29 March 2008 £'000
(Loss)/profit for the 10 month period/year	(408)	(136)	659	(38)
Dividends	-	-	-	1,000
(Loss)/profit for the financial 10 month	(408)	(136)	659	962
Actuarial (loss)/gain on pension scheme	(3,680)	-	882	-
Deferred tax on FRS 17 adjustments (note 19)	1,030	-	(283)	-
Exchange differences	(36)	-	2	-
Purchase of own shares	-	-	(300)	(300)
Net movement in shareholders' funds	(3,094)	(136)	960	662
Opening shareholders' funds	2,594	721	1,634	59
Closing shareholders' funds	(500)	585	2,594	721

### 24 Reconciliation of operating profit to net cash inflow from operating activities

	31 January 2009 £'000	29 March 2008 £'000
Operating profit	381	2,140
Depreciation	995	1,205
Amortisation of goodwill and other intangible assets	114	141
Loss on sale of fixed assets	25	33
Difference between pension charge and cash contributions	(455)	(334)
Decrease in stocks	1,181	239
Decrease/(increase) in debtors	1,570	(1,769)
Increase in creditors	830	1,622
Increase in provisions for liabilities and charges	326	-
Impairment of current asset investment	100	-
Foreign exchange movements	(80)	-
Net cash inflow from operating activities	4,987	3,277

# BMB Group Limited

## Notes to the financial statements for the 10 month period ended 31 January 2009 (continued)

### 25 Reconciliation of net cash flow to movement in net debt

	31 January 2009 £'000	29 March 2008 £'000
<b>Increase/(decrease) in cash</b>	<b>560</b>	<b>(125)</b>
Cash inflow from movement in debt and lease financing	2,769	432
Cash inflow from decrease in liquid resources	-	-
Change in net debt resulting from cash flows	3,329	307
Other non-cash changes	130	(420)
<b>Movement in net debt in the year</b>	<b>3,459</b>	<b>(113)</b>
Net debt at 29 March 2008	(17,028)	(16,915)
<b>Net debt at 31 January 2009</b>	<b>(13,569)</b>	<b>(17,028)</b>

### 26 Analysis of changes in net debt

	At 29 March 2008 £'000	Cash flow £'000	Non cash changes £'000	At 31 January 2009 £'000
Cash at bank and in hand	182	91	-	273
Overdrafts	(1,206)	469	-	(737)
	(1,024)	560	-	(464)
Debt due after one year	(9,066)	-	-	(9,066)
Debt due within one year	(6,504)	3,269	-	(3,235)
Finance leases	(434)	-	130	(304)
Shareholder loans	-	(500)	-	(500)
	(16,004)	2,769	130	(13,105)
<b>Total</b>	<b>(17,028)</b>	<b>3,329</b>	<b>130</b>	<b>(13,569)</b>

Non cash changes relates to the disposal of finance leases



# BMB Group Limited

## Notes to the financial statements for the 10 month period ended 31 January 2009 (continued)

### 27 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.

On 31 January 2009, BMB Group Limited was acquired fully by Baird Group Limited, a company incorporated in England and Wales, as part of a re-organisation of the ultimate parent company, Al Arafa for Investment and Consultancies SAE ("AAIC") (note 31).

In the 10 month period to 31 January 2009, Swiss Garments Company, a subsidiary of AAIC, supplied garments to the value of £9,480,000 (year to 29 March 2008: £12,726,000) to BMB Clothing Limited and the amount outstanding at 31 January 2009 was £7,113,000 (29 March 2008: £6,360,000). Extended credit terms are allowed by prior agreement. Late payment penalties are levied on overdue trading balances and £285,000 (year to 29 March 2008: £240,000) was charged during the period. A balance of £96,000 was outstanding at the period end. During the year to 31 March 2007, factory equipment was purchased from BMB Clothing Limited by Swiss Garments Company for £95,000. At 31 January 2009, £71,000 (29 March 2008: £80,000) was outstanding.

The following table shows transactions, together with the outstanding balance at the period end date, between BMB Clothing Limited and the following wholly owned subsidiaries of Baird Group Limited. The transactions represent amounts paid for stock and management services in the ordinary course of business.

#### Period to 31 January 2009

	Sales £'000	Purchases £'000	Debtor/ (Creditor) £'000
Speciality Retail Group Limited	456	-	81
Worth Valley Menswear Limited	1,066	606	160
Melka Trading Limited	2,268	950	1,158
Apparel International	606	15	432

During the period non executive director's fees of £62,500 (year to 29 March 2008: £75,000) were payable to AAIC for the services of Alaa Arafa and Ari Guzzetti. At 31 January 2009, £25,000 (29 March 2008: £37,500) was outstanding.

On 31 July 2008, Peter Lucas, a director and shareholder of Baird Group Limited, made a loan to the company of £1,000,000. The loan attracted interest at LIBOR plus 2%, payable on a monthly basis. As at 31 January 2009 the remaining loan balance was £500,000. During the period, interest of £31,000 was charged and paid (29 March 2008: £29,000).

# **BMB Group Limited**

## **Notes to the financial statements for the 10 month period ended 31 January 2009 (continued)**

### **28 Contingent liabilities**

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 31 January 2009 the maximum liability for the group under this arrangement was £13,028,000 (29 March 2008 £16,776,000)

At 31 January 2009 the Group had no other contingent liabilities

### **29 Capital commitments**

There were no capital commitments at 31 January 2009 (29 March 2008 £nil)

### **30 Financial commitments**

At 31 January 2009 the group had annual commitments under non-cancellable operating leases expiring as follows

	<b>31 January 2009</b>		<b>29 March 2008</b>	
	<b>Land and buildings £'000</b>	<b>Other £'000</b>	<b>Land and buildings £'000</b>	<b>Other £'000</b>
Within one year	36	70	95	78
Within two to five years	371	316	291	230
After five years	1,097	-	1,208	-
	<b>1,504</b>	<b>386</b>	<b>1,594</b>	<b>308</b>

## **BMB Group Limited**

### **Notes to the financial statements for the 10 month period ended 31 January 2009 (continued)**

#### **31 Controlling party**

On 31 January 2009, BMB Group Limited was acquired fully by Baird Group Limited, a company incorporated in England and Wales, as part of a re-organisation of the ultimate parent company, Al Arafa for Investment and Consultancies SAE

At 31 January 2009, the ultimate parent company, which is also the parent for the largest group of undertakings for which the group accounts are drawn up for and of which the company is a member, was Al Arafa for Investments and Consultancies SAE, a company incorporated in Egypt

Copies of the group financial statements may be obtained from Al Arafa for Investments and Consultancies SAE, c/o Swiss Garment Company, 10th of Ramadan City, 3rd Industrial Zone Al, Egypt