

Registered Number 4090218

BMB Group Limited (formerly IBIS (607) Limited)
Annual report and financial statements
for the period ended 30 March 2002



BMB Group Limited

Annual report and financial statements for the period ended 30 March 2002

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BMB Group Limited

Directors' report for the period ended 30 March 2002

The directors present their report and the audited financial statements of the company and the group for the period from incorporation to 30 March 2002.

Incorporation and change of name

The holding company was incorporated on 13 October 2000 as IBIS(607) Limited. On 6 November 2000 the company changed its name to BMB Group Limited. The company was dormant until 8 December 2000, when it 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.

Principal activities

The group's principal activities since 8 December 2000 was as a concession retailer and wholesaler of men's formalwear (operating from branches within the UK, Bermuda, USA, Eire, Germany and Italy) and as a concession retailer of men's and ladies casualwear from branches within the UK of Sainsbury's Supermarkets Limited. The results of all of these operations are incorporated within these financial statements.

Review of business and future developments

BMB Menswear Limited

The men's formalwear business of William Baird PLC, trading as Baird Menswear Brands, was acquired by the company on 8 December 2000. In the 68 week trading period to 30 March 2002 the company exceeded its budgeted operating profit and recorded strong growth across all its major areas of operation.

In May 2001 exceptional commission income in respect of a number of wholesale brands was received amounting to £1,026,000. This has been reinvested into the business and used to strengthen its brand portfolio. As part of this refocusing exercise the wholesale brands of Gibson and Limehaus have been successfully re launched into the market place. In March 2002 a reduction in staffing was announced, with regret, at the company's Goole manufacturing unit as it was refocused as a centre of excellence for made to measure products. The benefit of this decision will be seen in the next financial year.

At the end of the first quarter of the current financial year the directors are pleased to report that sales are 3% ahead of budget and 3% higher than the same period in 2001. As a result, operating profits are also ahead of the current year budget.

BMB Apparel Limited

On 8 December 2000 the company acquired from William Baird PLC a long term concession contract to supply men's and women's casualwear to Sainsbury's Supermarkets Limited and the rights to use the brand name "Jeff & Co" for these collections from its owner, the designer Jeff Banks.

The Jeff & Co clothing ranges have been launched progressively across 36 Sainsburys stores since the first branch commenced trading at the end of April 2001. Sainsbury's Supermarkets Limited has extended the company's concession agreement in May 2002 and a minimum of 24 additional stores will be opened in the current financial year.

Pre-trading development start-up costs of £1,900,000 were incurred before the first branch at Dunstable opened. The directors have charged all of these costs into the results for the period to 30 March 2002 rather than amortising them over a longer period of time.

BMB Group Limited

Directors' report for the period ended 30 March 2002 (continued)

Review of business and future developments (continued)

Inevitably there have been difficulties to overcome and these primarily centred around a slower than anticipated store opening program and, in Autumn 2001, severe product delays from suppliers. Nevertheless the directors acknowledge the achievement of reaching sales of £21,979,000 from zero in an eleven month period and the creation of approximately 140,000 sq ft of retailing space within Sainsburys.

At the end of the first quarter of the current financial year the directors are pleased to report that sales are in line with budget. The successful launch of a more basic range of products branded "Jeff & Co Essentials" and the additional unbudgeted branches referred to above should ensure that the budgeted operating profit for the current financial year is achieved.

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 will be assigned to the directors upon exercise of the options to acquire the shares. The exercise period for these options is 14 days commencing on 1 January 2003.

Subsequent to the year end the company has also changed clearing banks thus providing additional facilities in support of those offered by its primary lender, GMAC Commercial Credit Limited. These new facilities provide the group and the company with an additional £2,000,000 of working capital, which may be drawn upon as the business develops and continues to grow.

Results and dividends

The group's loss for the period after taxation is £719,000. The directors do not recommend payment of a final dividend.

Directors and their interests

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

TSD Nominees Ltd	(appointed on 13 October 2000, resigned on 28 November 2000)
Peter Lucas	(appointed on 28 November 2000)
Andrew M MacKenzie	(appointed on 28 November 2000)
Harold P Tillman	(appointed on 28 November 2000)
Mark MS Cotter	(appointed on 18 May 2001)
Giles WA Hefer	(appointed on 11 March 2002)

Subsequent to the year end Paul Stonehouse was appointed a director of the company on 1 April 2002.

The directors' interests in the share capital of the company at appointment date and at 30 March 2002 were:

Peter Lucas	46,500 B ordinary shares of 1p each
Andrew M MacKenzie	5,000 C ordinary shares of 1p each
Harold P Tillman	36,500 A ordinary shares of 1p each

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

BMB Group Limited

Directors' report for the period ended 30 March 2002 (continued)

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 company continues and that appropriate training is arranged. It is the policy of the company 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 company 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.

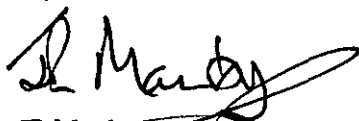
The directors confirm that suitable accounting policies have been used and applied consistently as explained on pages 9 to 11 under 'Accounting Policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 30 March 2002 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

During the period the directors appointed PricewaterhouseCoopers as auditors. They have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



JD Mawby

Secretary

23 September 2002

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.

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.

We read the other information contained in the annual report and financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

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 30 March 2002 and of the loss and cash flows of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Leeds

23 September 2002

BMB Group Limited

Consolidated profit and loss account for the period ended 30 March 2002

	Notes	Before exception al items & goodwill £'000	Exception al items & goodwill (note 7) £'000	Total 2002 £'000
Turnover	1	129,576	-	129,576
Cost of sales		(98,032)	(275)	(98,307)
Gross profit/(loss)		31,544	(275)	31,269
Distribution costs		(25,162)	-	(25,162)
Administrative expenses		(7,902)	2,942	(4,960)
Other operating income		203	1,026	1,229
Operating (loss)/profit	2	(1,317)	3,693	2,376
Interest receivable and similar income		41	-	41
Interest payable and similar charges	6	(1,860)	(1,186)	(3,046)
(Loss)/profit on ordinary activities before tax		(3,136)	2,507	(629)
Tax	8	(90)	-	(90)
Retained loss for the financial period	21	(3,226)	2,507	(719)

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

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

BMB Group Limited

Consolidated statement of total recognised gains and losses

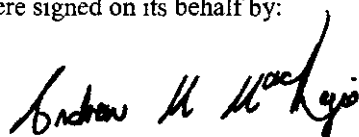
	Notes	2002
For the period ended 30 March 2002		£'000
Loss for the financial period		(719)
Exchange adjustments offset in reserves	21	(16)
Total recognised losses for the period		(735)

BMB Group Limited

Balance sheets as at 30 March 2002

	Not e	Group 2002 £'000	Company 2002 £'000
Fixed assets			
Intangible assets - negative goodwill	10	(2,228)	-
Tangible assets	11	4,385	-
		2,157	-
Current assets			
Stock	13	24,905	-
Debtors	14	7,965	1,337
Cash collateral	15	210	-
Cash at bank and in hand		50	1,217
		33,130	2,554
Creditors - amounts falling due within one year	16	(19,837)	(852)
Net current assets		13,293	1,702
Total assets less current liabilities		15,450	1,702
Creditors - amounts falling due after more than one year	17	(16,168)	(3,200)
Provisions for liabilities and charges	19	(16)	-
Net liabilities		(734)	(1,498)
Capital and reserves			
Called up share capital	20	1	1
Profit and loss account	21	(735)	(1,499)
Equity shareholders' deficits	22	(734)	(1,498)

The financial statements on pages 5 to 33 were approved by the board of directors on 23 September 2002 and were signed on its behalf by:



Andrew M MacKenzie

Director

BMB Group Limited

Consolidated cash flow statement for the period ended 30 March 2002

	Note	2002 £'000
Net cash inflow from operating activities	23	6,432
Returns on investment and servicing of finance		
Interest element of finance leases		(63)
Interest received		41
Interest paid		(1,297)
Debt issue costs paid		(1,839)
		(3,158)
Taxation		(52)
Capital expenditure and financial investment		
Purchase of tangible fixed assets		(2,510)
Sale of tangible fixed assets		134
		(2,376)
Acquisitions		
Purchase of businesses and subsidiary undertakings	26	(19,089)
Net cash acquired with businesses and subsidiary undertakings	26	219
		(18,870)
Net cash outflow before financing		(18,024)
Financing		
Issue of ordinary share capital		1
Capital element of finance lease payments		420
Bank loans and receivables financing		13,205
Other loans		3,700
Increase in liquid resources	15	(210)
Net cash inflow from financing		17,116
Decrease in cash	24,25	(908)

BMB Group Limited

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. The principle accounting policies, which the directors have adopted within that convention, as 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 30 March 2002. 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	over the lease term
Plant and machinery	4 to 10 years
Fixtures and fittings	3 to 10 years

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.

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 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.

Post-retirement benefits

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

Turnover

Turnover represents the invoiced value of goods and services supplied to third parties, before concession fees and excluding value added tax and trade discounts. Turnover is recognised once the title of the relevant goods has passed or services have been performed.

BMB Group Limited

Accounting policies (continued)

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 & loss account on a straight line basis over the term of the borrowings.

BMB Group Limited

Notes to the financial statements for the period ended 30 March 2002

1 Segmental reporting

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

	2002 £'000
United Kingdom	122,679
Rest of Europe	1,910
Far East	101
North America	4,212
Rest of the World	674
	129,576

2 Operating profit

	2002 £'000
Operating profit is stated after charging/(crediting):	
Depreciation of tangible fixed assets	
- owned assets	1,121
- leased assets	226
Amortisation of goodwill - discount on acquisition	(4,842)
Operating lease charges	
- plant and machinery	1,268
- other	1,295
Profit on disposal of fixed assets	(18)
Auditors remuneration	
- audit services	43
- non-audit services	23

Auditors' remuneration charged in the profit and loss account of the holding company amounted to £Nil.

BMB Group Limited

Notes to the financial statements for the period ended 30 March 2002 (continued)

3 Directors' emoluments

	2002 £'000
Aggregate emoluments	818
Sums paid to third parties for directors' services	90
	908

Retirement benefits are accruing to 3 directors under a defined benefit scheme.

Highest paid director	2002 £'000
Aggregate emoluments	329
Defined benefit pension scheme:	
- Accrued pension at end of period	88

4 Employee costs

	2002 £'000
Wages and salaries	22,927
Social security costs	1,734
Other pensions costs	709
Staff costs	25,370

BMB Group Limited

Notes to the financial statements for the period ended 30 March 2002 (continued)

5 Employee information

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

By activity	2002 Number
Production	135
Distribution	1,001
Administration	117
	1,253

6 Interest payable and similar charges

	2002 £'000
Interest payable on bank loans, overdrafts and amounts owed in respect of receivables financing	1,215
Other interest payable	82
Interest payable on finance leases	63
Debt administration costs	378
Amortisation of debt issue costs	122
Total interest and similar charges payable before exceptional items	1,860
Exceptional items (note 7)	1,186
Total interest payable and similar charges	3,046

BMB Group Limited

Notes to the financial statements for the period ended 30 March 2002 (continued)

7 Exceptional items and goodwill

	Cost of sales £'000	Administrati ve expenses £'000	Other operatin g income £'000	Interest payable & similar charges £'000	Total 2002 £'000
Redundancy and other costs associated with reorganisation of the ongoing business	(275)	-	-	-	(275)
Release of negative goodwill (note	-	4,842	-	-	4,842
Pre-trading development start-up		(1,900)			(1,900)
Wholesale brands commission	-	-	1,026	-	1,026
Additional financing charges and fees for a short term facility	-	-	-	(1,186)	(1,186)
	(275)	2,942	1,026	(1,186)	2,507

The redundancy and other costs associated with reorganisation of the ongoing business relate to the refocusing of the operations at the Goole manufacturing facility. The decision was made by the board and publicly announced before the 30 March 2002 and the reorganisation was completed in June 2002.

Pre-trading development start-up costs of £1,900,000 were incurred before the first branch of Jeff & Co clothing was introduced at Sainsburys in Dunstable. The directors have charged all of these costs into the results for the period to 30 March 2002 rather than amortising them over a longer period of time.

On 25 May 2001 the company received exceptional commission income in respect of wholesale brands of £1,026,000.

Subsequent to the offer of financing facilities by GMAC Commercial Credit Limited for the purchase of the Baird Menswear Brands business, the value of net assets acquired necessitated the need for a short term additional facility. As a result GMAC levied additional charges and fees for making this short term facility available. This short term facility was repaid in January 2001.

BMB Group Limited

Notes to the financial statements for the period ended 30 March 2002 (continued)

8 Tax

The taxation charge based on the loss before tax comprises:

	2002 £'000
Current taxation on the loss for the period	
UK corporation tax	37
Foreign tax	37
	74
Deferred tax	
Accelerated capital allowances and other timing differences	16
	90

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

	2002 £'000
Loss on ordinary activities before taxation	(629)
Loss on ordinary activities multiplied by the standard rate in the UK	(189)
Effects of:	
Expenses not deductible for tax purposes	(1,376)
Deferred tax asset on trading losses not recognised	1,638
Adjustment in respect of foreign tax rates	17
Accelerated capital allowances and other timing differences (current year)	(16)
Current tax charge	74

As at 30 March 2002, the group had unutilised tax losses of approximately £5,460,000 available for offset against future profits from the same trade subject to agreement by the Inland Revenue.

Deferred taxation liabilities and assets have not been discounted.

BMB Group Limited

Notes to the financial statements for the period ended 30 March 2002 (continued)

9 Loss for the financial period

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 loss for the financial period was £1,499,000.

10 Intangible assets

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

	2002 £'000
Negative goodwill arising on acquisition of the BMB Menswear business	(7,070)
Released to profit and loss account in the period	4,842
Balance at 30 March 2002	(2,228)

On 8 December 2000 the 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 arising on the acquisition represents the difference between the consideration paid and the fair value of the assets acquired. £3,342,000 of negative goodwill has been 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 acquired). The balance of the negative goodwill has been allocated against the fair value of stock acquired and released to the profit and loss account in the current period (reflecting the period during which the stock has been sold).

BMB Group Limited

Notes to the financial statements for the period ended 30 March 2002 (continued)

11 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
Cost or valuation				
At incorporation	-	-	-	-
Acquired on 8 December 2000	-	4,692	4,296	8,988
Exchange adjustments	-	1	13	14
Additions	200	213	2,097	2,510
Disposals	-	(607)	(177)	(784)
At 30 March 2002	200	4,299	6,229	10,728
Accumulated depreciation				
At incorporation	-	-	-	-
Acquired on 8 December 2000	-	3,029	2,625	5,654
Exchange adjustments	-	1	9	10
Charge for the period	13	503	831	1,347
Disposals	-	(585)	(83)	(668)
At 30 March 2002	13	2,948	3,382	6,343
Net book amount				
At 30 March 2002	187	1,351	2,847	4,385
At incorporation	-	-	-	-

The net book value of tangible fixed assets includes an amount of £514,000 in respect of assets held under finance leases.

BMB Group Limited

Notes to the financial statements for the period ended 30 March 2002 (continued)

12 Investments

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

Cost and net book value	Shares in group undertakings £
At 30 March 2002	3

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	
Shares in group undertakings:			Group %	Company %
BMB Menswear Limited	England and Wales	Concession retailer and wholesaler	100%	100%
BMB Apparel Limited	England and Wales	Concession retailer	100%	100%
BMB Retail Limited	England and Wales	Dormant	100%	100%
Alexandre of England 1988 Limited	England and Wales	Dormant	100%	-
Alexandre London Inc	USA	Concession retailer	100%	-

13 Stock

	Group 2002 £'000
Raw materials and consumables	452
Work in progress	799
Finished goods and goods for resale	23,654
	24,905

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 period ended 30 March 2002 (continued)

14 Debtors

	Group 2002 £'000	Company 2002 £'000
Trade debtors	6,638	-
Taxation	23	8
Amounts owed by group undertakings	-	1,325
Other debtors	309	-
Prepayments and accrued income	995	4
	7,965	1,337

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

Amounts owed by group undertakings represent amounts due from BMB Menswear Limited and are unsecured, interest free and have no fixed date of repayment.

Other debtors includes rental deposits on leasehold properties of £250,000 which are recoverable after more than one year.

15 Cash collateral

The cash collateral account is held by Natwest Bank Plc as security against the provision of facilities to forward purchase foreign currencies for use in the normal course of business.

BMB Group Limited

Notes to the financial statements for the period ended 30 March 2002 (continued)

16 Creditors – amounts falling due within one year

	Group 2002 £'000	Company 2002 £'000
Bank overdrafts and amounts owed in respect of receivables financing (note 18)	1,206	-
Shareholders loans (note 18)	500	500
Trade creditors	15,499	47
Amounts owed to group undertakings	-	225
Finance leases (note 18)	256	-
Taxation and social security	644	28
Other creditors	334	9
Accruals and deferred income	1,361	43
Corporation tax	37	-
	19,837	852

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

17 Creditors – amounts falling due after more than one year

	Group 2002 £'000	Company 2002 £'000
Bank loans (note 18)	12,804	-
Finance leases (note 18)	164	-
Shareholders loans (note 18)	3,200	3,200
	16,168	3,200

BMB Group Limited

Notes to the financial statements for the period ended 30 March 2002 (continued)

18 Loans and other borrowings

	Group 2002 £'000	Company 2002 £'000
Bank overdrafts and amounts owed in respect of receivables financing	1,206	-
Bank loans	12,804	-
Shareholders loans	3,700	3,700
Finance leases	420	-
	18,130	3,700
Maturity of debt		
In one year or less, or on demand	1,962	500
In more than one year, but not more than two years	12,968	-
In more than two years, but not more than five years	3,200	3,200
In more than five years	-	-
	18,130	3,700

Group bank loans, overdrafts and amounts owed in respect of receivables financing are stated net of unamortised issue costs of £153,000. The group incurred total issue costs of £275,000 in respect of the three year revolving credit facility entered into during the period to finance the acquisition (note 10) and for working capital requirements. The issue costs are being amortised on straight-line basis over the three year term of the facility.

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 Credit Limited, supplemented by a deed of accession dated 23 May 2001.

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 2%-2.25% over Lloyds TSB Bank base rate.

Additional overdraft facilities are secured by a second priority fixed and floating charge over the undertakings and assets of the company and all its subsidiaries. Interest was charged at 1.5% over Natwest Bank's base rate.

Subsequent to the year end the company has changed clearing banks from National Westminster Bank Plc to Bank Leumi (UK) plc thus providing additional facilities in support of those offered by its primary lender, GMAC Commercial Credit Limited. These new facilities provide the group and the company with an additional £2,000,000 of working capital which may be drawn upon as the business develops and continues to grow at an interest rate of 1.25% over Bank Leumi's base rate.

BMB Group Limited

Notes to the financial statements for the period ended 30 March 2002 (continued)

18 Loans and other borrowings (continued)

Of the Shareholders' loans, £500,000 was advanced by Harold Tillman, who is also a director of the company, in December 2000 to the group by means of a secured interest bearing loan as part of the funding necessary to acquire the business of Baird Menswear Brands. This loan together with accrued interest of £43,000 was repaid in full by the group on 19 April 2002.

The remaining £3,200,000 has been advanced by LFCF Investment 1 (Europe) Limited as described in Note 28. The loan is interest free until 31 December 2003 and thereafter accrues interest at base rate. The loan is repayable in full by 31 December 2005.

Finance leases

Future minimum payments under finance leases are as follows:

	2002 £'000
Within one year	287
In more than one year, but not more than five years	173
After five years	-
Total gross payments	460
Less finance charges included above	(40)
	420

The company has no liabilities under finance leases.

19 Provisions for liabilities and charges

	Deferre d tax £'000
At incorporation	-
Charged to the profit and loss account	16
Transfer to deferred tax asset	-
At 30 March 2002	16

BMB Group Limited

Notes to the financial statements for the period ended 30 March 2002 (continued)

19 Provisions for liabilities and charges (continued)

	Group 2002 £'000
<hr/>	
Deferred taxation provided in the accounts comprises	
Accelerated capital allowances	92
Other short term timing differences	9
Trading losses	(85)
<hr/>	
Deferred tax provision	16
<hr/>	

At 30 March 2002, the group had an unprovided deferred tax asset of £1,637,700 relating to trading losses.

The company had no deferred taxation liability at 30 March 2002.

BMB Group Limited

Notes to the financial statements for the period ended 30 March 2002 (continued)

20 Called up share capital

	Group and company
	2002 £
Authorised	
42,835 A ordinary shares of 1p each	428
46,500 B ordinary shares of 1p each	465
5,000 C ordinary shares of 1p each	50
2,000 D ordinary shares of 1p each	20
3,665 E ordinary shares of 1p each	37
12,000 unclassified shares of 1p each	120
	1,120
Allotted, called up and fully paid	
42,835 A ordinary shares of 1p each	428
46,500 B ordinary shares of 1p each	465
5,000 C ordinary shares of 1p each	50
2,000 D ordinary shares of 1p each	20
3,665 E ordinary shares of 1p each	37
	1,000

On 13 October 2000 one ordinary share of £1 was issued for cash at par.

On 8 December 2000, 999 further £1 ordinary shares were issued for cash at par when the business of Baird Menswear Brands was acquired.

On 19 December 2000, new articles of association were adopted and the 1,000 ordinary shares of £1 each were divided into 465 A ordinary shares of £1 each, 465 B ordinary shares of £1 each, 50 C ordinary shares of £1 each and 20 D ordinary shares of £1 each.

On 13 March 2002 the authorised share capital of the company was increased from £1,000 to £1,120 by the creation of 12,000 unclassified shares of 1p each. At the same time each £1 ordinary share was subdivided into 100 1p ordinary shares and 3,665 A ordinary shares of 1p each became E ordinary shares of 1p each.

The A, B, C, D and E ordinary shares each constitute a separate class of shares and rank pari passu in all respects except that the consent of holders of all issued A, B and E ordinary shares is required to approve certain significant business matters. The holders of A, B and E ordinary shares also have the right to each appoint a director to the board.

Significant business matters include amending the articles of association, transactions not in the normal course of business and the creation or allotment of issue of shares.

BMB Group Limited

Notes to the financial statements for the period ended 30 March 2002 (continued)

21 Reserves

Group

	Profit and loss account
	£'000
At incorporation	-
Retained loss for the financial period	(719)
Exchange differences	(16)
At 30 March 2002	(735)

Company

	Profit and loss account
	£'000
At incorporation	-
Retained loss for the financial period	(1,499)
At 30 March 2002	(1,499)

22 Reconciliation of movements in shareholders' deficits

	Group	Company
For the period ended 30 March 2002	2002 £'000	2002 £'000
Loss for the financial period	(719)	(1,499)
Exchange differences	(16)	-
Proceeds of ordinary shares issued for cash	1	1
Net reduction in shareholders' deficits	(734)	(1,498)
Shareholders' funds as at incorporation	-	-
Shareholders' deficits as at 30 March 2002	(734)	(1,498)

BMB Group Limited

Notes to the financial statements for the period ended 30 March 2002 (continued)

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

	2002 £'000
Operating profit	2,376
Depreciation	1,347
Amortisation of negative goodwill	(4,842)
Profit on sale of fixed assets	(18)
Increase in stocks	(3,102)
Decrease in debtors	2,064
Increase in creditors	8,607
Net cash inflow from operating activities	6,432

24 Reconciliation of net cash flow to movement in net debt

	2002 £'000
Decrease in cash in the period	(908)
Cash inflow from increase in debt and lease financing	(17,325)
Cash outflow from increase in liquid resources	210
Change in net debt resulting from cash flows	(18,023)
Other non-cash changes	153
Movement in net debt in the year	(17,870)
Net debt at incorporation	-
Net debt at 30 March 2002	(17,870)

BMB Group Limited

Notes to the financial statements for the period ended 30 March 2002 (continued)

25 Analysis of changes in net debt

	At Incorporation	Cash flow	Other non cash changes	At 31 March 2002
	£'000	£'000	£'000	£'000
Cash at bank and in hand	-	50	-	50
Overdrafts	-	(958)	-	(958)
		(908)	-	(908)
Debt due after 1 year	-	(16,065)	61	(16,004)
Debt due within 1 year	-	(840)	92	(748)
Finance leases	-	(420)	-	(420)
Cash collateral	-	210	-	210
		(17,115)	153	(16,962)
Total	-	(18,023)	153	(17,870)

During the period, the company entered into new finance lease arrangements in respect of equipment with a capital value at the inception of the lease of £742,000.

Other non-cash changes comprise amortisation of issue costs relating to debt issue.

BMB Group Limited

Notes to the financial statements for the period ended 30 March 2002 (continued)

26 Acquisitions

On 8 December 2000 the group 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 a consideration, including expenses, of £19,089,000. The acquisition has been accounted for using the acquisition method. The book and fair values of identifiable assets and liabilities at the date of acquisition were as follows:

	Book value £'000	Fair value adjustment s £'000	Fair value £'000
Tangible fixed assets	3,464	(130)	3,334
Stocks	22,116	(300)	21,816
Debtors	10,342	(321)	10,021
Cash at bank and in hand	228	(9)	219
Creditors due within one year	(9,232)	1	(9,231)
Net assets acquired	26,918	(759)	26,159
Consideration - cash			19,089
Negative goodwill			(7,070)

The book value of the assets and liabilities have been taken from the completion accounts at 8 December 2000. The fair value adjustments contain some provisional amounts which will be finalised in the 2003 accounts.

Revaluation adjustments in respect of tangible fixed assets and stocks reflect write downs to estimated net realisable value. The revaluation adjustment to debtors is to provide for bad debts that will not be recoverable.

BMB Group Limited

Notes to the financial statements for the period ended 30 March 2002 (continued)

27 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 2001. The main actuarial assumptions used for accounting purposes were that the rate of return on investments would be 6.5% per annum, the rate of salary increase would be 4.5% per annum and the assumed rate of price inflation was 2.5% per annum. Assets were taken into account by smoothing their market value over the 12 months before the valuation. The effect of this method was to take assets into account at 106% of their market value.

At the date of the latest actuarial valuation, the market value of the assets of the scheme was £11.191 million and the actuarial value of those assets was sufficient to cover 115% of the benefits that had accrued to members, after allowing for future increases in earnings. The actuarial surplus is spread over the remaining expected service lives of the existing employees as a uniform percentage of their salaries. This amortisation partly offsets the regular cost of the scheme.

The total pension cost in respect of the BMB Group Pension Scheme for the period to 30 March 2002 was £638,000.

As at 30 March 2002 there were no outstanding or prepaid pension contributions.

Defined contribution scheme

BMB Group Limited established a Stakeholder pension scheme during the period 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 and the Baird Group Pension Scheme amounted to £71,000.

BMB Group Limited

Notes to the financial statements for the period ended 30 March 2002 (continued)

27 Pension Commitments (continued)

Additional disclosures required under FRS 17

A full actuarial valuation was undertaken of the defined benefit scheme on 31 March 2001 and updated to 31 March 2002 in accordance with FRS 17 by a qualified actuary. The major assumptions used by the actuary were:

	2002
Rate of increase in pensionable salaries	4.8%
Pension increases:	
- Pensions subject to increases in line with the increase in RPI up to 5% per annum	2.8%
- All other pensions	In accordance with the Rules
Discount rate	5.9%
Inflation assumption	2.8%

The assets in the Scheme and the expected rate of return (net of investment management expenses) were:

	% per annum	£'000
Assets		
Equities	7.5	11,468
Other assets	n/a	-
Total market value of assets		11,468
Present value of liabilities		13,524
Deficit in the scheme		(2,056)
Related deferred tax asset		617
Net pension liability		(1,439)

BMB Group Limited

Notes to the financial statements for the period ended 30 March 2002 (continued)

28 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 £90,000 for services provided by IBIS 227 Limited to Harold Tillman in connection with his duties as a director of BMB Group Limited.

In connection with the raising of finance for the purchase of the Baird Menswear Brands business in December 2000 Harold Tillman paid £25,000 and £60,000 to GMAC Commercial Credit Limited with regard to arrangement and acceptance fees. These amounts were subsequently reimbursed by the company in December 2000.

In December 2000 Harold Tillman obtained a loan of £500,000, which he advanced to the group by means of a secured interest bearing loan as part of the funding necessary to acquire the business of Baird Menswear brands. This loan together with accrued interest of £43,000 was repaid in full by the group on 19 April 2002.

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 will be assigned to the directors upon exercise of the options to acquire the shares. The exercise period for these options is 14 days commencing on 1 January 2003.

Giles Hefer was appointed as a director of the company on 11 March 2002. 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 Menswear Limited and BMB Apparel Limited, wholly owned trading subsidiaries of BMB Group Limited. From 11 March 2002 to 30 March 2002 the group accrued commission of £47,888 to Li & Fung (Trading) Limited. This amount is outstanding at 30 March 2002.

29 Contingent liabilities

At 30 March 2002 the group had contingent liabilities of £137,000 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 30 March 2002 the maximum liability for the group under this arrangement was £13,205,000.

At 30 March 2002 the company had entered into option contracts to purchase foreign contracts. The maximum liability under these arrangements was £2,095,000.

BMB Group Limited

Notes to the financial statements for the period ended 30 March 2002 (continued)

30 Capital commitments

There were no capital commitments at 30 March 2002.

31 Financial commitments

At 30 March 2002 the group had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings	Other
	£'000	£'000
Within one year	-	751
Within two to five years	26	646
After five years	1,042	-
	1,068	1,397

32 Controlling party

The directors do not consider that the company has any ultimate controlling party.